

Comprehensive Annual Financial Report



Isabella County, Michigan

For The Year Ended
September 30, 2009

Issued by:
County Administrator's Department

Susan R. Szabo, CPA
Director of Accounting Services

Timothy J. Dolehanty, AICP
County Controller / Administrator

Isabella County, Michigan

Comprehensive Annual Financial Report
Year Ended September 30, 2009

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INTRODUCTORY SECTION



Office of the County Administrator
200 North Main Street, Mount Pleasant, MI 48858

Telephone 989-772-0911, Ext. 202
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March 26, 2010

Honorable David Ling, Chairperson
Members of the Isabella County Board of Commissioners
County of Isabella
200 North Main Street
Mount Pleasant, Michigan 48858

Members of the Board:

The Comprehensive Annual Financial Report of the County of Isabella, Mount Pleasant, Michigan, for the year ended September 30, 2009, is submitted herewith. The financial statements included in this report have been audited by Abraham & Gaffney, P.C. The Comprehensive Annual Financial Report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable statutes of the State of Michigan and generally accepted accounting principles as stated in the Governmental Accounting Standards Board's (GASB) statements and interpretations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material respects; that it is presented in such a manner so as to fairly set forth financial position and results of operations of the County as measured by the financial activity of its funds; and that all disclosures necessary to enable the statement reader to gain the maximum understanding of the County's affairs have been included.

It is believed that the Comprehensive Annual Financial Report substantially conforms to the high standards of financial reporting promulgated by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. This report will be submitted to the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

ORGANIZATION OF REPORT:

The Comprehensive Annual Financial Report of Isabella County is divided into four sections: introductory, financial, statistical and single audit. The **Introductory Section** includes the Table of Contents, this Transmittal Letter, a list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting. The **Financial Section** includes Management's Discussion and Analysis, the basic financial statements and the combining nonmajor fund statements, as well as the auditor's report of the financial statements. The **Statistical Data Section** includes, at a minimum, the required GFOA financial and demographic information, generally presented on a multi year basis.

The county is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants, is included in a separately issued report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES:

This report includes all funds of the County and its component units as defined in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In accordance with the criteria of this statement the Isabella County Building Authority, Isabella County Family Independence Agency, Isabella County Medical Care Facility, Isabella County Commission on Aging, and Isabella County Parks Board, are blended into the County's Comprehensive Annual Financial Report. The Family Independence Agency and Medical Care Facility are under the oversight of the Isabella County Family Independence Agency Board. These organizations, with the exception of the Building Authority, are not legally separate. In addition the County maintains a significant degree of financial accountability over the operations of these units. The Isabella County Building Authority is a legally separate organization. However, its operations are blended into the County fund structure because its sole purpose is to finance and construct the County's public buildings.

In accordance with the above criteria the Central Michigan District Health Department, the Isabella County Road Commission, the Isabella County Transportation Commission, the Isabella County Board of Public Works, and the Isabella County Drainage Districts have been discretely presented as component units in the financial statements.

PROFILE OF THE GOVERNMENT:

The management of Isabella County is overseen by a district-elected Board of Commissioners. This board consists of seven members. Commissioners are elected for two year terms and have the responsibility of making appropriations to all County functions and establishing policy for all county operations except the Trial Court. The Board of Commissioners appoints an Administrator/Controller who has the overall responsibility to oversee the administrative duties of the County with the exception of Elected Officials' offices. Management of the Trial Court is overseen by the Chief Trial Court Judge who is also responsible for administrative oversight of the Court.

The County provides many services to the County residents including Sheriff Department Road Patrol services in the unincorporated jurisdictions of the County, the constitutional offices of the County Clerk, Treasurer, Register of Deeds, Sheriff, and Prosecutor and the statutory office of the Drain Commissioner. In addition, the County supports many other programs such as services to older citizens and cultural and recreational services such as the MSU Extension, and parks and recreation, which includes the Pere Marquette Rail-Trail of Mid-Michigan.

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

Isabella County, located near the geographical center of Michigan's Lower Peninsula, has a strong economy and enjoys a rich human and technical resource base. The presence of Soaring Eagle Casino and Resort, the County's single largest employer, and Central Michigan University help to assure economic viability by providing a secure foundation for the area's economy.

The Isabella County Convention and Visitor's Bureau (CVB) is continuing its efforts to promote tourism in the County. Two of the State's major thoroughfares, US-127 and M-20, meet in Mt. Pleasant accounting for millions of vehicle passengers annually.

Recreation:

The County provides many recreational opportunities highlighted by seven premier golf courses; Central Michigan University events and facilities; an array of public parks/lakes; and Mt. Pleasant Meadows, a para-mutual quarter-horse racetrack.

The Saginaw Chippewa Indian Tribe-Sponsored Casino continues to be a major attraction for out-of-County visitors. The Soaring Eagle Resort features a 1,500-car parking ramp, cabaret-style bingo hall which seats approximately 2,500 and a 103,000 square foot gaming hall containing 3,500 slot machines as well as Black Jack, Poker and Roulette tables. The 500 room hotel features luxury suites, a conference center and restaurants. Over the years many top entertainers have performed at this venue.

Commercial:

The retail trade business continues to be a major contributor to the growth of the County. Positioned strategically near the north and south US-127 interchanges into Mt. Pleasant, Home Depot, Target, Wal-Mart, Sam's Club, Kohl's, Menards, and Meijer department stores contribute significantly to the volume of retail trade conducted within the confines of the County, employ County residents, and draw people into our community.

Major Initiatives:

Construction of a new Commission on Aging facility was completed in mid 2008. The facility compliments services provided to older citizens in Isabella County and provides many activities to engage the community.

Financial Management:

Management of the County is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Control:

Isabella County maintains budgetary control with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the General, Special Revenue, Debt Service, and the Capital Projects funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by activity within these Funds.

Generally, the budget and approved appropriations lapse at the end of the fiscal year, unless specifically re-appropriated by Board action. Encumbrance accounting is not employed by the County, because it is at present considered not necessary to assure affective budgetary control or to facilitate effective cash planning and control.

Single Audit:

As a recipient of federal and state awards, the County is responsible for ensuring that adequate internal control is in place to achieve compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and the independent auditors of the County.

As part of the County's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's Single Audit for the year ended September 30, 2009 disclosed no significant violations of applicable laws and regulations.

Cash and Investments:

During the year, idle cash was temporarily invested in obligations of the U.S. Government and in Certificates of Deposit ranging from 30 to 180 days to maturity, in daily interest savings accounts and in interest-bearing checking accounts. Most savings accounts exist where monies cannot be commingled and/or where the dollars are not large enough to warrant investment elsewhere.

Risk Management:

The County is self-funded for health insurance, including prescriptions, dental and vision services. The program is accounted for in the self-insurance fund (an internal service fund), and is set up as a “pool” of participating groups. There are two groups in the pool which include Isabella County government and the Medical Care Facility. An independent administrator, Blue Cross and Blue Shield of Michigan, is hired to process daily claims. Individual claims up to \$75,000 are paid from the fund, and Blue Cross is responsible for paying the claims above this amount. Administrative charges and stop loss fees are also paid from the fund.

Revenue for this fund’s operations originates from the participating groups that pay a fee for each of their participating employees. The fee is the premium rate established by Blue Cross. These rates vary depending on the coverage each employee elects. The County sets caps on the amount of premiums it will pay for non-union employees and negotiates caps with its labor unions. Any premiums above the caps are paid by the employees through payroll deductions.

Employee Pension Plan:

Isabella County participates in the Michigan Municipal Employees Retirement System (MERS); an agent multiple employer state-wide, public employee defined benefit pension plan. Under this plan, the County is required to contribute at an actuarially determined rate. Effective in 2002, all new employees are in a defined contribution plan through ICMA. Under this plan, the County contributes 7% and the employee contributes 2% of their gross salary.

OTHER INFORMATION:**Independent Audit:**

The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The accounting firm of Abraham & Gaffney, P.C. was selected by the Isabella County Board of Commissioners to perform the County’s annual audit. In addition to meeting requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor’s report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in a separately issued report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Isabella County, Michigan for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

Acknowledgements:

We would like to thank members of the Isabella County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Timothy J. Dolehanty, ICMA (CM), AICP
Administrator/Controller



Susan R. Szabo, CPA
Assistant to the County Administrator/
Finance Director

**ISABELLA COUNTY, MICHIGAN
OFFICIALS
YEAR ENDED SEPTEMBER 30, 2009**

BOARD OF COMMISSIONERS

DAVID LING	CHAIRPERSON
FRANCES LICHTMAN	VICE-CHAIRPERSON
GEORGE GREEN	COMMISSIONER
JOHN HAUPT	COMMISSIONER
WILLIAM DAILEY	COMMISSIONER
ROGER TRUDELL	COMMISSIONER
JAMES MORENO	COMMISSIONER

TRIAL COURT JUDGES

PAUL CHAMBERLAIN, CHIEF JUDGE

WILLIAM T. ERVIN

WILLIAM R. RUSH

MARK DUTHIE

OTHER ELECTED OFFICIALS

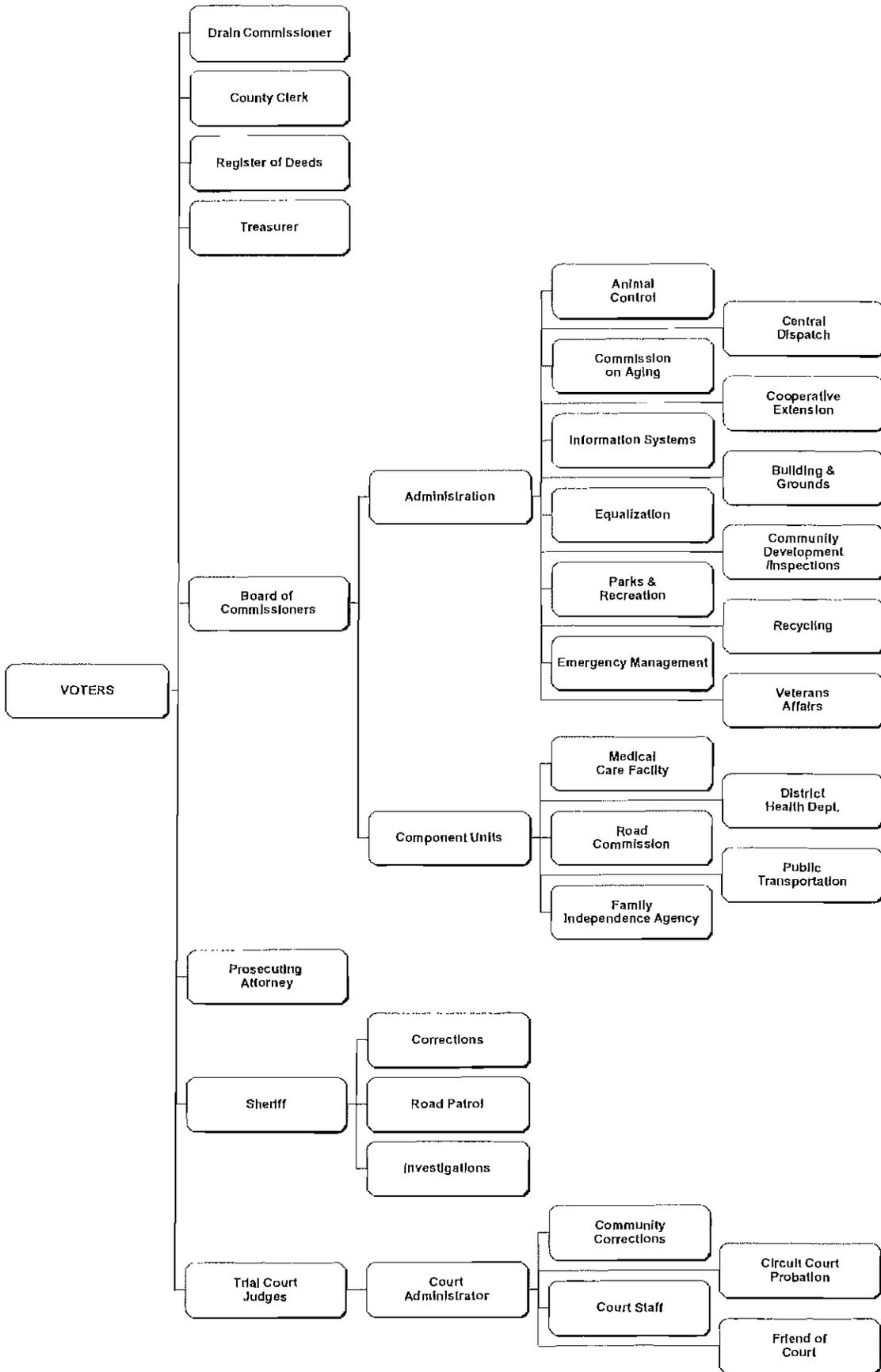
JOYCE SWAN	COUNTY CLERK
RICK JAKUBIEC	DRAIN COMMISSIONER
SHARON BROWN	REGISTER OF DEEDS
STEVEN PICKENS	COUNTY TREASURER
LARRY BURDICK	PROSECUTING ATTORNEY
LEO MIODUSZEWSKI	COUNTY SHERIFF

COUNTY CONTROLLER/ADMINISTRATOR

TIMOTHY J. DOLEHANTY, ICMA-CM, AICP

ASSISTANT TO THE COUNTY ADMINISTRATOR / FINANCE DIRECTOR

SUSAN R. SZABO, CPA



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Isabella County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

Principals

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



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Isabella County
Mt. Pleasant, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isabella County, Michigan, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Isabella County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Isabella County Road Commission, which represents 67% and 35%, respectively of the total assets and revenues of the component units and the Medical Care Facility which represents 68% and 84%, respectively of the total assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Road Commission and Medical Care Facility, are based solely on the reports of the other auditors.

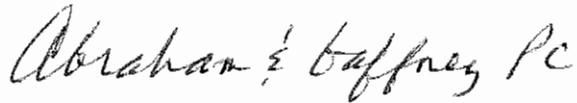
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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 Isabella County, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2010, on our consideration of Isabella County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Isabella County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of basic financial statements and, accordingly, we express no opinion on them.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 26, 2010

Management's Discussion and Analysis

As management of *Isabella County, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Isabella County for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$45,248,375. Of this amount, \$25,980,508 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$186,433. Although the Governmental Activities actually resulted in a loss of almost \$500,000, this increase resulted from net income of approximately \$300,000 from the County Medical Care Facility and an increase in the earnings of the Delinquent Tax Fund and Jail Concessions Fund in the Business-type Activities which offset the losses and resulted in an overall increase.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,031,585 a decrease of \$516,605 in comparison with the prior year. Approximately 68 percent of this amount, or \$8,211,698, is available for spending at the government's discretion (*unreserved fund balance*).
- General-purpose governments, regardless of size, should maintain an unreserved fund balance in their general fund of no less than five to 15 percent of regular general fund operating expenses, or of no less than one to two months of regular general fund operating expenditures (GFOA 2002). However, a 2007 shift in annual property tax collection dates from December to July created a significant cash flow challenge for Isabella County. This change resulted in a six-month delay in property tax payments made to the County. Therefore, the County would need to maintain an unreserved fund balance of no less than 55 to 65 percent of regular general fund operating expenses in order to assure adequate reserves and cash on hand. At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$4,212,100 or 24 percent of total general fund expenditures and transfers out.
- The County's total bonded debt decreased by \$1,085,000 during the current fiscal year. This decrease was due to the normal pay-off of principal on general obligation bonds in addition to the pay-off of the unrefunded portion of two previous bond issues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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 assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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, public safety (including the jail), public works, health and welfare, community and economic development, and culture and recreation. The business-type activities of the County include the delinquent tax collections, recycling facility, building inspections, concessions, and a Medical Care Facility.

The government-wide financial statements include not only Isabella County itself (known as the primary government), but also a legally separate Road Commission, Transportation Commission, Board of Public Works, Drainage Districts, and the District Health Department, for which Isabella County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Isabella County Building Authority, although 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.

The government-wide financial statements can be found on pages 1-2 of this report.

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

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

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

The County maintains 23 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, Tribal Contribution, Revenue Sharing Reserve, Child Care, and Building Authority Bond Funds, each of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3-8 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, jail commissary operations, material recovery facility, building inspections department, and delinquent tax operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Isabella County uses an internal service fund to account for its self-insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

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 medical care facility and delinquent tax revolving activity, both of which are considered to be major funds. Individual fund data for nonmajor enterprise funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 9-14 of this report.

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

The basic fiduciary fund financial statements can be found on page 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 53-103 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Isabella County, assets exceeded liabilities by \$45,248,375 at the close of the most recent fiscal year.

One of the largest portions of the County's net assets (39 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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, since the capital assets themselves cannot be used to liquidate these liabilities.

Isabella County Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 22,649,221	\$ 24,178,985	\$ 16,149,988	\$ 15,743,268	\$ 38,799,209	\$ 39,922,253
Capital assets, net	18,897,498	19,547,936	12,094,867	11,139,260	30,992,365	30,687,196
Total assets	41,546,719	43,726,921	28,244,855	26,882,528	69,791,574	70,609,449
Long-term liabilities outstanding	7,838,533	8,596,106	6,286,515	6,586,448	14,125,048	15,182,554
Other liabilities	7,861,462	8,787,414	2,556,689	1,577,539	10,418,151	10,364,953
Total liabilities	15,699,995	17,383,520	8,843,204	8,163,987	24,543,199	25,547,507
Net Assets						
Invested in capital assets, net of related debt	11,631,381	11,537,707	5,900,138	4,613,014	17,531,519	16,150,721
Restricted	649,345	611,045	1,087,003	4,261,178	1,736,348	4,872,223
Unrestricted	13,565,998	14,194,649	12,414,510	9,844,349	25,980,508	24,038,998
Total net assets	\$ 25,846,724	\$ 26,343,401	\$ 19,401,651	\$ 18,718,541	\$ 45,248,375	\$ 45,061,942

An additional portion of the County's net assets (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (57 percent or \$25,980,508) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$186,433 during the current fiscal year. This increase was only a factor of the net income of the Business-type Activities, as the Governmental Activities actually had a decrease in net assets.

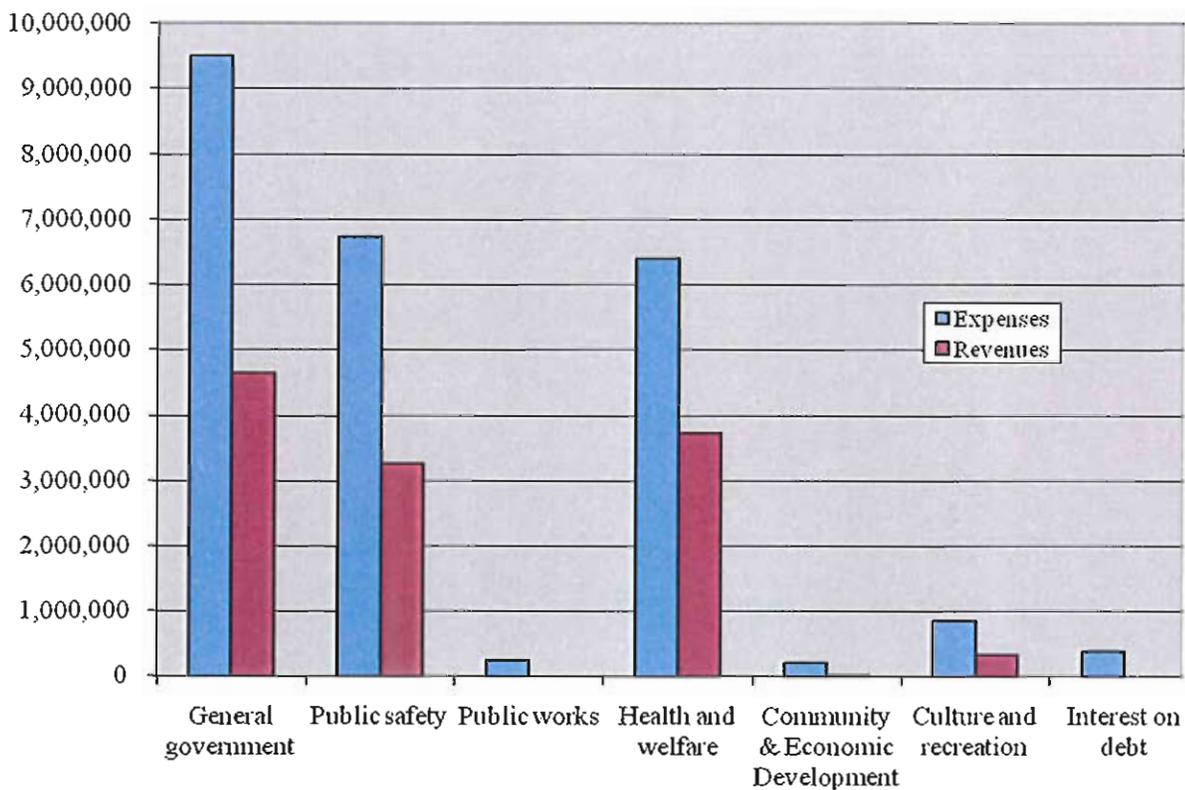
Isabella County Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,399,939	\$ 6,868,576	\$ 10,526,686	\$ 9,979,756	\$ 16,926,625	\$ 16,848,332
Operating grants and contributions	5,459,794	5,397,183	670,013	935,623	6,129,807	6,332,806
Capital grants and contributions	111,188	26,511	-	-	111,188	26,511
General revenues:						
Property taxes	11,002,634	11,379,585	1,385,061	1,326,806	12,387,695	12,706,391
Grants and contributions not restricted to specific programs	507,392	569,939	-	-	507,392	569,939
Unrestricted investment earnings	172,972	468,995	182,859	338,589	355,831	807,584
Gain on disposal of capital assets	-	478,120	-	701	-	478,821
Miscellaneous revenue	125,420	225,596	103,670	171,982	229,090	397,578
Total revenues	23,779,339	25,414,505	12,868,289	12,753,457	36,647,628	38,167,962
Expenses						
General government	9,500,081	9,374,159	-	-	9,500,081	9,374,159
Public safety	6,738,044	6,773,354	-	-	6,738,044	6,773,354
Public works	250,084	198,831	-	-	250,084	198,831
Health and welfare	6,407,529	6,258,581	-	-	6,407,529	6,258,581
Community & Economic Develop	209,415	233,456	-	-	209,415	233,456
Culture and recreation	866,072	758,598	-	-	866,072	758,598
Interest on debt	394,791	314,741	-	-	394,791	314,741
Delinquent property tax	-	-	189,073	188,357	189,073	188,357
Recycling facility	-	-	897,922	1,174,988	897,922	1,174,988
Building Inspections	-	-	253,795	280,582	253,795	280,582
Concessions	-	-	200,022	227,204	200,022	227,204
Medical care facility	-	-	10,554,367	8,856,618	10,554,367	8,856,618
Total expenses	24,366,016	23,911,720	12,095,179	10,727,749	36,461,195	34,639,469
Revenues over (under) expenses before transfers	(586,677)	1,502,785	773,110	2,025,708	186,433	3,528,493
Transfers - internal activities	90,000	76,165	(90,000)	(76,165)	-	-
Increase (decrease) in net assets	(496,677)	1,578,950	683,110	1,949,543	186,433	3,528,493
Restated net assets, beginning of year	26,343,401	24,764,451	18,718,541	16,768,998	45,061,942	41,533,449
Total net assets	\$ 25,846,724	\$ 26,343,401	\$ 19,401,651	\$ 18,718,541	\$ 45,248,375	\$ 45,061,942

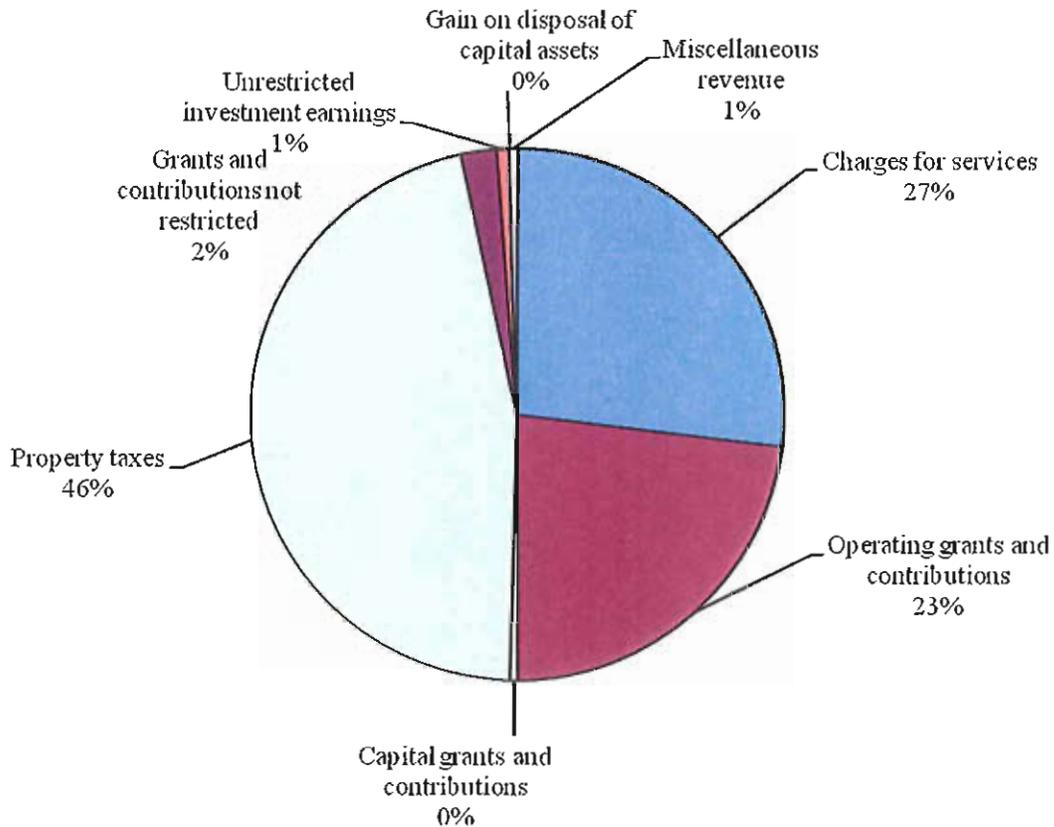
Governmental activities. Governmental activities decreased the County's net assets by \$496,677. Key elements of this decrease are as follows:

- A gain of \$478,120 was realized on the disposal/ sale of the old Senior Center building which was almost fully depreciated in 2008. No such gain was included in 2009 revenues.
- Investment earnings dropped by more than 60% when compared to 2008. This is a result of unfavorable market interest rates as well as smaller amounts of idle cash available throughout the year to invest.
- Property tax revenue on the Commission on Aging Senior Millage was 22% less in 2009 than 2008 due to a decrease in the levy. This decrease, along with an increase in the deferred property tax amount in 2009 led to an overall 3% decrease in property tax revenue reported for the governmental activities.

Expenses and Program Revenues - Governmental Activities



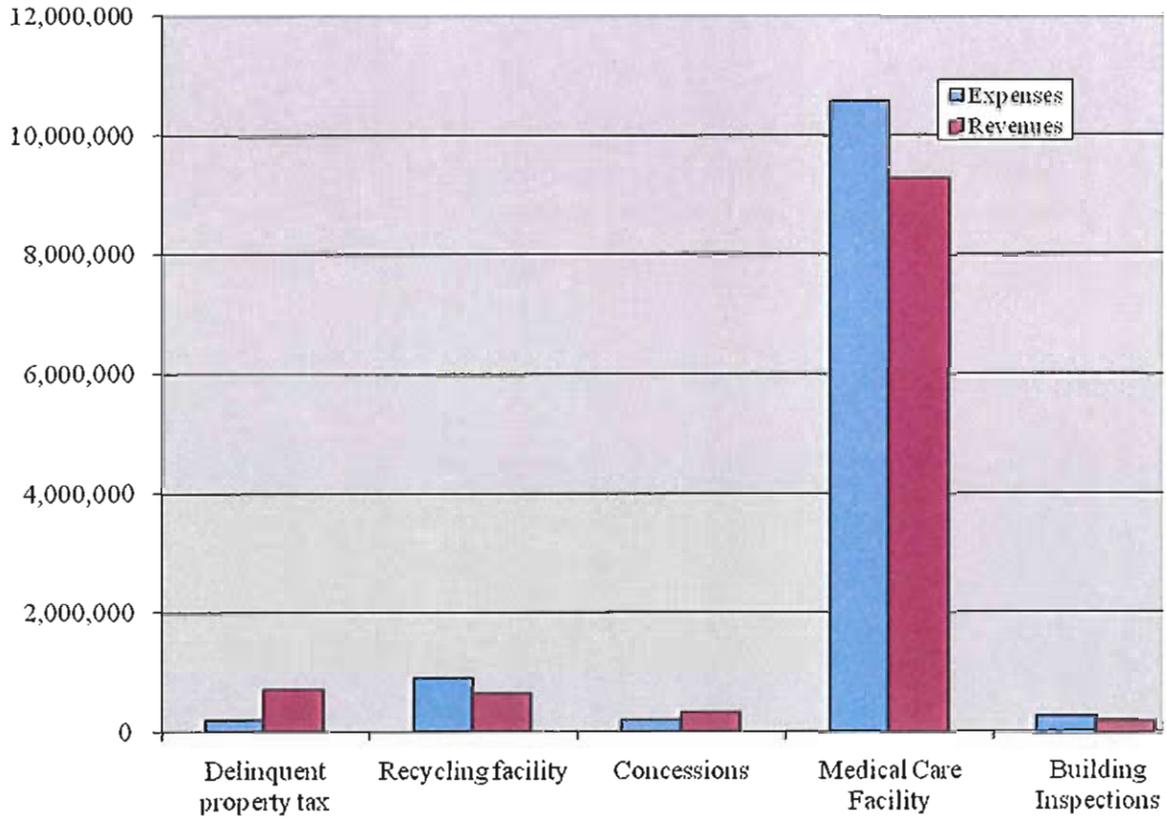
Revenues by Source - Governmental Activities



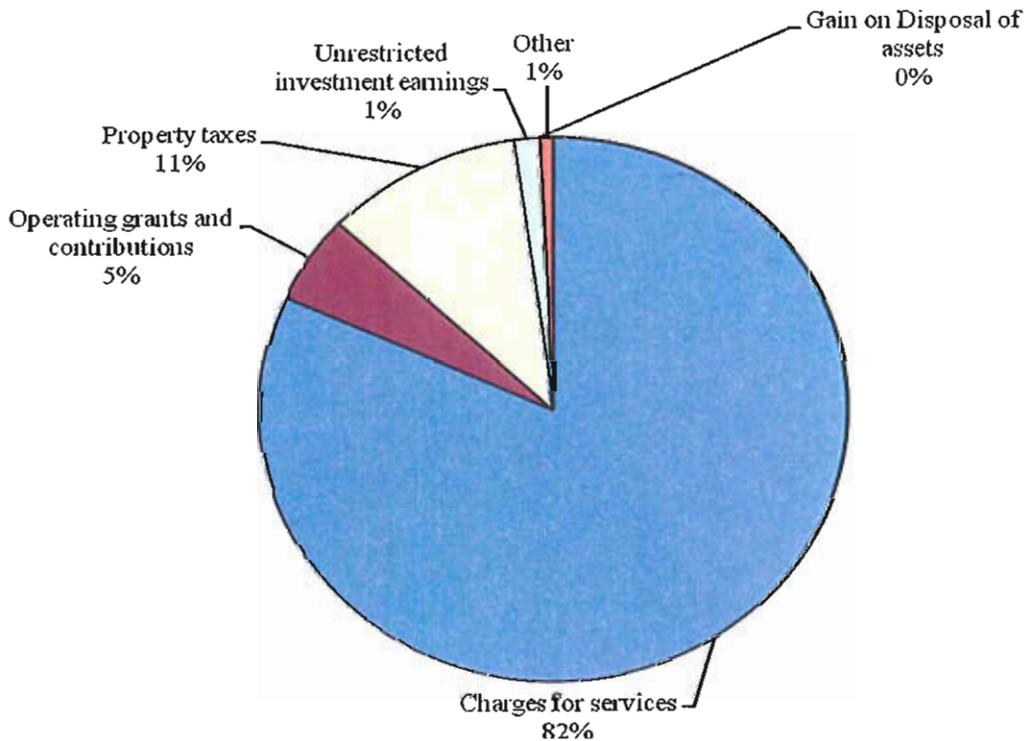
Business-type activities. Business-type activities increased the County's net assets by \$683,110, accounting for all of the growth in the government's net assets for the current year. Key elements of these increases are as follows:

- The Medical Care Facility in the 2009 fiscal year reflects another full year of revenue with its expanded capacity. Net assets for the Medical Care Facility increased by \$293,987 in 2009, which represents 43% of the overall business-type activity increase for the year.
- The PA123 Restricted Tax fund had an increase in net assets of \$124,167 in 2009. This is the result of more tax foreclosures and subsequent tax sales.
- The Inmate Commissary Fund saw a 22% increase in revenue from 2008 to 2009 due to a larger jail population.
- Property tax collections on the Medical Care Facility Debt retirement millage increased by 4%.

Expenses and Program Revenues - Business-type Activities



**Revenues by Source - Business-type Activities
Financial Analysis of the Government's Funds**



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

Governmental funds. The focus of the County's *governmental 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, *unreserved 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 \$12,031,585, a decrease of \$516,605 in comparison with the prior year. Approximately 93 percent of this total amount (\$11,223,887) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for inventory (\$26,869), 2) for prepaid items (\$156,647), or 3) for special projects (\$624,182).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,214,950 while total fund balance was \$6,279,640. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 35.4 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund decreased by \$109,977 during the current fiscal year. Total expenses were kept to a modest 1% increase in the general fund when compared to the prior year. However, revenues were down 3% due to a 30% decrease in interest income and a 5% decrease in charges for services. In addition, transfers out were \$335,997 greater in 2009 than 2008, although this was due entirely to a one-time transfer of the proceeds of the sale of a building in 2008.

The largest decrease in fund balance in the Governmental Funds was in the Revenue Sharing Reserve fund for \$1,230,593 in 2009. This decrease is due to the nature of the reserve fund and what it was intended for when created. This fund was created by accelerating the property tax collection from winter to summer over three years and depositing the extra tax collected into a reserve fund. This fund then replaced State Revenue Sharing payments normally made to the County each year. The County is allowed to make distributions from the fund in an amount not to exceed its October 1, 2003 through September 30, 2004 revenue sharing payments adjusted for inflation each year until the fund is exhausted.

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

General Fund Budgetary Highlights

The difference between the original and final amended budget for expenditures resulted in an increase of \$147,875 in appropriations. The largest increases were for 1) an increase in the amount of County-at-Large drain assessments of \$48,000; 2) an increase of \$46,750 to account for a grant received by the Sheriff's department; and 3) an increase of \$44,500 for the Adult Drug Court to cover additional services offered to participants. All of these increases in appropriations were offset by increases in various general fund revenue account budgets as approved by the Board of Commissioners.

During the year, general fund revenues were less than budgetary estimates by approximately \$539,000, however, general fund expenditures were less than budgetary estimates by \$482,000. This resulted in an overall budget discrepancy of only \$57,000 on a general fund budget of over \$18,000,000.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of September 30, 2009, amounted to \$30,992,365 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 1 percent.

Major capital asset events during the current fiscal year included the following:

- Construction in progress increased by \$1,335,960 in Business- type activities. This increase is mostly from a large project at the Medical Care Facility to add a new kitchen.
- Building Improvements included a large kennel project at the animal control shelter for \$36,960, park improvements for \$11,821, and a storage building at the Commission on Aging site for \$13,478 during 2009.
- Other additions to equipment and vehicles totaled \$212,325. The largest purchases were HVAC control updates for the main County Building for \$12,070; 5 mobile data terminals for Central Dispatch for \$29,770; a crisis response phone and fingerprint / palm scanner in the Sheriff's Department for \$40,675; various Medical Care Facility equipment purchases for \$84,199; and \$13,000 for a vehicle in the Parks Department

Isabella County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,142,082	\$ 2,142,082	\$ 121,953	\$ 121,953	\$ 2,264,035	\$ 2,264,035
Construction in progress	189,579	-	1,335,960	-	1,525,539	-0-
Buildings and improvements	14,598,060	15,040,730	9,724,542	9,999,936	24,322,602	25,040,666
Equipment	1,503,749	1,819,084	848,016	924,886	2,351,765	2,743,970
Vehicles	295,767	372,868	64,396	92,485	360,163	465,353
Other	168,261	173,172	-	-	168,261	173,172
Total net assets	<u>\$ 18,897,498</u>	<u>\$ 19,547,936</u>	<u>\$ 12,094,867</u>	<u>\$ 11,139,260</u>	<u>\$ 30,992,365</u>	<u>\$ 30,687,196</u>

Additional information on the County's capital assets can be found in note F on pages 32-36 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$15,661,152. Of this amount, \$13,565,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents leases, postclosure landfill costs, long-term insurance claims, and compensated absences.

Isabella County's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 7,325,000	\$ 8,075,000	\$ 6,240,000	\$ 6,575,000	\$ 13,565,000	\$ 14,650,000
Postclosure landfill costs	879,130	948,278	-	-	879,130	948,278
Accrued compensated absences	851,256	816,778	469,920	419,728	1,321,176	1,236,506
Deferred charges	(58,883)	(64,771)	(45,271)	(48,754)	(104,154)	(113,525)
Total net debt	<u>\$ 8,996,503</u>	<u>\$ 9,775,285</u>	<u>\$ 6,664,649</u>	<u>\$ 6,945,974</u>	<u>\$ 15,661,152</u>	<u>\$ 16,721,259</u>

General Obligation Bonds - \$13,565,000

The County's total governmental activity debt decreased by \$778,782 (8 percent) during the current fiscal year.

The County's total business-type activity debt decreased by \$281,325 (4.0 percent) during the current fiscal year.

The County's bond rating ranges from A to AAA. The AAA rating is given for bond issues that are backed with millage levies.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note G on pages 36-42 of this report.

Economic Factors and Next Year's Budgets and Rates

In order to maintain financial stability over the long term, the budgeting practice in Isabella County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a conscious awareness of the fund balance, has historically given Isabella County the reserves necessary to address this difficult economic time without resorting to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of county services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they will be addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of certain capital expenditures.

- As the economy has slowed, there have been financial impacts to the county. Although property tax revenues remain stable, programs that rely on state and federal grants have suffered financial losses as grant funding remains unchanged or is reduced.
- The September 2009 unemployment rate for Isabella County was 8.5%, which is an increase from a rate of 6.0% a year earlier. This was less than the State's September 2009 average unemployment rate of 15.3% and also slightly less than the national average rate of 9.8%.¹
- Two Michigan constitutional laws limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year will reflect the restrictions of these laws as well as an estimated reduction in tax revenue from captured values (Local Development Finance Authorities, Downtown Development Authorities, and Tax Increment Finance Authorities), brownfield zones, and board of reviews.
- Public Act 357 of 2004 (MCL 211.44a) created a funding mechanism to serve as a substitute to state revenue sharing payments. Isabella County completed a gradual shift its county operating property tax millage from a winter tax levy to a summer tax levy in 2008.

The County continues to disburse funds from a special revenue fund in amounts that do not exceed its October 1, 2003 through September 30, 2004 revenue sharing payments, adjusted for inflation.

During the current fiscal year, unreserved – undesignated fund balance in the general fund decreased to \$4,212,100.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Isabella County Administration Office, 200 N. Main St., Mt. Pleasant, Michigan 48858.

¹ Michigan Department of Labor and Economic Growth

BASIC FINANCIAL STATEMENTS

Isabella County, Michigan

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,629,049	\$ 5,135,781	\$ 13,764,830	\$ 4,187,431
Investments	2,006,667	822,357	2,829,024	2,441,349
Receivables	3,144,795	4,044,339	7,189,134	4,092,030
Inventories	26,869	32,528	59,397	696,786
Due from other governmental units	4,148,803	117,807	4,266,610	2,203,030
Prepays	254,083	48,489	302,572	899,914
Current portion of land contract receivable	-	-	-0-	8,164
Current portion of lease receivable	415,000	-	415,000	955,000
Restricted cash and cash equivalents	-	5,343,124	5,343,124	-
Internal balances	(47,967)	47,967	-0-	-
Total current assets	18,577,299	15,592,392	34,169,691	15,483,704
Noncurrent assets				
Investments	-	557,596	557,596	-
Land contract receivable	-	-	-0-	1,011
Lease receivable	4,010,000	-	4,010,000	4,800,000
Unamortized bond issuance costs	61,922	-	61,922	64,008
Capital assets not being depreciated	2,331,661	1,457,913	3,789,574	23,677,538
Capital assets being depreciated, net	16,565,837	10,636,954	27,202,791	66,832,865
Total noncurrent assets	22,969,420	12,652,463	35,621,883	95,375,422
TOTAL ASSETS	41,546,719	28,244,855	69,791,574	110,859,126
LIABILITIES				
Current liabilities				
Accounts payable	527,688	1,599,765	2,127,453	330,073
Accrued wages	474,415	88,655	563,070	270,333
Other accrued liabilities	126,886	110,270	237,156	534,754
Due to other governmental units	941,428	25,486	966,914	212,991
Unearned revenue	4,633,075	354,379	4,987,454	688,256
Current portion of compensated absences	340,502	28,134	368,636	396,283
Current portion of long-term debt	817,468	350,000	1,167,468	1,624,355
Total current liabilities	7,861,462	2,556,689	10,418,151	4,057,045
Noncurrent liabilities				
Noncurrent portion of compensated absences	510,754	441,786	952,540	542,001
Noncurrent portion of long-term debt	7,327,779	5,844,729	13,172,508	9,111,965
OPEB obligation	-	-	-0-	3,388
Total noncurrent liabilities	7,838,533	6,286,515	14,125,048	9,657,354
TOTAL LIABILITIES	15,699,995	8,843,204	24,543,199	13,714,399
NET ASSETS				
Invested in capital assets, net of related debt	11,631,381	5,900,138	17,531,519	85,422,758
Restricted	649,345	1,087,003	1,736,348	3,391,305
Unrestricted	13,565,998	12,414,510	25,980,508	8,330,664
TOTAL NET ASSETS	\$ 25,846,724	\$ 19,401,651	\$ 45,248,375	\$ 97,144,727

See accompanying notes to financial statements.

Isabella County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2009

	General	Tribal Contribution	Building Authority Bonds
ASSETS			
Cash and cash equivalents	\$ 4,271,253	\$ -	\$ 1,044,339
Investments	9,581	1,261,708	-
Accounts receivable	104,434	576,581	-
Taxes receivable	1,289,441	-	-
Lease receivable	-	-	4,425,000
Due from other governmental units			
Federal/State	338,976	-	-
Local	3,296,832	18,697	-
Inventories	13,030	-	-
Prepays	48,597	-	58,025
Due from other funds	165,140	-	-
	<u>\$ 9,537,284</u>	<u>\$ 1,856,986</u>	<u>\$ 5,527,364</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 373,412	\$ 5,229	\$ -
Accrued wages	331,935	14,191	-
Due to other governmental units			
Federal/State	-	-	-
Local	11,200	868,154	-
Due to other funds	1,748,672	387,043	35,000
Deferred revenue	792,425	582,168	4,425,000
	<u>3,257,644</u>	<u>1,856,785</u>	<u>4,460,000</u>
FUND BALANCES			
Reserved for:			
Donations for special projects	3,063	-	-
Inventories	13,030	-	-
Prepays	48,597	-	58,025
Capital projects	-	-	-
Equipment replacement	-	-	-
Unreserved			
Designated	2,002,850	-	-
Undesignated, reported in:			
General fund	4,212,100	-	-
Special revenue funds	-	201	-
Debt service	-	-	1,009,339
	<u>6,279,640</u>	<u>201</u>	<u>1,067,364</u>
TOTAL FUND BALANCES	<u>6,279,640</u>	<u>201</u>	<u>1,067,364</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,537,284</u>	<u>\$ 1,856,986</u>	<u>\$ 5,527,364</u>

Nonmajor Governmental Funds	Total
\$ 2,469,467	\$ 7,785,059
233,354	1,504,643
1,154,358	1,835,373
-	1,289,441
-	4,425,000
492,591	831,567
1,707	3,317,236
13,839	26,869
50,025	156,647
2,153,333	2,318,473
<u>\$ 6,568,674</u>	<u>\$ 23,490,308</u>
\$ 100,297	\$ 478,938
128,289	474,415
62,074	62,074
-	879,354
197,182	2,367,897
1,396,452	7,196,045
<u>1,884,294</u>	<u>11,458,723</u>
178,617	181,680
13,839	26,869
50,025	156,647
180,042	180,042
262,460	262,460
-	2,002,850
-	4,212,100
3,999,397	3,999,598
-	1,009,339
<u>4,684,380</u>	<u>12,031,585</u>
<u>\$ 6,568,674</u>	<u>\$ 23,490,308</u>

Isabella County, Michigan

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

September 30, 2009

Total fund balance - governmental funds \$ 12,031,585

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

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

The cost of capital assets is	\$ 33,323,694	
Accumulated depreciation is	<u>(14,426,196)</u>	
Capital assets, net		18,897,498

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

Property taxes	787,970	
Lease receivable	4,425,000	
Less: lease receivable from other County funds	<u>(2,650,000)</u>	
		2,562,970

Governmental funds report the effect of bond issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Assets.

Unamortized bond issuance costs		61,922
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Net assets of governmental activities accounted for in Internal Service Funds		1,416,138
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities at year-end consist of:

Direct County obligations	(8,145,247)	
Accrued interest payable	(126,886)	
Compensated absences	<u>(851,256)</u>	
		<u>(9,123,389)</u>

Net assets of governmental activities \$ 25,846,724

Isabella County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2009

	General	Tribal Contribution	Building Authority Bonds
REVENUES			
Taxes	\$ 9,975,655	\$ -	\$ 564,974
Licenses and permits	83,572	-	-
Intergovernmental	1,543,754	458,278	-
Charges for services	3,713,064	-	-
Fines and forfeits	191,370	-	-
Interest and rents	482,782	-	254,932
Contributions	-	-	-
Other	125,782	-	7,082
TOTAL REVENUES	16,115,979	458,278	826,988
EXPENDITURES			
Current			
General government	7,720,034	283,340	-
Public safety	5,011,399	168,044	-
Public works	242,899	-	-
Health and welfare	962,489	-	-
Community and economic development	205,373	-	-
Recreation and cultural	3,675	6,894	-
Other	470,056	-	-
Debt service	-	-	1,002,188
Capital outlay	-	-	-
TOTAL EXPENDITURES	14,615,925	458,278	1,002,188
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,500,054	-0-	(175,200)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,326,795	-	798,739
Transfers out	(2,936,826)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,610,031)	-0-	798,739
NET CHANGE IN FUND BALANCES	(109,977)	-0-	623,539
Fund balances, beginning of year	6,389,617	201	443,825
Fund balances, end of year	<u>\$ 6,279,640</u>	<u>\$ 201</u>	<u>\$ 1,067,364</u>

Nonmajor Governmental Funds	Total
\$ 426,328	\$ 10,966,957
273,851	357,423
3,475,967	5,477,999
1,649,370	5,362,434
8,584	199,954
16,018	753,732
435,038	435,038
39,209	172,073
<u>6,324,365</u>	<u>23,725,610</u>
916,865	8,920,239
943,286	6,122,729
-	242,899
5,278,017	6,240,506
-	205,373
728,327	738,896
-	470,056
-	1,002,188
<u>389,329</u>	<u>389,329</u>
<u>8,255,824</u>	<u>24,332,215</u>
(1,931,459)	(606,605)
2,214,266	4,339,800
<u>(1,312,974)</u>	<u>(4,249,800)</u>
<u>901,292</u>	<u>90,000</u>
(1,030,167)	(516,605)
<u>5,714,547</u>	<u>12,548,190</u>
<u>\$ 4,684,380</u>	<u>\$ 12,031,585</u>

Isabella County, Michigan

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

Year Ended September 30, 2009

Net change in fund balances - total governmental funds \$ (516,605)

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

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

Capital outlay	\$ 409,095	
Depreciation expense	<u>(1,059,533)</u>	
Excess of depreciation expense over capital outlay		(650,438)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (134,324)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Net operating income from governmental activities accounted for in internal service fund	43,718	
Add: Interest revenue	<u>18,053</u>	
		61,771

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

Repayment of long-term debt	750,000	
Net effect of bond refunding and related items	(12,080)	
Decrease in long-term liability for environmental remediation	<u>69,148</u>	
		807,068

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

(Increase) in accrued interest payable	(29,671)	
(Increase) in compensated absences	<u>(34,478)</u>	
		<u>(64,149)</u>

Change in net assets of governmental activities \$ (496,677)

Isabella County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

September 30, 2009

	Business-type Activities			Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds		Internal Service Fund
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,954,540	\$ 1,639,990	\$ 1,259,921	\$ 4,854,451	\$ 1,125,320
Investments	-	-	655,016	655,016	669,365
Receivables					
Accounts	1,040,099	-	107,731	1,147,830	26,641
Delinquent taxes	17,199	2,872,650	-	2,889,849	-
Due from other governmental units	100,151	-	17,656	117,807	-
Due from other funds	-	-	62,347	62,347	1,943
Inventories	23,833	-	8,695	32,528	-
Prepays	16,010	-	-	16,010	129,915
Restricted cash and cash equivalents	5,343,124	-	-	5,343,124	-
Total current assets	8,494,956	4,512,640	2,111,366	15,118,962	1,953,184
Noncurrent assets					
Investments	-	557,596	-	557,596	-
Capital assets not being depreciated	1,051,269	-	406,644	1,457,913	-
Capital assets being depreciated, net	9,404,283	-	1,232,671	10,636,954	-
Total noncurrent assets	10,455,552	557,596	1,639,315	12,652,463	-0-
TOTAL ASSETS	18,950,508	5,070,236	3,750,681	27,771,425	1,953,184
LIABILITIES					
Current liabilities					
Accounts payable	1,546,707	-	36,808	1,583,515	65,000
Accrued wages	50,012	3,369	35,274	88,655	-
Due to other governmental units	-	-	25,486	25,486	-
Due to other funds	-	12,269	2,597	14,866	-
Interest payable	110,270	-	-	110,270	-
Current portion of compensated absences	15,000	469	12,665	28,134	-
Current portion of capital lease payable	350,000	-	-	350,000	-
Unearned revenue	248,274	-	106,105	354,379	-
Total current liabilities	2,320,263	16,107	218,935	2,555,305	65,000
Noncurrent liabilities					
Noncurrent portion of compensated absences	422,088	703	18,995	441,786	-
Noncurrent portion of capital lease payable	5,844,729	-	-	5,844,729	-
Total noncurrent liabilities	6,266,817	703	18,995	6,286,515	-0-
TOTAL LIABILITIES	8,587,080	16,810	237,930	8,841,820	65,000
NET ASSETS					
Invested in capital assets, net of related debt	4,260,823	-	1,639,315	5,900,138	-
Restricted for:					
Equipment replacement	-	-	708,195	708,195	-
Nonexpendable	55,226	-	-	55,226	-
Expendable	233,582	-	-	233,582	-
Operating reserve	-	-	90,000	90,000	-
Unrestricted	5,813,797	5,053,426	1,075,241	11,942,464	1,888,184
TOTAL NET ASSETS	\$ 10,363,428	\$ 5,053,426	\$ 3,512,751	\$ 18,929,605	\$ 1,888,184

See accompanying notes to financial statements.

Isabella County, Michigan

RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT
OF NET ASSETS TO THE STATEMENT OF NET ASSETS

September 30, 2009

Total net assets - enterprise funds \$ 18,929,605

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal services are included in business-type activities.

Add: portion of net assets of business-type activities accounted for in the internal service fund

472,046

Net assets of business-type activities

\$ 19,401,651

Isabella County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended September 30, 2009

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 8,864,193	\$ 148,370	\$ 858,192	\$ 9,870,755	\$ 2,533,464
Sales	-	-	400,452	400,452	-
Reimbursements	-	-	-	-0-	44,200
Interest and penalties on delinquent taxes	-	255,479	-	255,479	-
TOTAL OPERATING REVENUES	8,864,193	403,849	1,258,644	10,526,686	2,577,664
OPERATING EXPENSES					
Personal services	6,290,177	101,654	821,866	7,213,697	-
Supplies	760,247	-	43,636	803,883	-
Contractual services	1,883,747	-	72,317	1,956,064	-
Other services and charges	973,703	-	240,610	1,214,313	-
Cost of goods sold	-	-	173,707	173,707	-
Health insurance benefits, premiums, and fees	-	-	-	-0-	2,513,357
Depreciation	371,523	-	107,611	479,134	-
TOTAL OPERATING EXPENSES	10,279,397	101,654	1,459,747	11,840,798	2,513,357
OPERATING INCOME (LOSS)	(1,415,204)	302,195	(201,103)	(1,314,112)	64,307
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
State	-	-	19,544	19,544	-
Local	440,716	-	209,753	650,469	-
Property taxes	1,385,061	-	-	1,385,061	-
Interest revenue	60,374	29,141	93,344	182,859	18,053
Rental income	93,750	-	-	93,750	-
Interest expense	(274,970)	-	-	(274,970)	-
Other	4,260	-	5,660	9,920	-
TOTAL NONOPERATING REVENUES (EXPENSES)	1,709,191	29,141	328,301	2,066,633	18,053
INCOME BEFORE TRANSFERS	293,987	331,336	127,198	752,521	82,360
TRANSFERS OUT	-	(90,000)	-	(90,000)	-
CHANGE IN NET ASSETS	293,987	241,336	127,198	662,521	82,360
Net assets, beginning of year	10,069,441	4,812,090	3,385,553	18,267,084	1,805,824
Net assets, end of year	<u>\$ 10,363,428</u>	<u>\$ 5,053,426</u>	<u>\$ 3,512,751</u>	<u>\$ 18,929,605</u>	<u>\$ 1,888,184</u>

See accompanying notes to financial statements.

Isabella County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
NET ASSETS OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

Change in net assets - total enterprise funds \$ 662,521

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net revenue (expense) of the internal service fund is reported with business-type activities.

Add: increase in net assets from business-type activities accounted for in the internal service fund

20,589

Change in net assets of business-type activities

\$ 683,110

Isabella County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2009

	Business-type Activities			Governmental	
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 10,428,064	\$ 148,370	\$ 1,398,584	\$ 11,975,018	\$ 2,551,002
Cash paid to suppliers	(4,285,677)	-	(677,186)	(4,962,863)	(2,378,419)
Cash paid for employee services and benefits	(4,421,398)	(102,075)	(805,420)	(5,328,893)	-
Interest on delinquent taxes	-	(104,422)	-	(104,422)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,720,989	(58,127)	(84,022)	1,578,840	172,583
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Quality assurance program	397,054	-	-	397,054	-
Rental receipts	93,750	-	-	93,750	-
Transfers out	-	(90,000)	-	(90,000)	-
State/Federal grants	-	-	229,297	229,297	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	490,804	(90,000)	229,297	630,101	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Property tax collections	1,385,061	-	-	1,385,061	-
Principal payments on capital debt	(335,000)	-	-	(335,000)	-
Interest payments on capital debt	(274,970)	-	-	(274,970)	-
Acquisition and construction of capital assets	(1,131,986)	-	(299,274)	(1,431,260)	-
Capital contributions	47,922	-	-	47,922	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(308,973)	-0-	(299,274)	(608,247)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(53,122)	-	(53,122)	(669,365)
Maturity of investments	-	620,000	146,329	766,329	983,638
Interest revenue	60,374	29,141	93,344	182,859	18,053
NET CASH PROVIDED BY INVESTING ACTIVITIES	60,374	596,019	239,673	896,066	332,326
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,963,194	447,892	85,674	2,496,760	504,909
Cash and cash equivalents, beginning of year	5,334,470	1,192,098	1,174,246	7,700,814	620,411
Cash and cash equivalents, end of year	<u>\$ 7,297,664</u>	<u>\$ 1,639,990</u>	<u>\$ 1,259,920</u>	<u>\$ 10,197,574</u>	<u>\$ 1,125,320</u>

Isabella County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended September 30, 2009

	Business-type Activities			Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (1,415,204)	\$ 302,195	\$ (201,103)	\$ (1,314,112)	\$ 64,307
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	371,523	-	107,611	479,134	-
Other income	-	-	5,660	5,660	-
(Increase) decrease in receivables	1,531,182	(370,430)	107,737	1,268,489	17,538
Decrease in due from other governmental units	82,467	-	26,543	109,010	-
Decrease in prepaids	22,264	-	-	22,264	106,888
(Increase) decrease in inventory	(23,833)	-	1,861	(21,972)	-
(Increase) decrease in due from other funds	-	-	10,513	10,513	(1,172)
Decrease in due from patient trust	2,398	-	-	2,398	-
Increase (decrease) in accounts payable	1,318,478	-	(216,233)	1,102,245	-
Increase in due to other governmental units	-	-	25,486	25,486	-
(Decrease) in interest payable	(4,885)	-	-	(4,885)	-
Increase (decrease) in accrued liabilities	(112,794)	(421)	16,446	(96,769)	-
Increase (decrease) in due to other funds	-	10,529	(3,808)	6,721	(14,978)
Increase (decrease) in deferred revenue	(50,607)	-	35,265	(15,342)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,720,989</u>	<u>\$ (58,127)</u>	<u>\$ (84,022)</u>	<u>\$ 1,578,840</u>	<u>\$ 172,583</u>

See accompanying notes to financial statements.

Isabella County, Michigan

Fiduciary Funds

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 635,281
Prepays	<u>87,338</u>
TOTAL ASSETS	<u><u>\$ 722,619</u></u>
LIABILITIES	
Due to other governmental units	
Federal/State	\$ 120,413
Local	121,019
Due to individuals and agencies	<u>481,187</u>
TOTAL LIABILITIES	<u><u>\$ 722,619</u></u>

Isabella County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

September 30, 2009

	Road Commission	Isabella County Transportation Commission	Central Michigan District Health Department
ASSETS			
Current assets			
Cash and cash equivalents	\$ 819,449	\$ 974,803	\$ 341,653
Investments	-	523,336	-
Receivables	836,404	20,221	341,891
Due from other governmental units	854,315	216,499	1,132,216
Inventories	284,870	112,114	279,018
Prepays	189,246	109,290	115,799
Current portion of land contract receivable	4,788	3,376	-
Current portion of lease receivable	-	-	-
Total current assets	2,989,072	1,959,639	2,210,577
Noncurrent assets			
Land contract receivable	-	1,011	-
Lease receivable	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets, not being depreciated	22,879,311	54,004	-
Capital assets, net of accumulated depreciation	48,278,916	4,077,876	701,868
Total noncurrent assets	71,158,227	4,132,891	701,868
TOTAL ASSETS	74,147,299	6,092,530	2,912,445
LIABILITIES			
Current liabilities			
Accounts payable	211,664	20,233	97,283
Accrued wages	-	64,422	205,911
Due to other governmental units	148,797	50,894	-
Accrued interest payable	-	3,035	11,044
Other accrued liabilities	93,198	127,706	227,045
Unearned revenue	22,451	37,890	627,915
Current portion of compensated absences	-	75,115	321,168
Current portion of long-term debt	34,194	109,924	218,258
Total current liabilities	510,304	489,219	1,708,624
Noncurrent liabilities			
Noncurrent portion of compensated absences	233,427	-	308,574
Noncurrent portion of long-term debt	319,178	72,159	815,740
OPEB obligation	3,388	-	-
Total noncurrent liabilities	555,993	72,159	1,124,314
TOTAL LIABILITIES	1,066,297	561,378	2,832,938
NET ASSETS			
Invested in capital assets, net of related debt	70,804,855	3,949,797	(288,136)
Restricted	2,276,147	-	-
Unrestricted	-	1,581,355	367,643
TOTAL NET ASSETS	\$ 73,081,002	\$ 5,531,152	\$ 79,507

See accompanying notes to financial statements.

Drainage Districts	Board of Public Works	Total
\$ 1,977,390	\$ 74,136	\$ 4,187,431
1,918,013	-	2,441,349
2,883,124	10,390	4,092,030
-	-	2,203,030
20,784	-	696,786
-	485,579	899,914
-	-	8,164
-	955,000	955,000
<u>6,799,311</u>	<u>1,525,105</u>	<u>15,483,704</u>
-	-	1,011
-	4,800,000	4,800,000
-	64,008	64,008
728,223	16,000	23,677,538
<u>13,740,509</u>	<u>33,696</u>	<u>66,832,865</u>
<u>14,468,732</u>	<u>4,913,704</u>	<u>95,375,422</u>
21,268,043	6,438,809	110,859,126
54	839	330,073
-	-	270,333
-	13,300	212,991
53,332	19,394	86,805
-	-	447,949
-	-	688,256
-	-	396,283
<u>609,891</u>	<u>652,088</u>	<u>1,624,355</u>
663,277	685,621	4,057,045
-	-	542,001
2,952,295	4,952,593	9,111,965
-	-	3,388
<u>2,952,295</u>	<u>4,952,593</u>	<u>9,657,354</u>
<u>3,615,572</u>	<u>5,638,214</u>	<u>13,714,399</u>
10,906,546	49,696	85,422,758
1,115,158	-	3,391,305
<u>5,630,767</u>	<u>750,899</u>	<u>8,330,664</u>
<u>\$ 17,652,471</u>	<u>\$ 800,595</u>	<u>\$ 97,144,727</u>

Isabella County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Transportation Commission	Health Department	Drainage Districts	Board of Public Works	Total
Governmental activities										
Road Commission	\$ 7,219,901	\$ 33,375	\$ 4,442,864	\$ 4,125,581	\$ 1,381,919	\$ -	\$ -	\$ -	\$ -	\$ 1,381,919
Transportation Commission	4,734,529	648,052	2,420,669	941,299	-	(724,509)	-	-	-	(724,509)
Health Department	8,751,907	2,715,770	5,703,143	-	-	-	(332,994)	-	-	(332,994)
Drainage Districts	145,626	-	209,696	1,385,594	-	-	-	1,449,664	-	1,449,664
Board of Public Works	273,893	35,074	-	470,627	-	-	-	-	231,808	231,808
TOTALS	\$ 21,125,856	\$ 3,432,271	\$ 12,776,372	\$ 6,923,101	1,381,919	(724,509)	(332,994)	1,449,664	231,808	2,005,888
General revenues										
Property taxes					-	1,512,050	-	-	-	1,512,050
Investment earnings					-	30,074	433	47,871	332	78,710
Gain on disposal of capital assets					143,125	-	-	-	-	143,125
Other					-	-	8	887	-	895
Total general revenues					143,125	1,542,124	441	48,758	332	1,734,780
CHANGE IN NET ASSETS					1,525,044	817,615	(332,553)	1,498,422	232,140	3,740,668
Restated net assets, beginning of year					71,555,958	4,713,537	412,060	16,154,049	568,455	93,404,059
Net assets, end of year					<u>\$ 73,081,002</u>	<u>\$ 5,531,152</u>	<u>\$ 79,507</u>	<u>\$ 17,652,471</u>	<u>\$ 800,595</u>	<u>\$ 97,144,727</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Isabella County was organized in 1856 and covers an area of 572 square miles divided into 16 townships, 1 village, and 2 cities. The County seat is located in the City of Mt. Pleasant. The County operates under an elected county Board of Commissioners and provides services to its more than 63,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Isabella County (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 government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Unit

Building Authority

The Isabella County Building Authority is governed by a five (5) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Building Authority is reported as part of the primary government because its sole purpose is to finance and construct the County's public buildings.

3. Discretely Presented Component Units

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

Isabella County Transportation Commission

The Isabella County Transportation Commission provides mass transit services to the citizens of Isabella County. The Commission was created by an inter-local agreement between the County and the City of Mt. Pleasant. The Transportation Commission is administered by a Board with a voting majority appointed by the County Board of Commissioners. The Transportation Commission Board may not issue debt and the tax levy is subject to County Board of Commissioners' approval. The Transportation Commission taxes are levied under the taxing authority of the County, as approved by the County electors, and included as part of the County's total tax levy as well as reported in the Public Transportation Commission Fund. The Isabella County Treasurer, by statute, is responsible for the treasury function for the Commission. A copy of the Commission's audited financial statements can be obtained at their administrative offices.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - Concluded

Isabella County Road Commission

The Isabella County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The Commission is governed by a five (5) member Board of County Road Commissioners elected by Isabella County voters. Isabella County is secondarily obligated to provide repayment of a material loan through the State of Michigan. All long-term debt issuances excluding capital lease purchase agreements require County authorization. A copy of the Commission's audited financial statements can be obtained at their administrative offices.

Isabella County Drainage Districts

The Drain Commissioner has the sole responsibility to administer the drainage districts established by the Drain Code of 1956. The Isabella County Drain Commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the County. The statutory Inter-County Drainage Boards consist of the State Director of Agriculture and the Drain Commissioners of each County involved in the projects. Each of the Drainage Districts is a separate legal entity. The Drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the Drainage Districts upon authorization of the County Board of Commissioners. The Drainage Districts are financially accountable to the County because the County has pledged its full faith and credit for the payment of the outstanding bond issues authorized by the Drain Commissioner and because annual operating budgets must be approved by the County Board of Commissioners. The combining financial statements for the Drainage Districts are presented as part of Other Supplementary Information and are not audited separately.

Isabella County Board of Public Works

Pursuant to the provisions of Act 185, Public Acts of 1957, as amended, the Isabella County Board of Public Works has the responsibility of administering the various Public Works construction projects and the associated debt service funds. The Board is also responsible for the administration of the operations of the Lake Isabella Water Supply System. The Board of Public Works is administered by a seven (7) member Board comprised of the Drain commissioner and six (6) members with a voting majority appointed by the County Board of Commissioners. All general obligation bond issuances require County authorization and are backed by the full faith and credit of the County. The combining financial statements for the Board of Public Works are presented as part of Other Supplementary Information and are not audited separately.

Central Michigan District Health Department

The Central Michigan District Health Department is a multi-county agency established to provide public health services. The Health Department serves the Counties of Arenac, Clare, Gladwin, Isabella, Osceola and Roscommon. Isabella County and the other participating counties provide annual appropriations to subsidize the operations of the Health Department. The District Health Department is primarily responsible for the debt service relating to the Building Authority bond issue sold to finance the construction of the District Health Department Building. Financial accountability to the County is demonstrated by these annual operating appropriations and the rental of space to house their operations. In addition, the treasury function for the agency rests with the Isabella County Treasurer. A copy of the Health Department's audited financial statements can be obtained at their administrative offices.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Jointly Governed Organizations

Central Michigan Mental Health Facilities Board

The Central Michigan Mental Health Facilities Board provides mental health facilities to Isabella, Clare, Mecosta and Osceola Counties. The Central Michigan Mental Health Facilities Board is organized as a nonprofit under 501(c)(3). Each of the four counties through their respective Boards of Commissioners appoints two (2) members to the Facilities Board. The Facilities Board, Isabella County and the Isabella County Building Authority entered into a three-party agreement whereby, the County through the Building Authority sold general obligation bonds to construct a mental health building within Mt. Pleasant. The Building Authority leases the building to the County.

The County in turn subleases the building to the Facilities Board, with the annual rent equal to the debt service requirements of the bond issue. The Facilities Board entered into a separate, but related, rental agreement with the Central Michigan Mental Health Services Board to provide office space. This operating lease provides substantially all the funding necessary to meet the Facilities Board's lease obligation with the County. The title of the building is to revert to the Facilities Board upon redemption of the bond issue.

Similar arrangements have been made to construct mental health facilities in Mecosta and Osceola Counties between the Facilities Board, the counties and their Building Authorities.

The Facilities Board is legally separate from the County and has not met the financial accountability criteria of GASB Statement No. 14. For this reason, it is not considered a component unit of the County.

Central Michigan Community Mental Health Services Board

The Central Michigan Community Mental Health Services Board reorganized as a Community Mental Health Authority under Public Act 258 of 1974, as amended. The Board has representatives and provides services to Clare, Isabella, Osceola, and Mecosta Counties. All participating counties provide annual appropriations; however, none of the participating counties are financially responsible for the Board.

The Services Board is legally separate from the County and has not met the financial accountability criteria of GASB Statement No. 14. For this reason, it is not considered a component unit of the County.

5. Related Organization

Economic Development Corporation

The Isabella County Economic Development Corporation (EDC) was established to provide community and economic development services. The County's officials are responsible for appointing the members of the Board of the Economic Development Corporation. The County's responsibility for this organization does not extend beyond making the board appointments. In 2009, the County did not provide any operating assistance to this organization.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - Concluded

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONCLUDED

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

FUND FINANCIAL STATEMENTS

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

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. The Tribal Contribution Fund accounts for the funding provided from the Saginaw Chippewa Tribe and the related uses of those funds.
- c. The Building Authority Bonds Fund accounts for the debt service on the bonds issued by the building authority.
 - The District Health Department Building Authority \$2,135,000 bond issue dated May 1, 1996.
 - The State Police Building Authority \$1,200,000 bond issue dated May 18, 1998.
 - The Courthouse Building Authority \$4,050,000 bond issue dated July 12, 1999.
 - The Commission on Aging Building Authority \$3,500,000 bond issue dated November 1, 2007.
 - The Building Authority Refunding \$4,620,000 bond issue dated August 19, 2009.
- d. The Delinquent Tax Revolving Fund accounts for the activities of the government's purchase and collection of delinquent property taxes
- e. The Medical Care Facility Fund accounts for the activities of the government's in-patient medical care.

7. Measurement Focus

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required and other supplementary information were prepared on the same modified accrual basis used to reflect actual results.

Budgets are adopted by the County Board of Commissioners for the General and Special Revenue Funds, except for those that are adopted and administered by separate Boards. The budget document presents information by fund, function, department and line items. The County Board of Commissioners monitors and amends the budgets as necessary. Budgetary control is exercised at the department level. Management is authorized to amend the budget within departments at a line item level without board approval. The County employs the following procedures in establishing budgets:

- a. The County departments submit their budgetary estimates to the Administrator who will review the estimates and assemble and submit a recommended budget to each department, which is then submitted to the appropriate standing committees. The operating budgets include proposed expenditures and resources to finance them.
- b. The appropriate standing committees will then convey the proposed budgets to the Board of Commissioners in a public hearing.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Budgets and Budgetary Accounting - Concluded

- c. The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end, unless specifically re-appropriated by Board action.
- d. Applicable budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

10. Cash and Cash Equivalents

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

11. Investments

Investments consist of certificates of deposit with original maturities of greater than 90 days. Investments are recorded at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

12. Restricted Assets

Certain resources have been classified as restricted on the balance sheet because their use is limited. The Medical Care Facility has recorded restricted assets for vested employee sick and vacation leave, funding of depreciation, capital projects, and various trust activities.

13. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs, accounts receivable related to charges for services, special assessments, and notes and leases receivable made in connection with various programs.

14. Capitalized Lease Receivable

PRIMARY GOVERNMENT

The Isabella County Building Authority (included as part of the primary government) has entered into numerous contracts with the County and other agencies for the purposes of constructing buildings and the financing of the same by the Building Authority through the issuance of Building Authority bonds.

The agreements specify that the Building Authority enter into lease agreements for the buildings with the County. The County in turn leases the building to the ultimate user, if not a part of the County, and that lease is at a rate sufficient to retire the bonds and pay all other necessary and proper expenses of the Project. The future minimum lease payments to be received under each lease agreement are equal to the outstanding principle and interest on the bond issue.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Capitalized Lease Receivable - Concluded

PRIMARY GOVERNMENT - CONCLUDED

The agreement specifies that when all the bonds have been retired, the Authority shall convey to the County all of its rights, title and interest in the project. In accordance with Financial Accounting Standards Board (FASB) Statement No. 13, the lease is accounted for as a sale of the building by the Building Authority as it constitutes a capital lease. For those leases with outside agencies, the aggregate future lease payments necessary for retirement of outstanding bond principal have been recorded as a Capitalized Lease Receivable. Deferred Revenue is shown on the balance sheet in the same amount as the Capitalized Lease Receivable as revenue that is not recognized until lease payments are received. There is no provision for any contingent rentals in the lease.

COMPONENT UNITS

In accordance with the terms of an agreement between the Isabella County Board of Public Works and the Village of Shepherd, the County authorized the construction of a Sanitary Sewer/Storm Water Separation project and the financing of the same by the Board of Public Works through the issuance of a \$3,750,000 bond issue. Of the original issue, \$3,000,000 of the debt was defeased with the issuance of 1999 refunding Bonds. The April 1, 1999 bond issue of \$2,460,000 resulted in an economic gain, along with local contributions that reduced the amount of the debt obligation.

In accordance with the terms of an agreement between the Isabella County Board of Public Works and the City of Clare, the County authorized the construction of a Water and Sewer System improvement project and the financing of the same by the Board of Public Works through the issuance of a \$700,000 bond issue.

In accordance with the terms of an agreement between the Isabella County Board of Public Works and Union Township, the County authorized the construction of a Wastewater Treatment Plant construction project and the financing of the same by the Board of Public Works through the issuance of a \$7,605,000 bond issue. Of the original issue, \$6,050,000 of the debt was defeased with the issuance of 2009 refunding bonds. Local contributions reduced the amount of the debt obligation.

These agreements provide for the Board of Public Works to enter into lease agreements with the local units with rentals equal to the annual debt service requirements over the life of the bond issue. The local unit is responsible for the operation, maintenance, and management of the system over the life of the lease. Upon final payment of the bond issue, ownership of the assets will revert to the local unit. Consequently, the leases are accounted for as capital leases in accordance with Financial Accounting Standards Board (FASB) Statement No. 13.

On this basis, the aggregate future lease payments necessary for the retirement of outstanding bond principal have been recorded as a capitalized lease receivable. Deferred revenue is shown on the balance sheet of the Shepherd Storm Sewer, Clare Water and Sewer, and Union Township Wastewater Treatment Debt Service Funds in the Board of Public Works Component Unit in the same amount as the capitalized lease receivable as revenue that is not recognized until lease payments are received. There is no provision for any contingent rental contained in the lease. The future minimum lease payments to be received are equal to the outstanding principal and interest of each bond issue.

15. Inventories

Inventories for the General Fund County Jail and Commission on Aging Fund consist of food and food supplies, and are reported at cost and accounted for using the consumption method. Reserved fund balances have been recorded to indicate that inventories are not currently available, spendable components of fund balance.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

16. Prepays

Prepays consist of amounts paid in the current year that pertain to the following fiscal year. Reserved fund balances have been recorded in the applicable funds to indicate that prepays are not currently available, spendable components of fund balance. Reserved fund balance has not been recorded in funds where a deficit exists.

17. Compensated Absences

County employees are granted vacation and sick leave in varying amounts according to their personnel contracts. In the event of termination, individual employees have vested rights to receive payment for unused vacation and sick leave.

Accumulated vacation and sick pay amounts that are vested have been recorded in the government-wide financial statements.

18. Deferred/Unearned Revenue

Deferred revenue consists of amounts related to long-term receivables recorded at the fund level that are not available to finance current period expenditures and are therefore deferred and also amounts received for various grant programs that has not yet been earned. Unearned revenue recorded in governmental activities and proprietary funds are so labeled to indicate that the availability criteria used in modified accrual basis statements does not apply.

19. Interfund Transactions

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

20. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Capital assets include land, buildings and improvements, equipment, vehicles, drain infrastructure, and other and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more (\$25,000 for drain infrastructure) and an estimated useful life of more than one year.

Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Buildings and improvements	20 - 50 years
Equipment	4 - 20 years
Drain infrastructure	5 - 100 years
Vehicles	5 - 20 years
Other	5 - 15 years

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

20. Capital Assets - Concluded

ROAD COMMISSION - COMPONENT UNIT

Capital assets, which include property, equipment, and infrastructure assets (i.e., roads, bridges, and similar items), are reported in the government-wide financial statements (statement of net assets and statement of changes in net assets). Capital assets are defined by the Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date donated.

Depreciation is recorded over the estimated useful lives (ranging from four to fifty years) of the assets, using the sum-of-years digits method for road equipment and straight-line method for all other capital assets and infrastructure as follows:

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

21. Long-Term Obligations

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

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

22. Internal Service Fund

The County uses an internal service fund to account for revenues collected from user departments for the payment of costs incurred to administer a self-funded health insurance program including actual claims paid for active and eligible retired employees and their families.

23. Fiduciary Funds

The County uses Agency Funds to account for various amounts held on behalf of other governments and individuals. Specific activities include Trial Court deposits, Inmate Trust, Employee Benefits, Payroll, Library Penal Fines, and Medical Care Facility patient deposits.

24. Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The Single Audit reports and financial data have been presented separately from the Comprehensive Annual Financial Report.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

25. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately 64 funds. The County's pooled cash and investments consist of a common checking account.

The County's pooled cash and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds, and Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption in the applicable balance sheet/statement of net assets.

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Deposits

The United States Congress has temporarily increased Federal Deposit Insurance Corporation (FDIC) deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2013. FDIC regulations provide that deposits of governmental units are to be separately insured for the amount of \$250,000 for deposits in an insured bank for interest-bearing savings deposits and \$250,000 for interest-bearing demand deposits. FDIC insurance coverage through its Transaction Account Insurance Program provides unlimited insurance on non-interest bearing transaction accounts and low-interest bearing (i.e., no higher than 0.50 percent) NOW accounts, this program is scheduled to end December 31, 2009. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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

Deposits - Concluded

A reconciliation of cash, cash equivalents, and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

Carrying Amount	
PRIMARY GOVERNMENT	
Cash and cash equivalents	\$ 13,764,830
Investments	3,386,620
Restricted cash and investments	<u>5,343,124</u>
Total primary government	22,494,574
FIDUCIARY FUNDS	
Cash and cash equivalents	635,281
COMPONENT UNITS	
Cash and cash equivalents	4,187,431
Investments	<u>2,441,349</u>
Total component units	<u>6,628,780</u>
TOTAL REPORTING ENTITY	<u>\$ 29,758,635</u>
Deposits and Investments	
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 27,687,768
Investments:	
Investment funds	2,062,496
Cash on hand	<u>8,371</u>
	<u>\$ 29,758,635</u>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of September 30, 2009, the primary government, component units, and fiduciary fund accounts were insured by the FDIC, FSLIC or NCUA for \$3,927,006 and the amount of \$28,973,365 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of September 30, 2009, the County had the following investments:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's Rating</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT				
Uncategorized pooled investments				
MBIA - Michigan Class	\$ 2,062,496	\$ 2,062,496	Not Rated	N/A

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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

Credit risk

In accordance with Michigan Compiled Laws and the County's investment policy, certain types of investments must be rated prime or better by a nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2009, rating information on the County's investments is presented above as applicable.

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk

The County will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities listed in the investment policy and by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the County will do business in accordance with the investment policy.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Transfers to General Fund from:	
Delinquent Tax Revolving Fund	\$ 90,000
Nonmajor governmental funds	<u>1,236,795</u>
	<u>\$ 1,326,795</u>
Transfers to Building Authority Bonds Fund from:	
General Fund	<u>\$ 798,739</u>
Transfers to Nonmajor Governmental Funds from:	
General Fund	\$ 2,138,087
Nonmajor governmental funds	<u>76,179</u>
	<u>\$ 2,214,266</u>
Transfers to Component unit funds from:	
Component unit funds	<u>\$ 76,712</u>

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

Due to General Fund from:	
Tribal Contribution	\$ 55,747
Nonmajor governmental funds	106,796
Nonmajor enterprise funds	<u>2,597</u>
	\$ <u>165,140</u>
Due to Nonmajor governmental funds from:	
General Fund	\$ 1,747,951
Building Authority bonds	35,000
Tribal contribution	281,218
Nonmajor governmental funds	<u>89,164</u>
	\$ <u>2,153,333</u>
Due to Internal Service fund from:	
General Fund	\$ 721
Nonmajor governmental funds	<u>1,222</u>
	\$ <u>1,943</u>
Due to Nonmajor enterprise funds from:	
Delinquent tax revolving fund	\$ 12,269
Tribal contribution	<u>50,078</u>
	\$ <u>62,347</u>
Due to component unit funds from:	
Component Unit Funds	\$ <u>146,771</u>

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

NOTE E: LEASES

Central Michigan District Health Department leases an office facility under a long-term noncancelable operating lease agreement. Rent expense for the year ended September 30, 2009 amounted to \$81,238. The following is a schedule of future minimum rental payments required under this lease, as of September 30, 2009:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2010	\$ 81,238
2011	81,238
2012	81,238
2013	81,238
2014	81,238
2015	<u>81,238</u>
Total minimum lease-rental payments required	\$ <u>487,428</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E: LEASES - CONTINUED

The Department also leases office space in four other counties on a month-to-month basis. The Department is generally responsible for utilities, maintenance and repairs, and certain insurance coverage related to leased properties.

NOTE F: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009, was as follows:

Primary Government

	<u>Balance</u> <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2009</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,142,082	\$ -	\$ -	\$ 2,142,082
Construction in progress	<u>-</u>	<u>189,579</u>	<u>-</u>	<u>189,579</u>
Subtotal	2,142,082	189,579	-0-	2,331,661
Capital assets, being depreciated:				
Buildings and improvements	24,264,746	62,229	-	24,326,975
Equipment	5,277,491	104,726	-	5,382,217
Vehicles	822,570	23,400	-	845,970
Other	<u>407,710</u>	<u>29,161</u>	<u>-</u>	<u>436,871</u>
Total capital assets, being depreciated	30,772,517	219,516	-0-	30,992,033
Less accumulated depreciation for:				
Buildings and improvements	(9,224,016)	(504,899)	-	(9,728,915)
Equipment	(3,458,407)	(420,061)	-	(3,878,468)
Vehicles	(449,702)	(100,501)	-	(550,203)
Other	<u>(234,538)</u>	<u>(34,072)</u>	<u>-</u>	<u>(268,610)</u>
Total accumulated depreciation	<u>(13,366,663)</u>	<u>(1,059,533)</u>	<u>-0-</u>	<u>(14,426,196)</u>
Total capital assets being depreciated, net	<u>17,405,854</u>	<u>(840,017)</u>	<u>-0-</u>	<u>16,565,837</u>
Governmental activities capital assets, net	<u>\$ 19,547,936</u>	<u>\$ (650,438)</u>	<u>\$ -0-</u>	<u>\$ 18,897,498</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities	
General government	\$ 447,625
Public safety	487,802
Public works	2,950
Health and welfare	83,211
Recreational and cultural	37,796
Community and economic development	<u>149</u>
Total Governmental Activities	<u>\$ 1,059,533</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE F: CAPITAL ASSETS - CONTINUED

Primary Government - Concluded

	<u>Balance</u> <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2009</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 121,953	\$ -	\$ -	\$ 121,953
Construction in progress	<u>-</u>	<u>1,335,960</u>	<u>-</u>	<u>1,335,960</u>
Subtotal	121,953	1,335,960	-0-	1,457,913
Capital assets, being depreciated:				
Buildings and improvements	13,005,984	14,582	-	13,020,566
Equipment	3,243,792	84,199	(6,913)	3,321,078
Vehicles	<u>352,911</u>	<u>-</u>	<u>(10,400)</u>	<u>342,511</u>
Total capital assets, being depreciated	16,602,687	98,781	(17,313)	16,684,155
Less accumulated depreciation for:				
Buildings and improvements	(3,006,048)	(289,976)	-	(3,296,024)
Equipment	(2,318,906)	(161,069)	6,913	(2,473,062)
Vehicles	<u>(260,426)</u>	<u>(28,089)</u>	<u>10,400</u>	<u>(278,115)</u>
Total accumulated depreciation	<u>(5,585,380)</u>	<u>(479,134)</u>	<u>17,313</u>	<u>(6,047,201)</u>
Total capital assets being depreciated, net	<u>11,017,307</u>	<u>(380,353)</u>	<u>-0-</u>	<u>10,636,954</u>
Business-type Activities capital assets, net	<u>\$11,139,260</u>	<u>\$ 955,607</u>	<u>\$ -0-</u>	<u>\$12,094,867</u>

Discretely Presented Component Units

Component Unit - Drainage Districts

Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 728,223	\$ -	\$ 728,223
Capital assets, being depreciated:				
Infrastructure - drains	17,265,290	-	-	17,265,290
Less accumulated depreciation for:				
Infrastructure - drains	<u>(3,164,818)</u>	<u>(359,963)</u>	<u>-</u>	<u>(3,524,781)</u>
Total capital assets being depreciated, net	<u>14,100,472</u>	<u>(359,963)</u>	<u>-0-</u>	<u>13,740,509</u>
Drainage districts capital assets, net	<u>\$14,100,472</u>	<u>\$ 368,260</u>	<u>\$ -0-</u>	<u>\$14,468,732</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE F: CAPITAL ASSETS - CONTINUED

Discretely Presented Component Units - Continued

	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2009</u>
Component Unit - Board of Public Works				
Capital assets not being depreciated:				
Land	\$ 16,000	\$ -0-	\$ -0-	\$ 16,000
Capital assets being depreciated:				
Buildings	12,856	-	-	12,856
Equipment	12,197	-	-	12,197
Infrastructure - water supply	<u>216,425</u>	<u>-</u>	<u>-</u>	<u>216,425</u>
Subtotal	241,478	-0-	-0-	241,478
Less accumulated depreciation for:				
Buildings	(12,856)	-	-	(12,856)
Equipment	(12,197)	-	-	(12,197)
Infrastructure - water supply	<u>(175,877)</u>	<u>(6,852)</u>	<u>-</u>	<u>(182,729)</u>
Subtotal	<u>(200,930)</u>	<u>(6,852)</u>	<u>-0-</u>	<u>(207,782)</u>
Total capital assets being depreciated, net	<u>40,548</u>	<u>(6,852)</u>	<u>-0-</u>	<u>33,696</u>
Board of Public Works capital assets, net	<u>\$ 56,548</u>	<u>\$(6,852)</u>	<u>\$ -0-</u>	<u>\$ 49,696</u>
	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Balance Sept. 30, 2009</u>
Component Unit - Road Commission				
Capital assets not being depreciated:				
Land	\$ 225,882	\$ -	\$ -	\$ 225,882
Land improvements	128,627	54,917	-	183,544
Land - infrastructure	<u>21,967,581</u>	<u>502,304</u>	<u>-</u>	<u>22,469,885</u>
Subtotal	22,322,090	557,221	-0-	22,879,311
Capital assets being depreciated:				
Land improvements	-	2,948	-	2,948
Buildings	913,966	29,675	(4,870)	938,771
Equipment	6,451,603	982,953	(892,348)	6,542,208
Infrastructure - Bridges	16,832,580	894,750	(92,137)	17,635,193
Infrastructure - Roads	<u>56,669,888</u>	<u>2,724,931</u>	<u>(1,660,749)</u>	<u>57,734,070</u>
Total	80,868,037	4,635,257	(2,650,104)	82,853,190

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE F: CAPITAL ASSETS - CONTINUED

Discretely Presented Component Units - Continued

	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Balance Sept. 30, 2009</u>
Component Unit - Road Commission - Concluded				
Less accumulated depreciation				
Land improvements	\$ -	\$(135)	\$ -	\$(135)
Buildings	(452,968)	(23,215)	2,483	(473,700)
Equipment	(5,657,412)	(400,133)	888,090	(5,169,455)
Infrastructure - Bridges	(5,013,058)	(301,188)	-	(5,314,246)
Infrastructure - Roads	<u>(22,421,728)</u>	<u>(2,947,896)</u>	<u>1,752,886</u>	<u>(23,616,738)</u>
Total	<u>(33,545,166)</u>	<u>(3,672,567)</u>	<u>2,643,459</u>	<u>(34,574,274)</u>
Net capital assets being depreciated	<u>47,322,871</u>	<u>962,690</u>	<u>(6,645)</u>	<u>48,278,916</u>
Total Net Capital Assets	<u>\$ 69,644,961</u>	<u>\$ 1,519,911</u>	<u>\$(6,645)</u>	<u>\$ 71,158,227</u>
Component Unit - Central Michigan District Health Department				
Capital assets being depreciated:				
Buildings under capital leases	\$ 2,621,266	\$ -	\$ -	\$ 2,621,266
Furniture and equipment	187,383	-	-	187,383
Buses and vehicles	<u>5,710</u>	<u>-</u>	<u>-</u>	<u>5,710</u>
Subtotal	2,814,359	-0-	-0-	2,814,359
Less accumulated depreciation for:				
Buildings under capital leases	(1,771,752)	(147,646)	-	(1,919,398)
Furniture and equipment	(186,183)	(1,200)	-	(187,383)
Buses and vehicles	<u>(5,710)</u>	<u>-</u>	<u>-</u>	<u>(5,710)</u>
Subtotal	<u>(1,963,645)</u>	<u>(148,846)</u>	<u>-0-</u>	<u>(2,112,491)</u>
Total capital assets being depreciated, net	<u>\$ 850,714</u>	<u>\$(148,846)</u>	<u>\$ -0-</u>	<u>\$ 701,868</u>
	<u>Restated Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2009</u>
Component Unit - Transportation Commission				
Capital assets, not being depreciated:				
Land	\$ 54,004	\$ -	\$ -	\$ 54,004
Capital assets, being depreciated:				
Buildings	2,796,341	32,860	-	2,829,201
Equipment	1,291,695	60,975	-	1,352,670
Buses	<u>3,645,734</u>	<u>992,649</u>	<u>(126,198)</u>	<u>4,512,185</u>
Subtotal	7,733,770	1,086,484	(126,198)	8,694,056

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE F: CAPITAL ASSETS - CONCLUDED

Discretely Presented Component Units - Concluded

	Restated Balance <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2009</u>
Component Unit - Transportation Commission - Concluded				
Less accumulated depreciation for:				
Buildings	\$(1,053,125)	\$(141,730)	\$ -	\$(1,194,855)
Equipment	(841,458)	(93,783)	-	(935,241)
Buses	<u>(2,263,944)</u>	<u>(348,338)</u>	<u>126,198</u>	<u>(2,486,084)</u>
Subtotal	<u>(4,158,527)</u>	<u>(583,851)</u>	<u>126,198</u>	<u>(4,616,180)</u>
Total capital assets being depreciated, net	<u>3,539,711</u>	<u>502,633</u>	<u>-0-</u>	<u>4,077,876</u>
Transportation Commission capital assets, net	<u>\$ 3,629,247</u>	<u>\$ 502,633</u>	<u>\$ -0-</u>	<u>\$ 4,131,880</u>

NOTE G: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended September 30, 2009:

PRIMARY GOVERNMENT

	Balance <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2009</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
1998 Building Authority Bonds - State Police	\$ 55,000	\$ -	\$(55,000)	\$ -0-	\$ -
1999 Building Authority Bonds - Court Facility	200,000	-	(200,000)	-0-	-
2007 Building Authority Bonds	3,200,000	-	(300,000)	2,900,000	300,000
2008 Building Authority Refunding Bonds	4,620,000	-	(195,000)	4,425,000	415,000
Postclosure landfill costs	948,278	-	(69,148)	879,130	108,356
Compensated absences	<u>816,778</u>	<u>873,302</u>	<u>(838,824)</u>	<u>851,256</u>	<u>340,502</u>
	9,840,056	873,302	(1,657,972)	9,055,386	1,163,858
Less: deferred amounts on refunding	<u>(64,771)</u>	<u>-</u>	<u>5,888</u>	<u>(58,883)</u>	<u>(5,888)</u>
Total Governmental Activities	9,775,285	873,302	(1,652,084)	8,996,503	1,157,970
Business-type Activities					
Building Authority Bond	6,575,000	-	(335,000)	6,240,000	350,000
Less deferred issuance discount	(48,754)	-	3,483	(45,271)	-
Compensated absences	<u>419,728</u>	<u>404,120</u>	<u>(353,928)</u>	<u>469,920</u>	<u>28,134</u>
Total Business-type Activities	<u>6,945,974</u>	<u>404,120</u>	<u>(685,445)</u>	<u>6,664,649</u>	<u>378,134</u>
TOTAL PRIMARY GOVERNMENT	<u>\$16,721,259</u>	<u>\$ 1,277,422</u>	<u>\$(2,337,529)</u>	<u>\$15,661,152</u>	<u>\$ 1,536,104</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS

	Balance Oct. 1, 2008	Additions	Deletions	Balance Sept. 30, 2009	Amounts Due Within One Year
Road Commission					
Notes Payable	\$ 147,837	\$ 228,195	\$(22,660)	\$ 353,372	\$ 34,194
Michigan Department of Transportation Bond	200,000	-	(200,000)	-0-	-
Accumulated sick and vacation	<u>218,923</u>	<u>14,504</u>	<u>-</u>	<u>233,427</u>	<u>-</u>
	566,760	242,699	(222,660)	586,799	34,194
Board of Public Works					
1998 City of Clare water and sewer system improvement bonds	290,000	-	(50,000)	240,000	55,000
1999 Shepherd sanitary sewer/storm water separation	1,160,000	-	(190,000)	970,000	190,000
2001 Union Township wastewater project refunding bonds	6,865,000	-	(6,450,000)	415,000	415,000
2009 Wastewater refunding bonds	<u>-</u>	<u>4,130,000</u>	<u>-</u>	<u>4,130,000</u>	<u>-</u>
	8,315,000	4,130,000	(6,690,000)	5,755,000	660,000
Less: deferred amounts on refunding	<u>-</u>	<u>(158,231)</u>	<u>7,912</u>	<u>(150,319)</u>	<u>(7,912)</u>
Total Board of Public Works	8,315,000	3,971,769	(6,682,088)	5,604,681	652,088
Drainage Districts					
Drain notes					
Hutchinson #350	32,000	-	(32,000)	-0-	-
Potter and Brodie #522	214,284	-	(42,858)	171,426	42,858
Wagner #627	90,000	-	(30,000)	60,000	30,000
Recker #530	280,000	-	(70,000)	210,000	70,000
Saunders #550	588,500	-	(53,500)	535,000	53,500
Childs Creek Dubois	423,000	-	(47,000)	376,000	47,000
Lamphere #852	125,000	-	(20,833)	104,167	20,833
Huber #377	<u>110,000</u>	<u>-</u>	<u>(11,000)</u>	<u>99,000</u>	<u>11,000</u>
Subtotal	1,862,784	-0-	(307,191)	1,555,593	275,191
Drain bonds					
Little salt intercounty drain bonds	251,550	-	(29,250)	222,300	29,250
Paisley drain bonds	448,000	-	(56,000)	392,000	56,000
2001 Hance main branches	505,000	-	(95,000)	410,000	90,000
2002 Salt River drain	470,000	-	(110,000)	360,000	115,000
Beltinck drain	<u>666,743</u>	<u>-</u>	<u>(44,450)</u>	<u>622,293</u>	<u>44,450</u>
Subtotal	<u>2,341,293</u>	<u>-0-</u>	<u>(334,700)</u>	<u>2,006,593</u>	<u>334,700</u>
Total Drainage Districts	4,204,077	-0-	(641,891)	3,562,186	609,891

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS - CONCLUDED

	Balance <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2009</u>	Amounts Due Within <u>One Year</u>
Central Michigan District Health Department					
Capital leases payable	\$ 1,176,256	\$ -	\$(186,252)	\$ 990,004	\$ 203,752
Installment purchase agreement	57,484	92,804	(106,294)	43,994	14,506
Compensated absences	<u>608,109</u>	<u>411,461</u>	<u>(389,828)</u>	<u>629,742</u>	<u>321,168</u>
 Total Central Michigan District Health Department	 1,841,849	 504,265	 (682,374)	 1,663,740	 539,426
 Transportation Commission Infrastructure Loan	 <u>287,779</u>	 <u>-</u>	 <u>(105,696)</u>	 <u>182,083</u>	 <u>109,924</u>
 TOTAL COMPONENT UNITS	 <u>15,215,465</u>	 <u>4,718,733</u>	 <u>(8,334,709)</u>	 <u>11,599,489</u>	 <u>1,945,523</u>
 TOTAL REPORTING ENTITY	 <u>\$31,936,724</u>	 <u>\$ 5,996,155</u>	 <u>\$(10,672,238)</u>	 <u>\$27,260,641</u>	 <u>\$ 3,442,419</u>

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at September 30, 2009, is as follows:

\$3,500,000 2007 Building Authority Bonds dated November 1, 2007 due in annual principal installments ranging from \$300,000 to \$500,000 through April 1, 2015, with interest of 4.00 percent, payable semi-annually.	\$ 2,900,000
\$4,620,000 2008 Building Authority Refunding Bonds dated August 19, 2008 due in annual principal installments ranging \$250,000 to \$500,000 through November 1, 2019, with interest ranging from 3.25 to 4.25 percent, payable semi-annually.	<u>4,425,000</u>
	<u>\$ 7,325,000</u>

Postclosure Landfill Costs

The County owns a solid waste landfill located in Deerfield Township, Isabella County, Michigan. The County stopped accepting waste at this site on June 15, 1987, and completed the capping off of the site on July 21, 1989. See Note H for full details. The landfill postclosure liability is:	\$ <u>879,130</u>
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Advance Refunding - Prior

On August 19, 2008, the County defeased the 1996 Building Authority Bonds and a portion of the 1998 and 1999 Building Authority Bonds, which were due and payable through May 1, 2016, January 1, 2019, and November 1, 2019, respectively. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2008 Building Authority Refunding Bonds in the amount of \$4,620,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2009, bonds due and payable through May 1, 2016 for the 1996 Building Authority Bonds, January 1, 2019 for the 1998 Building Authority Bonds, and November 1, 2019 for the 1999 Building Authority Bonds in the amount of \$4,205,000 are considered defeased.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$851,256 for governmental activities and \$469,920 for business-type activities for vacation and sick at September 30, 2009. Of these amounts, \$340,502 and \$28,134 have been recorded as current liabilities, and \$510,754 and \$441,786 have been recorded as noncurrent liabilities respectively. Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

Medical Care Facility - General Obligation Bonds - Business-type Activities

\$8,000,000 Building Authority - Medical Care Facility Bonds, dated December 15, 2002, due in annual principal installments ranging from \$350,000 to \$635,000 through May 1, 2022, with interest ranging from 3.00 to 4.60 percent semi-annually. \$ 6,240,000

COMPONENT UNIT - ROAD COMMISSION

Notes Payable

Note payable dated in 2007, due in principal installments of \$1,974 through 2011, with interest of 5.33 percent, payable monthly. \$ 133,000

Note payable dated in 2009, due in installments of \$2,273 through 2014, with interest of 4.75 percent, payable monthly. 220,372

\$ 353,372

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Water Supply and Sewage Disposal System Bonds

\$700,000 City of Clare Water and Sewer System Improvement Bonds dated April 1, 1998, due in annual principal installments ranging from \$50,000 to \$65,000 through October 1, 2012, with interest ranging from 4.95 to 5.10 percent, payable semi-annually. \$ 240,000

\$2,460,000 Shepherd Sanitary Sewer/Storm Water Separation Bonds dated April 1, 1999, due in annual principal installments ranging from \$190,000 to \$210,000 through March 1, 2014, with interest ranging from 4.30 to 4.60 percent, payable semi-annually. 970,000

\$7,605,000 Union Township Wastewater Treatment Refunding Bonds dated July 1, 2001, due in an annual principal installment of \$415,000 due October 1, 2009 with interest of 4.70 percent. 415,000

\$4,130,000 Wastewater Treatment Refunding Bonds dated August 27, 2009, due in annual principal installments ranging from \$295,000 to \$405,000 through October 1, 2021 with interest ranging from 1.25 to 4.0 percent, payable semi-annually. 4,130,000

\$ 5,755,000

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - BOARD OF PUBLIC WORKS - CONCLUDED

Advance Refunding - Current

On August 27, 2009, the County defeased a portion of the 2001 Union Wastewater Treatment Refunding Bonds, which were due and payable through October 1, 2021. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2009 Wastewater Treatment Refunding Bonds in the amount of \$4,130,000, and Union Township contributed \$2,145,608 of cash to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2009, bonds due and payable through October 1, 2021 for the 2001 Union Wastewater Treatment Refunding Bonds, in the amount of \$6,050,000 are considered defeased.

As a result of the advance refunding, the County decreased its total debt service requirements by \$937,813, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$464,957.

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Notes

\$300,000 Potter and Brodie Tile Drain Note dated June 15, 2006, due in annual principal installments of \$42,858 through May 1, 2013, with interest of 4.90 percent, payable annually.	\$ 171,426
\$300,000 Wagner Drain Note dated August 15, 2001, due in annual principal installments of \$30,000 through May 1, 2011, with interest of 4.95 percent, payable annually.	60,000
\$730,000 Recker Drain Note dated July 15, 2002, due in annual installments of \$70,000 through July 15, 2012, with interest of 3.783 percent, payable annually.	210,000
\$642,000 Saunders Drain Note dated June 22, 2007, due in annual installments of \$53,500 through June 1, 2019, with interest of 4.525 percent, payable annually.	535,000
\$470,000 Childs Creek Dubois Drain Note dated August 15, 2007, due in annual installments of \$47,000 through June 1, 2017, with interest of 4.37 percent, payable annually.	376,000
\$125,000 Lamphere Drain Note dated November 1, 2007, due in annual installments of \$20,833 through June 1, 2014, with interest of 4.27 percent, payable annually.	104,167
\$110,000 Huber Drain Note dated January 22, 2008, due in annual installments of \$11,000 through May 1, 2018, with interest of 4.35 percent, payable annually.	<u>99,000</u>
	<u>\$ 1,555,593</u>

Drain Bonds

\$310,050 Little Salt Intercounty Drain Bonds dated July 21, 2006, due in annual principal installments ranging from \$29,250 to \$34,125 through June 1, 2016, with interest of 6.40 percent, payable semi-annually.	\$ 222,300
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Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONCLUDED

Drain Bonds - Concluded

\$560,000 Paisley Drain Bonds dated August 7, 2006, due in annual principal installments of \$56,000 through July 1, 2016, with interest of 4.70 percent, payable annually.	\$ 392,000
\$1,260,000 Hance Main Branches Drain Bonds dated July 24, 2001 due in annual principal installments ranging from \$70,000 to \$90,000 through May 1, 2014, with interest ranging from 4.20 to 4.70 percent, payable semi-annually.	410,000
\$1,075,000 Salt River Drain Bond dated June 27, 2002 due in annual principal installments ranging from \$115,000 to \$125,000 through April 1, 2012, with interest ranging from 3.90 to 4.10 percent, payable semi-annually.	360,000
\$666,743 Beltinck Debt Revolving Drain Bond dated November 21, 2007, due annual principal installments of \$44,450 through June 1, 2023, with interest of 4.11 percent, payable annually.	<u>622,293</u>
	<u>\$ 2,006,593</u>

COMPONENT UNIT - CENTRAL MICHIGAN DISTRICT HEALTH DEPARTMENT

Capital Leases

The Central Michigan District Health Department leases buildings under capital leases. The economic substance of the leases is that the Department is financing the acquisition of the assets through the leases. These capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. These leases qualify as capital leases for accounting purposes because substantially all of the benefits and risks inherent in the ownership of the property rests with the Department. The following are additional details regarding the lease.

\$995,000 Roscommon County building capital lease payable dated December 1, 1996, due in monthly installments of \$6,269 including interest payment through September 1, 2011 with interest of 6.00 percent.	\$ 225,000
\$2,135,000 Isabella County building capital lease payable dated May 1, 1996, due in annual installments ranging from \$93,752 to \$127,500 through May 1, 2016 with interest ranging from 5.300 to 5.625 percent, payable semi-annually.	<u>765,004</u>
	<u>\$ 990,004</u>

Installment Purchase Agreement

\$60,000 Installment Purchase Agreement dated August 21, 2008, due in monthly installments of \$1,436 through July 25, 2012, with interest of 7.27 percent, payable annually for financial accounting software.	<u>\$ 43,994</u>
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COMPONENT UNIT - ISABELLA COUNTY TRANSPORTATION COMMISSION

Note Payable

\$1,100,000 MDOT State Infrastructure Bank Loan dated April 18, 2000, due in annual installments of \$72,159 to \$109,924 through April 18, 2011, with interest of 4.00 percent, payable annually.	<u>\$ 182,083</u>
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Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G: LONG-TERM DEBT - CONCLUDED

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

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 715,000	\$ 274,581	\$ 350,000	\$ 264,647
2011	810,000	249,175	370,000	251,522
2012	815,000	219,250	385,000	237,185
2013	850,000	188,113	405,000	222,266
2014	910,000	155,900	430,000	206,471
2015-2019	2,975,000	301,344	2,485,000	748,950
2020-2022	<u>250,000</u>	<u>5,312</u>	<u>1,815,000</u>	<u>169,166</u>
	<u>\$ 7,325,000</u>	<u>\$ 1,393,675</u>	<u>\$ 6,240,000</u>	<u>\$ 2,100,207</u>

Component Units

Year Ending September 30,	<u>Road Commission</u>		<u>Board of Public Works Water and Sewer Bonds</u>		<u>Drainage Districts Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 34,194	\$ 16,774	\$ 660,000	\$ 129,639	\$ 275,191	\$ 68,885
2011	134,004	13,664	545,000	154,656	275,191	56,773
2012	18,893	8,388	560,000	139,018	245,191	44,720
2013	19,811	7,470	570,000	122,056	175,185	34,032
2014	146,470	3,917	530,000	105,020	132,335	26,056
2015-2019	-	-	1,720,000	368,199	452,500	53,503
2020-2022	-	-	<u>1,170,000</u>	<u>70,346</u>	-	-
	<u>\$ 353,372</u>	<u>\$ 50,213</u>	<u>\$ 5,755,000</u>	<u>\$ 1,088,934</u>	<u>\$ 1,555,593</u>	<u>\$ 283,969</u>

Component Units

Year Ending September 30,	<u>Drainage District Drain Bonds</u>		<u>Central Michigan District Health Department</u>		<u>Transportation Commission</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 334,700	\$ 85,102	\$ 218,258	\$ 63,151	\$ 109,924	\$ 7,283
2011	334,700	71,150	228,097	50,540	72,159	2,888
2012	339,699	57,053	115,143	37,121	-	-
2013	212,625	42,201	108,752	26,998	-	-
2014	204,574	32,560	116,248	20,885	-	-
2015-2019	402,498	73,446	247,500	29,226	-	-
2020-2022	<u>177,797</u>	<u>18,289</u>	-	-	-	-
	<u>\$ 2,006,593</u>	<u>\$ 379,801</u>	<u>\$ 1,033,998</u>	<u>\$ 227,921</u>	<u>\$ 182,083</u>	<u>\$ 10,171</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE H: POSTCLOSURE LANDFILL COSTS

The County owns a solid waste landfill located in Deerfield Township, Isabella County, Michigan. The County stopped accepting waste at this site on June 15, 1987, and completed the capping off of the site on July 21, 1989.

Since that time, postclosure monitoring of the site by the County and the Michigan Department of Natural Resources has identified ground water contamination in excess of state and federal laws and regulations. A Consent Judgment, initiated by the State Attorney General and Michigan Department of Natural Resources and its director established the requirements the County had to meet to bring the County back into compliance.

As part of this consent judgment, the County had to implement their remedial action plan previously submitted and approved by the Michigan Department of Natural Resources. The remedial action plan called for the construction of purge wells and piping as well as, construction of an air stripping facility which was completed during 1996. Air stripping involves the mass transfer of the contaminants from solution to a gas, thereby removing the contaminants from the groundwater. This is accomplished by pumping water through a packed column which has a counter current flow of air.

The County is required to perform certain maintenance and monitoring functions as stipulated in the consent judgment for a minimum of thirty years from October 23, 1992, the date of DNR approval of the County remedial action plan. It is anticipated that the purge wells and air stripping facility will have to be operated over this thirty year period.

For the year ended September 30, 2009, the County incurred postclosure care expenditures of \$69,148.

The landfill postclosure care liability as reported in Long-Term Debt of the governmental activities at September 30, 2009, is \$879,130.

All amounts recognized are based on the estimated cost to perform postclosure care at September 30, 2009. Actual costs may be higher due to inflation, changes in technology or applicable laws and regulations. The amount recognized is based on estimates developed by solid waste management engineering consultants used by the County to develop the County remedial action plan. These estimates are considered sufficient and reasonable by Management. The postclosure care costs are to be budgeted within the General Fund on an annual basis.

NOTE I: EMPLOYEE RETIREMENT SYSTEM

PRIMARY GOVERNMENT

Defined Benefit Pension Plan

Plan Description

The County participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the County. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The County is required to contribute at an actuarially determined rate. County employees are not required to make contributions to the plan. The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, depending on the MERS contribution program adopted by the County.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Defined Benefit Pension Plan - Concluded

Annual Pension Cost

For year ended September 30, 2009 the County's annual pension cost of \$1,019,758 for the plan was equal to the County's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 8.4% per year depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years on an open basis.

Three (3) year trend information

	Year Ended December 31,		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial value of assets	\$26,542,084	\$28,828,055	\$30,471,268
Actuarial accrued liability (AAL) (entry age)	34,141,767	38,182,245	41,519,393
Unfunded AAL	7,599,683	9,354,190	11,048,125
Funded ratio	78%	76%	73%
Covered payroll	9,310,653	9,364,157	8,501,258
UAAL as a percentage of covered payroll	82%	100%	130%

	Year Ended September 30,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual pension cost	\$ 985,048	\$ 989,288	\$ 1,019,758
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

Defined Contribution Pension Plan

The Isabella County Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after July 2000, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County's Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County's contributions completely after five years.

As September 30, 2009, there were 63 plan members. Plan members are required to contribute 2% of their annual salary to the Plan. The County is required to contribute 7% of the employees' annual salary. Authority for establishing and amending the Plan's provisions rests with the County Board of Commissioners.

Employer contributions to the Plan for the year ended September 30, 2009 amounted to \$150,265 and employee contributions were \$45,237.

A stand-alone pension plan report has not been issued for the defined contribution plan.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONCLUDED

COMPONENT UNITS

The Isabella County Road Commission, Isabella County Transportation Commission, and Central Michigan District Health Department have separate retirement plans. Separate accounts are maintained by MERS for each of the component units identified above. Details applicable to the Road Commission, Transportation Commission, and District Health Department pension plans are available in their separately issued financial statements. The actuarially determined contribution requirements have been met.

NOTE J: POST-RETIREMENT BENEFITS (ROAD COMMISSION)

In addition to the pension benefits, the Isabella County Road Commission provides post-retirement health care insurance benefits to all retired employees by a group insurance plan. The benefits are provided in accordance with articles of the union agreement, which includes the provision that upon retirement, the commission contributes \$150 to \$350 per month for health coverage per retiree based on years of service scale. The Commission's obligation ceases upon the employee attaining the minimum age for Medicare coverage.

For eligible retirees who were hired after February 1, 2005, the Isabella County Road Commission agrees to pay a fixed percent of the premium for BC/BS and prescription drug coverage benefits based on years of service, but only until attainment of Medicare eligibility, at which time, 100% of premium shall be paid for by the retiree and or spouse if they elect to remain in the group.

Plan Description. The Commission administers a single-employer healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees through the Commission's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Commission and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2009, the Commission contributed \$21,000 to the plan. Total member contributions were \$26,390.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Commission's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 23,774
Interest on net OPEB obligation (7%)	1,664
Adjustment to annual required contribution	<u> -</u>
Annual OPEB cost (expense)	25,438
Contributions made	<u>(22,050)</u>
Interest in net OPEB obligation	3,388
Net OPEB obligation - beginning of year	<u> -</u>
Net OPEB obligation - end of year	<u>\$ 3,388</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE J: POST-RETIREMENT BENEFITS (ROAD COMMISSION) - CONCLUDED

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 and 2009 is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 23,774	100%	\$ -
2009	23,774	86%	3,388

Funded Status and Funding Progress. As of September 30, 2008, the actuarial accrued liability for benefits was \$274,852, a portion of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,482,911, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.5%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Assumptions About Employees and Members: Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 45 to 75 or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published by the National Center for Health Statistics. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

Assumptions About Healthcare Costs: The 2007 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums used the rates published by the National Institute on Health expenditure projections.

Other Assumptions and Methods: The inflation rate was assumed to be 2.0 percent. Based on expected returns of the investments, the investment rate of return was assumed to be 4.0 percent. The value of the Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE K: RISK MANAGEMENT

PRIMARY GOVERNMENT

The County previously participated in a public entity risk pool administered by the Michigan Municipal Risk Management Authority. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property. Effective January 1, 2007 the County ceased participation with the Authority in favor of purchasing commercial insurance against these losses.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County carries commercial insurance for the risks of loss, including worker's compensation, property and casualty loss, and general liability. Settlements have not exceeded insurance coverage in any of the past three years.

Employee Health Benefits

The County has established an employee health benefits Self-Insurance Plan which is accounted for in an Internal Service Fund. Employee groups of the primary government, including the Medical Care Facility as a separate unit, participate in the Self-Insurance Plan. The Plan is administered under contractual agreement with Blue Cross and Blue Shield of Michigan (BCBSM) as third-party administrator.

Under the co-insurance agreement provided by Blue Cross and Blue Shield of Michigan, the County is responsible for claims for major medical expenses up to an agreed-upon ceiling, but is insured against further loss by BCBSM. In order to provide for the co-insurance, the County pays a "stop-loss" premium.

Certain benefits (e.g., dental and prescription drug) are not covered by the co-insurance policy, but are covered by supplemental policies funded by the Plan. Prior to 1997, the Fund was insured against losses greater than \$100,000 per occurrence. There is no coverage for aggregate losses under the current agreement. In the current year, the stop-loss coverage is \$40,000 per occurrence. The co-insurance arrangements will be renegotiated annually with Blue Cross and Blue Shield of Michigan.

The Self-Insurance Fund is responsible for collecting interfund premiums from the participating funds and departments and for paying claim settlements, administrative fees, and "stop-loss" co-insurance premiums.

Interfund premiums are treated as interfund services provided and used; meaning that interfund premiums are recognized as expenditures or expenses in the contributing funds and interfund revenue is recognized in the Self-Insurance Fund as earned.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported (IBNR's). The provision is based upon historical trends. Claims liabilities are estimated based on actual claims filed subsequent to year end.

Changes in the balance of claim liabilities during the current year and the prior year are as follows:

	<u>2008</u>	<u>2009</u>
Unpaid Claims, beginning of year	\$ 65,000	\$ 65,000
Incurred Claims, (including IBNR)	2,193,630	2,513,357
Claims Paid	<u>(2,193,630)</u>	<u>(2,513,357)</u>
Unpaid Claims	<u>\$ 65,000</u>	<u>\$ 65,000</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE K: RISK MANAGEMENT - CONCLUDED

COMPONENT UNITS

Transportation Commission

The Commission carries commercial insurance for the risk of loss due to workers' compensation claims.

The Commission is a member of the Michigan Transit Liability Trust Fund ("Pool") established pursuant to an Intergovernmental Agreement entered into by the member Transit Agencies and Authorities. This Pool was established for the purpose of making a self-insurance pooling program available for Michigan Transit Agencies and Authorities, which includes, but is not limited to, bodily injury liability, property damage liability, and personal injury liability related to vehicle operation of the Commission.

The Commission pays an annual premium to the Pool for this coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums. Annually, the Commission receives notification from the Pool of retrospective claims adjustments based on the actual claims experience of the Commission and other members of the Pool. These retrospective claims adjustments, determined by the Pool, are accrued annually by the Commission upon notification.

The Commission also participates in a pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Commission has not been informed of any special assessments being required.

Road Commission

The Road Commission joined together with other Road Commissions and created a public entity risk pool currently operating as a common risk management and insurance program. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission is unable to provide an estimate of the amounts of additional assessments.

NOTE L: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

PRIMARY GOVERNMENT

In the budgetary comparison schedules and other supplementary information section, the County's budgeted expenditures in the General Fund and Special Revenue Funds have been shown at the functional classification (department) level. The approved budgets of the County have been adopted at the department level for the General Fund and the fund level for Special Revenue Funds.

During the year ended September 30, 2009, the County incurred expenditures in the General Fund and two (2) Special Revenue Funds in excess of the amounts appropriated as follows:

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE L: EXCESS OF EXPENDITURES OVER APPROPRIATIONS - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Public Safety			
Traffic enforcement	\$ 14,342	\$ 15,572	\$ 1,230
Youth grant	46,743	67,037	20,294
Public works			
Well monitoring – landfill	68,946	69,148	202
Other			
Other	215,200	220,460	5,260
County Law Library	14,500	14,864	364
Child Care Fund	2,622,519	2,626,665	4,146

NOTE M: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance or net assets which the County has set aside for specific purposes. These reserves and designations are recorded at the fund level to indicate management plans for these funds.

The following are the various fund balance reserves as of September 30, 2009:

PRIMARY GOVERNMENT

General Fund

Reserved for donations for special projects	\$ 3,063
Reserved for inventories	13,030
Reserved for prepaids	<u>48,597</u>

64,690

Building Authority Bonds Fund

Reserved for prepaids	58,025
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Nonmajor governmental funds

Reserved for donations for special projects	178,617
Reserved for inventories	13,839
Reserved for prepaids	50,025
Reserved for capital projects	180,042
Reserved for equipment replacement	<u>262,460</u>

684,983

\$ 807,698

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE M: FUND BALANCE RESERVES AND DESIGNATIONS - CONCLUDED

The following are the various fund balance designations as of September 30, 2009:

PRIMARY GOVERNMENT

General Fund

Designated for:

Working capital	\$ 1,000,000
Vested benefits	594,414
Capital projects and maintenance	26,593
Animal control	9,646
Insurance liability claims	120,693
Agriculture Preservation Board	59,042
Courts	<u>192,462</u>

\$ 2,002,850

NOTE N: PROPERTY TAXES AND TAXES RECEIVABLE

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31. Unpaid property taxes are considered to be delinquent as of March 1 of the year after the tax was levied.

The County's ad valorem taxes were levied and collectible on December 1, 2008, and July 1, 2009. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. The 2009 taxable value of Isabella County amounted to \$1,657,956,466 on which ad valorem taxes levied for the County general operating purposes was 6.4700 mills. For the year ended September 30, 2009, the County levied 0.7500 mills for Senior Services, 0.8000 mills for the Medical Care Facilities. The Isabella County Transportation Commission levied 0.9929 mills for transportation services.

NOTE O: FEDERAL FINANCIAL ASSISTANCE

COMPONENT UNIT - ROAD COMMISSION

It is required by the Michigan Department of Transportation that Road Commissioners report total federal financial assistance for Highway Research, Planning and construction pertaining to their County. During the year ended September 30, 2009 the federal aid received and expended by the Road Commission was \$1,413,050 for contracted projects.

NOTE P: RESTRICTED NET ASSETS

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of September 30, 2009:

PRIMARY GOVERNMENT

Governmental Activities

Donations for special projects	\$ 206,843
Capital projects	180,042
Equipment replacement	<u>262,460</u>

\$ 649,345

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE P: RESTRICTED NET ASSETS - CONCLUDED

Business-type Activities	
Equipment replacement	\$ 708,195
Expendable	233,582
Nonexpendable	55,226
Operating reserve	<u>90,000</u>
	<u>\$ 1,087,003</u>
COMPONENT UNITS	
Road Commission	
County roads	<u>\$ 2,276,147</u>
Drainage Districts	
Debt service	<u>\$ 1,115,158</u>

NOTE Q: FUND DEFICIT

The following fund had a deficit at September 30, 2009:

Building Inspections	<u>\$ 11,726</u>
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NOTE R: GASB PRONOUNCEMENTS

In March 2009, the GASB also issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement 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. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The County will implement Statement No. 54 beginning with the fiscal year ending September 30, 2011.

NOTE S: CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE T: RESTATEMENT OF NET ASSETS

Beginning net assets for the Isabella County Transportation Commission were restated by \$35,532 to correct overstated accumulated depreciation.

REQUIRED SUPPLEMENTARY INFORMATION

Isabella County, Michigan

BUDGETARY COMPARISON SCHEDULES

Fund Descriptions

GENERAL FUND

The General Fund is used to account for all financial transactions not properly accounted for in another fund. The transactions relating to the general governmental activities of the County, which are financed by property tax levies, by distribution of State and Federal revenues, and by revenue from various activities and services, are recorded in this fund. The majority of current operating expenditures of the County, other than proprietary fund activities, are financed through revenue received by the General Fund.

TRIBAL CONTRIBUTION FUND

The Tribal Contribution Fund is used to account for funding provided by the Saginaw Chippewa Tribe, and the related uses of those funds.

Isabella County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 10,111,000	\$ 10,111,000	\$ 9,890,448	\$ (220,552)
Payments in lieu of taxes	90,000	90,000	72,390	(17,610)
Mobile home park taxes	5,600	5,600	3,488	(2,112)
Administrative fees	6,300	9,329	9,329	-0-
Total taxes	10,212,900	10,215,929	9,975,655	(240,274)
Licenses and permits				
Dog licenses	50,000	56,007	54,587	(1,420)
Marriage license fees	12,000	18,333	18,787	454
Soil and erosion permits	12,000	12,000	6,498	(5,502)
Zoning permits	7,000	7,000	3,675	(3,325)
Other permits	25	25	25	-0-
Total licenses and permits	81,025	93,365	83,572	(9,793)
Intergovernmental - Federal/State				
Homeland security	22,028	22,028	43,123	21,095
B.A.Y.A.N.E.T.	34,390	34,390	20,000	(14,390)
Michigan justice training	6,000	6,000	5,523	(477)
Remonumentation	80,500	80,500	51,131	(29,369)
Youth grant	-	49,491	67,036	17,545
SCOA grant	59,800	59,800	30,310	(29,490)
Secondary road patrol	95,404	95,404	87,866	(7,538)
Sheriff grant	-	-	2,363	2,363
Prosecutor - CRP	86,000	86,000	52,314	(33,686)
Caseflow assistance grant	24,800	24,800	29,046	4,246
Victims' Rights	73,800	73,800	73,000	(800)
Probate court judge salary	189,000	189,000	190,700	1,700
Judges salary standardization	93,500	93,500	94,195	695
Court equity	310,000	310,000	319,782	9,782
Traffic enforcement	-	-	16,097	16,097
Convention facility tax	387,991	387,991	382,168	(5,823)
Juvenile officer grant	27,500	27,500	27,317	(183)
Cigarette tax	20,307	20,307	15,774	(4,533)
Liquor licenses	8,500	8,500	8,844	344
Marine safety grant	10,000	10,000	8,831	(1,169)
Drug case information grant	-	-	3,001	3,001
Other	19,800	19,800	15,000	(4,800)
Total intergovernmental - Federal/State	1,549,320	1,598,811	1,543,421	(55,390)

Isabella County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONTINUED

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Intergovernmental - local				
Other	\$ 250	\$ 250	\$ 333	\$ 83
Charges for services				
Circuit Court costs	270,200	351,622	351,476	(146)
District Court costs	1,574,600	1,574,600	1,325,826	(248,774)
Probate Court costs	27,000	27,000	30,409	3,409
Juvenile Court costs	26,000	26,000	32,976	6,976
Prosecuting attorney	7,400	7,400	6,200	(1,200)
Treasurer	4,000	4,000	4,272	272
Clerk	112,200	128,104	128,831	727
Register of deeds	210,000	210,000	230,788	20,788
Drain commissioner	25,000	25,000	25,556	556
Sheriff department	67,350	70,256	65,561	(4,695)
Jail	1,108,000	1,200,008	1,326,632	126,624
Equalization	6,900	6,900	6,905	5
Animal control	33,500	79,785	77,021	(2,764)
Real estate transfer tax	160,000	160,000	100,606	(59,394)
Miscellaneous services	250	250	5	(245)
Total charges for services	3,632,400	3,870,925	3,713,064	(157,861)
Fines and forfeits				
District Court	42,000	42,000	31,110	(10,890)
Ordinance fines	178,150	178,150	158,417	(19,733)
Probate Court	500	500	1,843	1,343
Total fines and forfeits	220,650	220,650	191,370	(29,280)
Interest and rents				
Investment earnings	261,200	261,200	136,961	(124,239)
Rental fees	353,784	353,784	345,821	(7,963)
Total interest and rents	614,984	614,984	482,782	(132,202)
Other				
Reimbursements	7,000	7,000	81,545	74,545
Donations - general	3,400	13,400	11,763	(1,637)
Miscellaneous revenue	500	500	32,474	31,974
Total other	10,900	20,900	125,782	104,882
TOTAL REVENUES	16,322,429	16,635,814	16,115,979	(519,835)

Isabella County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONCLUDED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfers in	<u>\$ 1,324,963</u>	<u>\$ 1,346,213</u>	<u>\$ 1,326,795</u>	<u>\$ (19,418)</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 17,647,392</u></u>	<u><u>\$ 17,982,027</u></u>	<u><u>\$ 17,442,774</u></u>	<u><u>\$ (539,253)</u></u>

Isabella County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Board of Commissioners	\$ 147,231	\$ 145,588	\$ 142,429	\$ 3,159
Administration	525,240	523,883	491,163	32,720
Elections	78,503	52,785	45,329	7,456
Clerk	421,251	422,579	406,115	16,464
Equalization	326,721	281,591	255,652	25,939
Prosecuting attorney	849,127	848,395	819,726	28,669
Register of Deeds	317,482	318,879	309,657	9,222
Human resources	80,100	75,950	72,668	3,282
Public defender	450,000	468,000	464,991	3,009
Remonumentation	83,000	52,488	46,576	5,912
Treasurer	182,779	182,779	172,057	10,722
MSU cooperative extension service	228,166	228,166	211,239	16,927
Data processing	152,042	152,042	127,524	24,518
Building authority	254,350	254,350	253,844	506
Courthouse and grounds	720,779	709,402	612,757	96,645
Drain commissioner	281,365	296,219	289,926	6,293
Trial Court	2,782,161	2,767,706	2,744,177	23,529
Adult Drug Court	78,329	122,785	115,695	7,090
Juvenile Drug Court	87,070	93,045	90,283	2,762
Family Court	38,638	48,186	46,789	1,397
Jury board	2,000	2,000	1,437	563
Total general government	8,086,334	8,046,818	7,720,034	326,784
Public safety				
Sheriff	2,226,112	1,951,352	1,927,852	23,500
Road patrol	165,577	165,577	158,052	7,525
Marine safety	15,297	15,297	11,873	3,424
Corrections	2,290,419	2,285,323	2,236,295	49,028
Traffic enforcement	-	14,342	15,572	(1,230)
Emergency management	140,248	140,248	134,194	6,054
B.A.Y.A.N.E.T.	71,222	75,806	75,637	169
Michigan Justice Training Act	6,000	6,000	6,000	-0-
Youth grant	-	46,743	67,037	(20,294)
Livestock claims	500	500	22	478
Animal control	280,234	382,437	378,865	3,572
Total public safety	5,195,609	5,083,625	5,011,399	72,226
Public works				
Board of public works	1,660	1,660	780	880
Drain at large	120,000	167,971	167,971	-0-
Road graveling	-	5,000	5,000	-0-
Well monitoring - landfill	108,356	68,946	69,148	(202)
Total public works	230,016	243,577	242,899	678

Isabella County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY - CONCLUDED

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONCLUDED				
Health and welfare				
Substance abuse counseling	\$ 193,996	\$ 193,996	\$ 191,084	\$ 2,912
Medical examiner	93,500	80,500	76,846	3,654
Public health	377,921	377,921	367,580	10,341
Mental health services	216,300	216,300	216,300	-0-
Child protection council	5,000	5,000	5,000	-0-
Veteran's affairs	119,944	111,288	103,454	7,834
Services to the aging	2,500	2,500	-	2,500
Disabilities advisory commission	4,000	4,000	2,225	1,775
Total health and welfare	1,013,161	991,505	962,489	29,016
Community economic and development				
Plat Board	250	250	-	250
Community development	221,071	221,071	205,373	15,698
Total community economic and development	221,321	221,321	205,373	15,948
Recreation and cultural				
Fair board	1,250	1,250	1,250	-0-
Library	1,000	1,000	925	75
Parks board	2,700	2,700	1,500	1,200
Total recreation and cultural	4,950	4,950	3,675	1,275
Other				
Contingency	100,000	44,332	-	44,332
Insurance and bonds	250,000	250,000	249,596	404
Other	215,200	215,200	220,460	(5,260)
Total other	565,200	509,532	470,056	39,476
TOTAL EXPENDITURES	15,316,591	15,101,328	14,615,925	485,403
OTHER FINANCING USES				
Transfers out	2,573,869	2,937,007	2,936,826	181
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 17,890,460	\$ 18,038,335	\$ 17,552,751	\$ 485,584

Isabella County, Michigan

Tribal Contribution Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - local	\$ 326,176	\$ 556,396	\$ 458,278	\$ (98,118)
TOTAL REVENUES	326,176	556,396	458,278	(98,118)
EXPENDITURES				
Current				
General government	326,175	383,175	283,340	99,835
Public safety	-	172,220	168,044	4,176
Recreation and cultural	-	1,000	6,894	(5,894)
TOTAL EXPENDITURES	326,175	556,395	458,278	98,117
NET CHANGE IN FUND BALANCE	1	1	-0-	(1)
Fund balance, beginning of year	201	201	201	-0-
Fund balance, end of year	<u>\$ 202</u>	<u>\$ 202</u>	<u>\$ 201</u>	<u>\$ (1)</u>

OTHER SUPPLEMENTARY INFORMATION

Isabella County, Michigan

NONMAJOR GOVERNMENTAL FUNDS

Fund Descriptions

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations.

Special Revenue Funds are part of the governmental fund category and, accordingly, are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as a net current asset, and expenditures are generally recognized when the related fund liability is incurred.

The Department of Human Services Special Revenue Fund operates as a "quasi-independent" unit.

Certain Special Revenue Funds are required to account for specified activities of the Courts (the Friend of the Court Fund, Community Alternatives Fund, and Public Act 511 Fund) or certain County departments (Veterans' Activities) or in accordance with public law (County Law Library).

Other Special Revenue Funds are used to account for activities financed with specific revenue sources (the Geographical Information System Fund, Sesquicentennial Fund, Parks and Recreation Fund, Register of Deeds Automation Fund, Drug Law Enforcement Fund, LINK Michigan Grant Fund, Local Corrections Officer Training, Library Board Fund, CDBG Housing Assistance Grant Fund, Revenue Sharing Reserve Fund, Commission on Aging Activities Fund, Child Care Fund, and the E-911 Fund).

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds. The funds are used when legally mandated or when projects are financed wholly or in part by bond issues, intergovernmental revenue, or private donations. This is also particularly useful for projects financed from the current revenue of more than one fund or covering more than one year.

The County has two Capital Projects Funds.

The Capital Improvement Fund is used to account for the financing of various capital projects. Many projects are financed with transfers from other funds.

The COA Building Construction Fund is used to account for the construction of the Commission on Aging facility.

Isabella County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

September 30, 2009

	Special			
	Geographical Information System	Sesquicentennial Fund	Parks and Recreation	Friend of the Court
ASSETS				
Cash and cash equivalents	\$ 5,485	\$ 10,106	\$ 228,156	\$ 238,612
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	16,431	-	9,398	-
Due from other governmental units				
Federal/State	-	-	-	70,570
Local	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 21,916	\$ 10,106	\$ 237,554	\$ 309,182
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 1,085	\$ 3,867	\$ 1,713
Accrued wages	795	-	17,878	20,677
Due to other funds	-	-	127	230
Deferred revenue	-	-	995	-
Due to other governmental units - State	-	-	-	-
TOTAL LIABILITIES	795	1,085	22,867	22,620
FUND BALANCES				
Reserved for:				
Donations for special projects	-	3,926	146,483	-
Inventories	-	-	-	-
Prepays	-	-	-	-
Capital projects	-	-	-	-
Equipment replacement	-	-	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	21,121	5,095	68,204	286,562
TOTAL FUND BALANCES	21,121	9,021	214,687	286,562
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,916	\$ 10,106	\$ 237,554	\$ 309,182

Revenue

Register of Deeds Automation	Drug Law Enforcement Activities	Community Alternatives	Public Act 511	LINK Michigan Grant	Local Corrections Officers Training
\$ 187,548	\$ 63,685	\$ 57,049	\$ 29,051	\$ 5,700	\$ 37,370
-	-	-	-	-	-
-	-	-	29,362	-	-
-	-	-	26,500	-	-
-	-	-	16,150	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	695
<u>\$ 187,548</u>	<u>\$ 63,685</u>	<u>\$ 57,049</u>	<u>\$ 101,063</u>	<u>\$ 5,700</u>	<u>\$ 38,065</u>
\$ -	\$ -	\$ -	\$ 7,161	\$ -	\$ 375
-	-	2,341	2,404	-	-
4,274	-	26,500	90,950	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,274	-0-	28,841	100,515	-0-	375
-	-	28,208	-	-	-
-	-	-	-	-	-
-	-	-	-	-	695
-	-	-	-	-	-
-	-	-	-	-	-
<u>183,274</u>	<u>63,685</u>	<u>-</u>	<u>548</u>	<u>5,700</u>	<u>36,995</u>
<u>183,274</u>	<u>63,685</u>	<u>28,208</u>	<u>548</u>	<u>5,700</u>	<u>37,690</u>
<u>\$ 187,548</u>	<u>\$ 63,685</u>	<u>\$ 57,049</u>	<u>\$ 101,063</u>	<u>\$ 5,700</u>	<u>\$ 38,065</u>

Isabella County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2009

	Special			
	County Law Library	Library Board	CDBG Housing Assistance Grant	Revenue Sharing Reserve
ASSETS				
Cash and cash equivalents	\$ 3,960	\$ 339	\$ 22,174	\$ 509
Investments	-	-	-	-
Accounts receivable	-	-	842,782	-
Due from other funds	-	-	-	1,722,122
Due from other governmental units				-
Federal/State	-	-	11,715	-
Local	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 3,960	\$ 339	\$ 876,671	\$ 1,722,631
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,699	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Due to other funds	-	-	11,000	-
Deferred revenue	-	-	842,782	-
Due to other governmental units - State	-	-	-	-
TOTAL LIABILITIES	2,699	-0-	853,782	-0-
FUND BALANCES				
Reserved for:				
Donations for special projects	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
Capital projects	-	-	-	-
Equipment replacement	-	-	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	1,261	339	22,889	1,722,631
TOTAL FUND BALANCES	1,261	339	22,889	1,722,631
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,960	\$ 339	\$ 876,671	\$ 1,722,631

Revenue					Capital Projects
Commission on Aging Activities	Department of Human Services	Child Care	Veterans Activities	E-911	Capital Improvement
\$ 290,393	\$ 92,431	\$ 1,254	\$ 6,373	\$ 1,075,920	\$ 6,718
-	-	233,354	-	-	-
63,402	-	-	-	218,812	-
264,585	-	-	-	-	79,297
74,861	-	263,824	-	55,471	-
-	-	1,707	-	-	-
13,839	-	-	-	-	-
-	-	49,330	-	-	-
<u>\$ 707,080</u>	<u>\$ 92,431</u>	<u>\$ 549,469</u>	<u>\$ 6,373</u>	<u>\$ 1,350,203</u>	<u>\$ 86,015</u>
\$ 19,147	\$ -	\$ 48,688	\$ 825	\$ 7,044	\$ 6,698
52,180	-	2,749	-	29,265	-
5,093	-	-	150	58,858	-
512,761	-	-	-	-	39,914
-	14,000	48,074	-	-	-
589,181	14,000	99,511	975	95,167	46,612
-	-	-	-	-	-
13,839	-	-	-	-	-
-	-	49,330	-	-	-
-	-	-	-	-	39,403
-	-	-	-	262,460	-
104,060	78,431	400,628	5,398	992,576	-
117,899	78,431	449,958	5,398	1,255,036	39,403
<u>\$ 707,080</u>	<u>\$ 92,431</u>	<u>\$ 549,469</u>	<u>\$ 6,373</u>	<u>\$ 1,350,203</u>	<u>\$ 86,015</u>

Isabella County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

September 30, 2009

	<u>Capital Projects</u>	
	Commission on Aging Building Construction	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 106,634	\$ 2,469,467
Investments	-	233,354
Accounts receivable	-	1,154,358
Due from other funds	35,000	2,153,333
Due from other governmental units	-	
Federal/State		492,591
Local	-	1,707
Inventories	-	13,839
Prepays	-	50,025
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 141,634</u>	<u>\$ 6,568,674</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 995	\$ 100,297
Accrued wages	-	128,289
Due to other funds	-	197,182
Deferred revenue	-	1,396,452
Due to other governmental units - State	-	62,074
	<u> </u>	<u> </u>
TOTAL LIABILITIES	995	1,884,294
FUND BALANCES		
Reserved for:		
Donations for special projects	-	178,617
Inventories	-	13,839
Prepays	-	50,025
Capital projects	140,639	180,042
Equipment replacement	-	262,460
Unreserved		
Undesignated, reported in:		
Special revenue funds	-	3,999,397
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>140,639</u>	<u>4,684,380</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 141,634</u>	<u>\$ 6,568,674</u>

Isabella County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2009

	Special			
	Geographical Information System	Sesquicentennial Fund	Parks and Recreation	Friend of the Court
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	273,851	-
Intergovernmental				
Federal	-	-	-	421,553
State	-	-	-	-
Local	-	-	-	-
Charges for services	19,215	-	-	60,083
Fines and forfeits	-	-	-	-
Interest and rents	-	-	494	-
Contributions	-	6,186	-	-
Other	-	9,895	12,189	-
TOTAL REVENUES	19,215	16,081	286,534	481,636
EXPENDITURES				
Current				
General government	24,746	10,986	-	540,302
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	583,760	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	24,746	10,986	583,760	540,302
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,531)	5,095	(297,226)	(58,666)
OTHER FINANCING SOURCES (USES)				
Transfers in	16,431	-	365,431	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	16,431	-0-	365,431	-0-
NET CHANGE IN FUND BALANCES	10,900	5,095	68,205	(58,666)
Fund balances (deficit), beginning of year	10,221	3,926	146,482	345,228
Fund balances, end of year	<u>\$ 21,121</u>	<u>\$ 9,021</u>	<u>\$ 214,687</u>	<u>\$ 286,562</u>

Revenue

Register of Deeds Automation	Drug Law Enforcement Activities	Community Alternatives	Public Act 511	LINK Michigan Grant	Local Corrections Officers Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	107,633	-	-
59,460	-	87,106	18,521	-	24,360
493	459	-	-	-	-
-	127	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,953	586	87,106	126,154	-0-	24,360
113,092	-	60,769	152,106	-	-
-	90	-	-	-	13,351
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
113,092	90	60,769	152,106	-0-	13,351
(53,139)	496	26,337	(25,952)	-0-	11,009
-	-	-	47,682	-	-
(4,274)	-	(51,500)	-	-	-
(4,274)	-0-	(51,500)	47,682	-0-	-0-
(57,413)	496	(25,163)	21,730	-0-	11,009
240,687	63,189	53,371	(21,182)	5,700	26,681
<u>\$ 183,274</u>	<u>\$ 63,685</u>	<u>\$ 28,208</u>	<u>\$ 548</u>	<u>\$ 5,700</u>	<u>\$ 37,690</u>

Isabella County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2009

	Special			
	County Law Library	Library Board	CDBG Housing Assistance Grant	Revenue Sharing Reserve
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	251,918	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	8,125	-	-	-
Interest and rents	-	-	-	1,928
Contributions	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	8,125	-0-	251,918	1,928
EXPENDITURES				
Current				
General government	14,864	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	235,696	-
Recreation and cultural	-	144,567	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	14,864	144,567	235,696	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,739)	(144,567)	16,222	1,928
OTHER FINANCING SOURCES (USES)				
Transfers in	8,536	144,567	-	-
Transfers out	-	-	-	(1,232,521)
TOTAL OTHER FINANCING SOURCES (USES)	8,536	144,567	-0-	(1,232,521)
NET CHANGE IN FUND BALANCES	1,797	-0-	16,222	(1,230,593)
Fund balances (deficit), beginning of year	(536)	339	6,667	2,953,224
Fund balances, end of year	<u>\$ 1,261</u>	<u>\$ 339</u>	<u>\$ 22,889</u>	<u>\$ 1,722,631</u>

Revenue					Capital Projects
Commission on Aging Activities	Department of Human Services	Child Care	Veterans Activities	E-911	Capital Improvement
\$ 426,328	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
415,419	-	-	-	-	-
422,790	117,678	1,053,532	-	145,319	-
433,339	-	66,966	-	-	39,820
38,080	-	314,512	-	1,028,033	-
-	-	-	-	-	-
838	-	-	-	2,025	1,668
428,852	-	-	-	-	-
17,071	-	-	-	54	-
<u>2,182,717</u>	<u>117,678</u>	<u>1,435,010</u>	<u>-0-</u>	<u>1,175,431</u>	<u>41,488</u>
-	-	-	-	-	-
-	-	-	-	929,845	-
2,289,315	118,319	2,626,665	8,022	-	-
-	-	-	-	-	-
-	-	-	-	-	242,906
<u>2,289,315</u>	<u>118,319</u>	<u>2,626,665</u>	<u>8,022</u>	<u>929,845</u>	<u>242,906</u>
(106,598)	(641)	(1,191,655)	(8,022)	245,586	(201,418)
-	1,000	1,420,419	3,200	-	207,000
-	-	-	-	-	(24,679)
<u>-0-</u>	<u>1,000</u>	<u>1,420,419</u>	<u>3,200</u>	<u>-0-</u>	<u>182,321</u>
(106,598)	359	228,764	(4,822)	245,586	(19,097)
<u>224,497</u>	<u>78,072</u>	<u>221,194</u>	<u>10,220</u>	<u>1,009,450</u>	<u>58,500</u>
<u>\$ 117,899</u>	<u>\$ 78,431</u>	<u>\$ 449,958</u>	<u>\$ 5,398</u>	<u>\$ 1,255,036</u>	<u>\$ 39,403</u>

Isabella County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2009

	<u>Capital Projects</u>	
	<u>Commission on Aging Building Construction</u>	<u>Total</u>
REVENUES		
Taxes	\$ -	\$ 426,328
Licenses and permits	-	273,851
Intergovernmental		
Federal	-	1,088,890
State	-	1,846,952
Local	-	540,125
Charges for services	-	1,649,370
Fines and forfeits	-	8,584
Interest and rents	8,445	16,018
Contributions	-	435,038
Other	-	39,209
	<u>8,445</u>	<u>6,324,365</u>
TOTAL REVENUES	8,445	6,324,365
EXPENDITURES		
Current		
General government	-	916,865
Public safety	-	943,286
Health and welfare	-	5,278,017
Recreation and cultural	-	728,327
Capital outlay	<u>146,423</u>	<u>389,329</u>
	<u>146,423</u>	<u>8,255,824</u>
TOTAL EXPENDITURES	146,423	8,255,824
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(137,978)	(1,931,459)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	2,214,266
Transfers out	<u>-</u>	<u>(1,312,974)</u>
	<u>-0-</u>	<u>901,292</u>
TOTAL OTHER FINANCING SOURCES (USES)	-0-	901,292
NET CHANGE IN FUND BALANCES	(137,978)	(1,030,167)
Fund balances (deficit), beginning of year	<u>278,617</u>	<u>5,714,547</u>
Fund balances, end of year	<u>\$ 140,639</u>	<u>\$ 4,684,380</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Geographical Information System</u>				
REVENUES				
Charges for services	\$ 2,500	\$ 19,200	\$ 19,215	\$ 15
EXPENDITURES				
Current				
General government	35,631	35,631	24,746	10,885
EXCESS OF REVENUES (UNDER) EXPENDITURES	(33,131)	(16,431)	(5,531)	10,900
OTHER FINANCING SOURCES				
Transfers in	33,131	16,431	16,431	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	10,900	10,900
Fund balance, beginning of year	10,221	10,221	10,221	-0-
Fund balance, end of year	<u>\$ 10,221</u>	<u>\$ 10,221</u>	<u>\$ 21,121</u>	<u>\$ 10,900</u>

Sesquicentennial Fund

REVENUES				
Contributions	\$ -	\$ 7,000	\$ 6,186	\$ (814)
Other	-	10,300	9,895	(405)
TOTAL REVENUES	-0-	17,300	16,081	(1,219)
EXPENDITURES				
Current				
General government	5,000	11,500	10,986	514
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	5,800	5,095	(705)
OTHER FINANCING SOURCES				
Transfers in	5,000	-	-	-0-
NET CHANGE IN FUND BALANCE	-0-	5,800	5,095	(705)
Fund balance, beginning of year	3,926	3,926	3,926	-0-
Fund balance, end of year	<u>\$ 3,926</u>	<u>\$ 9,726</u>	<u>\$ 9,021</u>	<u>\$ (705)</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Parks and Recreation</u>				
REVENUES				
Licenses and permits	\$ 259,530	\$ 259,530	\$ 273,851	\$ 14,321
Interest	3,000	3,000	494	(2,506)
Other	3,500	3,500	12,189	8,689
TOTAL REVENUES	266,030	266,030	286,534	20,504
EXPENDITURES				
Current				
Recreation and cultural				
Administration	193,641	193,641	178,146	15,495
Coldwater Lake County Park	91,557	91,557	77,903	13,654
Deerfield County Park	50,905	50,905	70,561	(19,656)
Herrick County Park	91,439	91,439	80,676	10,763
Meridian Park	7,106	7,106	9,931	(2,825)
Pere Marquette Rail Trail	5,805	5,805	3,094	2,711
Maintenance shop	166,329	166,329	163,449	2,880
TOTAL EXPENDITURES	606,782	606,782	583,760	23,022
EXCESS OF REVENUES (UNDER) EXPENDITURES	(340,752)	(340,752)	(297,226)	43,526
OTHER FINANCING SOURCES				
Transfers in	340,752	365,431	365,431	-0-
NET CHANGE IN FUND BALANCE	-0-	24,679	68,205	43,526
Fund balance, beginning of year	146,482	146,482	146,482	-0-
Fund balance, end of year	\$ 146,482	\$ 171,161	\$ 214,687	\$ 43,526

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Friend of the Court</u>				
REVENUES				
Intergovernmental				
Federal	\$ 348,632	\$ 348,632	\$ 421,553	\$ 72,921
Charges for services	53,000	53,000	60,083	7,083
TOTAL REVENUES	401,632	401,632	481,636	80,004
EXPENDITURES				
Current				
General government	592,905	592,905	540,302	52,603
NET CHANGE IN FUND BALANCE	(191,273)	(191,273)	(58,666)	132,607
Fund balance, beginning of year	345,228	345,228	345,228	-0-
Fund balance, end of year	<u>\$ 153,955</u>	<u>\$ 153,955</u>	<u>\$ 286,562</u>	<u>\$ 132,607</u>
<u>Register of Deeds Automation</u>				
REVENUES				
Charges for services	\$ 60,000	\$ 60,000	\$ 59,460	\$ (540)
Interest	7,500	7,500	493	(7,007)
TOTAL REVENUES	67,500	67,500	59,953	(7,547)
EXPENDITURES				
Current				
General government	89,000	146,000	113,092	32,908
EXCESS OF REVENUES (UNDER) EXPENDITURES	(21,500)	(78,500)	(53,139)	25,361
OTHER FINANCING (USES)				
Transfers out	(23,692)	(23,692)	(4,274)	19,418
NET CHANGE IN FUND BALANCE	(45,192)	(102,192)	(57,413)	44,779
Fund balance, beginning of year	240,687	240,687	240,687	-0-
Fund balance, end of year	<u>\$ 195,495</u>	<u>\$ 138,495</u>	<u>\$ 183,274</u>	<u>\$ 44,779</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Drug Law Enforcement Activities</u>				
REVENUES				
Fines and forfeits	\$ 1,000	\$ 1,200	\$ 459	\$ (741)
Interest	-	-	127	127
TOTAL REVENUES	1,000	1,200	586	(614)
EXPENDITURES				
Current				
Public safety	1,000	1,000	90	910
NET CHANGE IN FUND BALANCE	-0-	200	496	296
Fund balance, beginning of year	63,189	63,189	63,189	-0-
Fund balance, end of year	<u>\$ 63,189</u>	<u>\$ 63,389</u>	<u>\$ 63,685</u>	<u>\$ 296</u>

Community Alternatives

REVENUES				
Charges for services	\$ 101,000	\$ 101,000	\$ 87,106	\$ (13,894)
EXPENDITURES				
Current				
General government	62,293	62,293	60,769	1,524
EXCESS OF REVENUES OVER EXPENDITURES	38,707	38,707	26,337	(12,370)
OTHER FINANCING (USES)				
Transfers out	(139,031)	(139,031)	(51,500)	87,531
NET CHANGE IN FUND BALANCE	(100,324)	(100,324)	(25,163)	75,161
Fund balance, beginning of year	53,371	53,371	53,371	-0-
Fund balance (deficit), end of year	<u>\$ (46,953)</u>	<u>\$ (46,953)</u>	<u>\$ 28,208</u>	<u>\$ 75,161</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<u>Public Act 511</u>			
REVENUES				
Intergovernmental				
State	\$ 115,000	\$ 115,000	\$ 107,633	\$ (7,367)
Charges for services	17,000	17,000	18,521	1,521
TOTAL REVENUES	132,000	132,000	126,154	(5,846)
EXPENDITURES				
Current				
General government	244,393	244,393	152,106	92,287
EXCESS OF REVENUES (UNDER) EXPENDITURES	(112,393)	(112,393)	(25,952)	86,441
OTHER FINANCING SOURCES				
Transfers In	114,031	135,213	47,682	87,531
NET CHANGE IN FUND BALANCE	1,638	22,820	21,730	(1,090)
Fund balance (deficit), beginning of year	(21,182)	(21,182)	(21,182)	-0-
Fund balance (deficit), end of year	<u>\$ (19,544)</u>	<u>\$ 1,638</u>	<u>\$ 548</u>	<u>\$ (1,090)</u>
	<u>LINK Michigan Grant</u>			
REVENUES	\$ -	\$ -	\$ -	\$ -0-
EXPENDITURES	-	-	-	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-	-0-
Fund balance, beginning of year	5,700	5,700	5,700	-0-
Fund balance, end of year	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ -0-</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Corrections Officers Training</u>				
REVENUES				
Charges for services	\$ 30,250	\$ 30,250	\$ 24,360	\$ (5,890)
EXPENDITURES				
Current				
Public safety	<u>30,250</u>	<u>30,250</u>	<u>13,351</u>	<u>16,899</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	11,009	11,009
Fund balance, beginning of year	<u>26,681</u>	<u>26,681</u>	<u>26,681</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 26,681</u>	<u>\$ 26,681</u>	<u>\$ 37,690</u>	<u>\$ 11,009</u>
<u>County Law Library</u>				
REVENUES				
Fines and forfeits	\$ 6,500	\$ 6,500	\$ 8,125	\$ 1,625
EXPENDITURES				
Current				
General government	<u>9,500</u>	<u>14,500</u>	<u>14,864</u>	<u>(364)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(3,000)	(8,000)	(6,739)	1,261
OTHER FINANCING SOURCES				
Transfers in	<u>3,000</u>	<u>8,536</u>	<u>8,536</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	536	1,797	1,261
Fund balance (deficit), beginning of year	<u>(536)</u>	<u>(536)</u>	<u>(536)</u>	<u>-0-</u>
Fund balance (deficit), end of year	<u>\$ (536)</u>	<u>\$ -0-</u>	<u>\$ 1,261</u>	<u>\$ 1,261</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Library Board</u>				
REVENUES	\$ -	\$ -	\$ -	\$ -0-
EXPENDITURES				
Current				
Recreation and cultural	144,567	144,567	144,567	-0-
EXCESS OF REVENUES (UNDER) EXPENDITURES	(144,567)	(144,567)	(144,567)	-0-
OTHER FINANCING SOURCES				
Transfers in	144,567	144,567	144,567	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-	-0-
Fund balance, beginning of year	339	339	339	-0-
Fund balance, end of year	<u>\$ 339</u>	<u>\$ 339</u>	<u>\$ 339</u>	<u>\$ -0-</u>

CDBG Housing Assistance Grant

REVENUES				
Intergovernmental				
Federal	\$ 225,500	\$ 225,500	\$ 251,918	\$ 26,418
Other revenue	21,000	21,000	-	(21,000)
TOTAL REVENUES	246,500	246,500	251,918	5,418
EXPENDITURES				
Current				
Health and welfare	243,500	243,500	235,696	7,804
NET CHANGE IN FUND BALANCE	3,000	3,000	16,222	13,222
Fund balance, beginning of year	6,667	6,667	6,667	-0-
Fund balance, end of year	<u>\$ 9,667</u>	<u>\$ 9,667</u>	<u>\$ 22,889</u>	<u>\$ 13,222</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenue Sharing Reserve</u>				
REVENUES				
Interest and rents	\$ 20,000	\$ 2,000	\$ 1,928	\$ (72)
OTHER FINANCING (USES)				
Transfers out	(1,211,271)	(1,232,521)	(1,232,521)	-0-
NET CHANGE IN FUND BALANCE	(1,191,271)	(1,230,521)	(1,230,593)	(72)
Fund balance, beginning of year	2,953,224	2,953,224	2,953,224	-0-
Fund balance, end of year	<u>\$ 1,761,953</u>	<u>\$ 1,722,703</u>	<u>\$ 1,722,631</u>	<u>\$ (72)</u>

Commission on Aging Activities

REVENUES				
Taxes	\$ 560,000	\$ 560,000	\$ 426,328	\$ (133,672)
Intergovernmental				
Federal	402,804	402,804	415,419	12,615
State	396,745	382,689	422,790	40,101
Local	507,304	507,304	433,339	(73,965)
Charges for services	89,400	89,400	38,080	(51,320)
Interest and rents	15,000	15,000	838	(14,162)
Contributions	497,443	496,738	428,852	(67,886)
Other	2,800	13,280	17,071	3,791
TOTAL REVENUES	2,471,496	2,467,215	2,182,717	(284,498)
EXPENDITURES				
Current				
Health and welfare	2,456,147	2,436,400	2,289,315	147,085
NET CHANGE IN FUND BALANCE	15,349	30,815	(106,598)	(137,413)
Fund balance, beginning of year	224,497	224,497	224,497	-0-
Fund balance, end of year	<u>\$ 239,846</u>	<u>\$ 255,312</u>	<u>\$ 117,899</u>	<u>\$ (137,413)</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Department of Human Services</u>				
REVENUES				
Intergovernmental				
State	\$ 119,000	\$ 119,000	\$ 117,678	\$ (1,322)
EXPENDITURES				
Current				
Health and welfare	<u>120,000</u>	<u>120,000</u>	<u>118,319</u>	<u>1,681</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,000)	(1,000)	(641)	359
OTHER FINANCING SOURCES				
Transfer in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	359	359
Fund balance, beginning of year	<u>78,072</u>	<u>78,072</u>	<u>78,072</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 78,072</u>	<u>\$ 78,072</u>	<u>\$ 78,431</u>	<u>\$ 359</u>
<u>Child Care</u>				
REVENUES				
Intergovernmental				
State	\$ 846,000	\$ 857,500	\$ 1,053,532	\$ 196,032
Local	20,000	65,000	66,966	1,966
Charges for services	<u>196,500</u>	<u>279,600</u>	<u>314,512</u>	<u>34,912</u>
TOTAL REVENUES	1,062,500	1,202,100	1,435,010	232,910
EXPENDITURES				
Current				
Health and welfare	<u>2,482,919</u>	<u>2,622,519</u>	<u>2,626,665</u>	<u>(4,146)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,420,419)	(1,420,419)	(1,191,655)	228,764
OTHER FINANCING SOURCES				
Transfers in	<u>1,420,419</u>	<u>1,420,419</u>	<u>1,420,419</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	228,764	228,764
Fund balance, beginning of year	<u>221,194</u>	<u>221,194</u>	<u>221,194</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 221,194</u>	<u>\$ 221,194</u>	<u>\$ 449,958</u>	<u>\$ 228,764</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONCLUDED

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Veterans Activities</u>				
REVENUES				
Intergovernmental State	\$ 6,864	\$ 6,864	\$ -	\$ (6,864)
EXPENDITURES				
Current				
Health and welfare				
Veterans affairs relief	5,500	5,500	4,954	546
Veterans trust	6,864	6,864	3,068	3,796
TOTAL EXPENDITURES	12,364	12,364	8,022	4,342
EXCESS OF REVENUES (UNDER) EXPENDITURES	(5,500)	(5,500)	(8,022)	(2,522)
OTHER FINANCING SOURCES				
Transfers in	3,200	3,200	3,200	-0-
NET CHANGE IN FUND BALANCE	(2,300)	(2,300)	(4,822)	(2,522)
Fund balance, beginning of year	10,220	10,220	10,220	-0-
Fund balance, end of year	\$ 7,920	\$ 7,920	\$ 5,398	\$ (2,522)
<u>E-911</u>				
REVENUES				
Intergovernmental State	\$ -	\$ -	\$ 145,319	\$ 145,319
Charges for services	1,177,600	1,177,600	1,028,033	(149,567)
Interest	5,000	5,000	2,025	(2,975)
Other	100	100	54	(46)
TOTAL REVENUES	1,182,700	1,182,700	1,175,431	(7,269)
EXPENDITURES				
Current				
Public safety	1,101,909	1,101,909	929,845	172,064
NET CHANGE IN FUND BALANCE	80,791	80,791	245,586	164,795
Fund balance, beginning of year	1,009,450	1,009,450	1,009,450	-0-
Fund balance, end of year	\$ 1,090,241	\$ 1,090,241	\$ 1,255,036	\$ 164,795

Isabella County, Michigan

NONMAJOR ENTERPRISE FUNDS

Fund Descriptions

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The County has four Nonmajor Enterprise Funds:

The Building Inspection Fund, which is used for the activity related to construction inspections; the Recycling Fund, which is used for the Recycling Program and related grants; the Concessions Fund, which is used to account for the purchase of various consumer products for the subsequent resale to inmates lodged in the Isabella County, Michigan Jail; and the PA 123 Restricted Tax Fund, which is used to account for the activity related to the sale of real property to satisfy delinquent taxes receivable under Public Act 123.

Isabella County, Michigan

Nonmajor Enterprise Funds

STATEMENT OF NET ASSETS

September 30, 2009

	Business-type Activities				Total
	Building Inspection	Recycling	Concessions	PA 123 Restricted Tax	
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 287,558	\$ 388,486	\$ 583,877	\$ 1,259,921
Investments	-	-	-	655,016	655,016
Accounts receivable	-	107,091	-	640	107,731
Due from other governmental units					
Federal/State	-	17,656	-	-	17,656
Due from other funds	-	50,078	-	12,269	62,347
Inventory	-	-	8,695	-	8,695
Total current assets	-0-	462,383	397,181	1,251,802	2,111,366
Noncurrent assets					
Capital assets not being depreciated	-	121,953	284,691	-	406,644
Capital assets being depreciated, net	11,371	1,123,580	97,720	-	1,232,671
Total noncurrent assets	11,371	1,245,533	382,411	-0-	1,639,315
TOTAL ASSETS	11,371	1,707,916	779,592	1,251,802	3,750,681
LIABILITIES					
Current liabilities					
Accounts payable	879	22,386	13,047	496	36,808
Accrued liabilities	8,602	24,705	-	1,967	35,274
Due to other governmental units	-	25,486	-	-	25,486
Due to other funds	640	1,957	-	-	2,597
Unearned revenue	-	106,105	-	-	106,105
Current portion of compensated absences	5,191	5,467	-	2,007	12,665
Total current liabilities	15,312	186,106	13,047	4,470	218,935
Noncurrent liabilities					
Noncurrent portion of compensated absences	7,785	8,200	-	3,010	18,995
TOTAL LIABILITIES	23,097	194,306	13,047	7,480	237,930
NET ASSETS (DEFICIT)					
Invested in capital assets	11,371	1,245,533	382,411	-	1,639,315
Restricted for equipment replacement	-	325,784	382,411	-	708,195
Restricted for operating reserve	-	90,000	-	-	90,000
Unrestricted	(23,097)	(147,707)	1,723	1,244,322	1,075,241
TOTAL NET ASSETS (DEFICIT)	\$ (11,726)	\$ 1,513,610	\$ 766,545	\$ 1,244,322	\$ 3,512,751

Isabella County, Michigan

Nonmajor Enterprise Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended September 30, 2009

	Business-type Activities				Total
	Building Inspection	Recycling	Concessions	PA 123 Restricted Tax	
OPERATING REVENUES					
Charges for services	\$ 198,042	\$ 25,710	\$ 319,879	\$ 314,561	\$ 858,192
Sales	-	400,452	-	-	400,452
TOTAL OPERATING REVENUES	198,042	426,162	319,879	314,561	1,258,644
OPERATING EXPENSES					
Personnel services	234,684	513,011	-	74,171	821,866
Supplies	4,561	18,004	5,946	15,125	43,636
Contractual services	1,534	58,183	-	12,600	72,317
Other services and charges	5,519	224,144	4,835	6,112	240,610
Cost of goods sold	-	-	173,707	-	173,707
Depreciation	7,497	84,580	15,534	-	107,611
TOTAL OPERATING EXPENSES	253,795	897,922	200,022	108,008	1,459,747
OPERATING INCOME (LOSS)	(55,753)	(471,760)	119,857	206,553	(201,103)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
State	-	19,544	-	-	19,544
Local	-	209,753	-	-	209,753
Interest earned	-	758	4,543	88,043	93,344
Other	-	5,660	-	-	5,660
TOTAL NONOPERATING REVENUES (EXPENSES)	-0-	235,715	4,543	88,043	328,301
CHANGE IN NET ASSETS	(55,753)	(236,045)	124,400	294,596	127,198
Net assets, beginning of year	44,027	1,749,655	642,145	949,726	3,385,553
Net assets (deficit), end of year	<u>\$ (11,726)</u>	<u>\$ 1,513,610</u>	<u>\$ 766,545</u>	<u>\$ 1,244,322</u>	<u>\$ 3,512,751</u>

Isabella County, Michigan

Nonmajor Enterprise Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2009

	Business-type Activities				Total
	Building Inspection	Recycling	Concessions	PA 123 Restricted Tax	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 198,042	\$ 561,738	\$ 319,879	\$ 318,925	\$ 1,398,584
Cash paid to suppliers	(16,746)	(431,335)	(183,760)	(45,345)	(677,186)
Cash paid for employee services and benefits	(231,373)	(500,722)	-	(73,325)	(805,420)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(50,077)	(370,319)	136,119	200,255	(84,022)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State/Federal grants	-	229,297	-	-	229,297
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(14,583)	(284,691)	-	(299,274)
CASH FLOWS FROM INVESTING ACTIVITIES					
Maturity of investments	-	-	-	146,329	146,329
Interest revenue	-	758	4,543	88,043	93,344
NET CASH PROVIDED BY INVESTING ACTIVITIES	-0-	758	4,543	234,372	239,673
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,077)	(154,847)	(144,029)	434,627	85,674
Cash and cash equivalents, beginning of year	50,076	442,405	532,515	149,250	1,174,246
Cash and cash equivalents, end of year	\$ (1)	\$ 287,558	\$ 388,486	\$ 583,877	\$ 1,259,920
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (55,753)	\$ (471,760)	\$ 119,857	\$ 206,553	\$ (201,103)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	7,497	84,580	15,534	-	107,611
Other income	-	5,660	-	-	5,660
Decrease in receivables	-	103,373	-	4,364	107,737
Decrease in due from other governmental units	-	26,543	-	-	26,543
Decrease in inventory	-	-	1,861	-	1,861
(Increase) decrease in due from other funds	280	20,762	-	(10,529)	10,513
(Decrease) in accounts payable	(582)	(213,539)	(1,133)	(979)	(216,233)
Increase in accrued liabilities	3,311	12,289	-	846	16,446
Increase in due to other governmental units	-	25,486	-	-	25,486
Increase (decrease) in due to other funds	(4,830)	1,022	-	-	(3,808)
Increase in unearned revenue	-	35,265	-	-	35,265
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (50,077)	\$ (370,319)	\$ 136,119	\$ 200,255	\$ (84,022)

Isabella County, Michigan

TRUST AND AGENCY FUNDS

Fund Descriptions

Fiduciary, or Trust and Agency Funds, are used to account for assets which the County holds as trustee or agent for individuals, private organizations, and other governmental units.

Agency Funds

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Agency Funds are merely clearing accounts, and are accounted for using the modified accrual basis of accounting. The County's Fiduciary Funds are all Agency Funds.

The Trust and Agency Fund is used to account for collection and distribution of Court-imposed fines, current property tax collections remitted by the taxing units, and other similar collections.

The Inmate Trust Fund is used to account for cash held on behalf of inmates lodged in the County Jail.

The Employee Flexible Benefit Plan Fund is used to account for salary reductions made by employees for certain benefits as specified by the County's Flexible Benefits Plan and as permitted by IRC Section 125.

The Payroll Fund is used to account for all payroll tax-related transactions. Payroll withholdings are deposited to and disbursed from this fund.

The Library Penal Fines Fund is used to receive money from penal fines imposed for State law violations. Money is transferred annually to the County Law Library Fund and to the City/County Library.

The Medical Care Facility Patient Fund is used to account for cash held for patients that reside in the facility.

Isabella County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2009

	Agency		
	Trust and Agency	Inmate Trust	Employee Flexible Benefits Plan
ASSETS			
Cash and cash equivalents	\$ 474,563	\$ 48,481	\$ 11,459
Prepays	-	-	-
TOTAL ASSETS	\$ 474,563	\$ 48,481	\$ 11,459
LIABILITIES			
Due to other governmental units			
Federal/State	\$ 120,413	\$ -	\$ -
Local	23,710	-	-
Due to individuals and agencies	330,440	48,481	11,459
TOTAL LIABILITIES	\$ 474,563	\$ 48,481	\$ 11,459

Payroll	Funds		Total
	Library Penal Fines	Medical Care Facility Patient Agency	
\$ - 87,338	\$ 97,309 -	\$ 3,469 -	\$ 635,281 87,338
<u>\$ 87,338</u>	<u>\$ 97,309</u>	<u>\$ 3,469</u>	<u>\$ 722,619</u>
\$ - - 87,338	\$ - 97,309 -	\$ - - 3,469	\$ 120,413 121,019 481,187
<u>\$ 87,338</u>	<u>\$ 97,309</u>	<u>\$ 3,469</u>	<u>\$ 722,619</u>

Isabella County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<u>Trust and Agency</u>				
ASSETS				
Cash and cash equivalents	\$ 3,337,067	\$ 43,311,925	\$ 46,174,429	\$ 474,563
LIABILITIES				
Due to other governmental units				
Federal/State	\$ 152,670	\$ 1,366,381	\$ 1,398,638	\$ 120,413
Local	2,860,001	29,964,249	32,800,540	23,710
Due to individuals and agencies	324,396	853,058	847,014	330,440
TOTAL LIABILITIES	\$ 3,337,067	\$ 32,183,688	\$ 35,046,192	\$ 474,563
<u>Inmate Trust</u>				
ASSETS				
Cash and cash equivalents	\$ 56,359	\$ 1,636,753	\$ 1,644,631	\$ 48,481
LIABILITIES				
Due to individuals and agencies	\$ 56,359	\$ 1,636,933	\$ 1,644,811	\$ 48,481
<u>Employee Flexible Benefits Plan</u>				
ASSETS				
Cash and cash equivalents	\$ 4,827	\$ 80,173	\$ 73,541	\$ 11,459
LIABILITIES				
Due to individuals and agencies	\$ 4,827	\$ 79,759	\$ 73,127	\$ 11,459
<u>Payroll</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,922,504	\$ 6,922,504	\$ -0-
Prepays	64,130	221,073	197,865	87,338
TOTAL ASSETS	\$ 64,130	\$ 7,143,577	\$ 7,120,369	\$ 87,338
LIABILITIES				
Due to individuals and agencies	\$ 64,130	\$ 2,864,167	\$ 2,840,959	\$ 87,338

Isabella County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<u>Library Penal Fines</u>				
ASSETS				
Cash and cash equivalents	\$ 105,390	\$ 1,090,109	\$ 1,098,190	\$ 97,309
LIABILITIES				
Due to other governmental units				
Local	\$ 105,390	\$ 412,110	\$ 420,191	\$ 97,309
<u>Medical Care Facility Patient</u>				
ASSETS				
Cash and cash equivalents	\$ 2,398	\$ 12,680	\$ 11,609	\$ 3,469
LIABILITIES				
Due to individuals and agencies	\$ 2,398	\$ 12,680	\$ 11,609	\$ 3,469
<u>Total</u>				
ASSETS				
Cash and cash equivalents	\$ 3,506,041	\$ 53,054,144	\$ 55,924,904	\$ 635,281
Prepays	64,130	221,073	197,865	87,338
TOTAL ASSETS	\$ 3,570,171	\$ 53,275,217	\$ 56,122,769	\$ 722,619
LIABILITIES				
Due to other governmental units				
Federal/State	\$ 152,670	\$ 1,366,381	\$ 1,398,638	\$ 120,413
Local	2,965,391	30,376,359	33,220,731	121,019
Due to individuals and agencies	452,110	5,446,597	5,417,520	481,187
TOTAL LIABILITIES	\$ 3,570,171	\$ 37,189,337	\$ 40,036,889	\$ 722,619

Isabella County, Michigan

DISCRETELY PRESENTED COMPONENT UNITS

Fund Descriptions

The Discretely Presented Component Units of Isabella County are legally separate organizations included in the County's reporting entity because they are financially accountable to the County as defined by GASB Statement No. 14.

Financial statements for the Isabella County Board of Public Works and the Drainage Districts administered by the Isabella County Drain Commissioner have been presented in this section because separate audited financial statements are not available.

Isabella County Board of Public Works is responsible for the administration of the various public works capital projects funds and the associated debt service funds under the provisions of Act 185, Public Act of 1937, as amended. The Board is also responsible for the administration of the operations of the Lake Isabella Water Supply System as reported in an Enterprise Fund.

The Drainage Districts are established pursuant to Act 40, Public Act of 1956, as amended, and are administered by the Isabella County Drain Commissioner. The Drainage Districts include capital projects funds to report the drain construction and maintenance activities, debt service funds to maintain the financial resources for the payment of long-term debt, and an internal service fund utilized to account for the purchase of drain tile which is then sold to the individual drainage districts.

Isabella County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

September 30, 2009

	Debt			
	County Drain	Little Salt River	Paisley Drain	Hance Phase II
ASSETS				
Cash and cash equivalents	\$ 225,134	\$ 19,239	\$ 139,838	\$ 205,005
Investments	-	-	-	-
Interest receivable	-	-	-	-
Due from other funds	4,283	-	-	-
Special assessments receivable	544,262	210,887	264,131	382,145
TOTAL ASSETS	\$ 773,679	\$ 230,126	\$ 403,969	\$ 587,150
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	541,000	210,887	264,131	382,145
Due from other funds	-	-	-	-
TOTAL LIABILITIES	541,000	210,887	264,131	382,145
FUND BALANCES				
Reserved for debt service	232,679	19,239	139,838	205,005
Unreserved - undesignated	-	-	-	-
TOTAL FUND BALANCES	232,679	19,239	139,838	205,005
TOTAL LIABILITIES AND FUND BALANCES	\$ 773,679	\$ 230,126	\$ 403,969	\$ 587,150

Salt River	Service			Capital Projects		Total
	Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220	County Drain Revolving	County Drain Construction & Maintenance	
\$ 242,890	\$ 79,363	\$ 53,982	\$ 142,162	\$ 19,991	\$ 830,511	\$ 1,958,115
-	-	-	-	-	1,918,013	1,918,013
-	-	-	-	-	8,386	8,386
-	-	-	-	142,438	50	146,771
304,154	472,226	81,522	602,692	-	12,719	2,874,738
<u>\$ 547,044</u>	<u>\$ 551,589</u>	<u>\$ 135,504</u>	<u>\$ 744,854</u>	<u>\$ 162,429</u>	<u>\$ 2,769,679</u>	<u>\$ 6,906,023</u>
\$ -	\$ -	\$ -	\$ -	\$ 54	\$ -	\$ 54
304,154	472,226	81,522	602,692	-	450,508	3,309,265
-	-	-	-	50	146,721	146,771
304,154	472,226	81,522	602,692	104	597,229	3,456,090
242,890	79,363	53,982	142,162	-	-	1,115,158
-	-	-	-	162,325	2,172,450	2,334,775
242,890	79,363	53,982	142,162	162,325	2,172,450	3,449,933
<u>\$ 547,044</u>	<u>\$ 551,589</u>	<u>\$ 135,504</u>	<u>\$ 744,854</u>	<u>\$ 162,429</u>	<u>\$ 2,769,679</u>	<u>\$ 6,906,023</u>

Isabella County, Michigan

Component Unit Funds

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

September 30, 2009

Total fund balances - governmental funds \$ 3,449,933

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

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

Deferred revenue 3,309,265

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

The cost of capital assets is \$ 17,993,513
Accumulated depreciation is (3,524,781)

Capital assets, net 14,468,732

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Net assets of governmental activities accounted for
in Internal Service Funds 40,059

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and notes payable (3,562,186)
Accrued interest payable (53,332)

(3,615,518)

Net assets of governmental activities \$ 17,652,471

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2009

	Debt			
	County Drain	Little Salt River	Paisley Drain	Hance Phase II
REVENUES				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -
Interest	577	40	333	508
Other				
Special assessments	227,525	43,948	76,812	84,506
Other	-	-	-	-
TOTAL REVENUES	228,102	43,988	77,145	85,014
EXPENDITURES				
Debt service				
Principal	206,691	29,250	56,000	95,000
Interest and fiscal charges	40,927	10,275	21,056	22,448
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	247,618	39,525	77,056	117,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,516)	4,463	89	(32,434)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES	(19,516)	4,463	89	(32,434)
Fund balances, beginning of year	252,195	14,776	139,749	237,439
Fund balances, end of year	<u>\$ 232,679</u>	<u>\$ 19,239</u>	<u>\$ 139,838</u>	<u>\$ 205,005</u>

Salt River	Service			Capital Projects		Total
	Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220	County Drain Revolving	County Drain Construction & Maintenance	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,696	\$ 209,696
544	120	114	142	39	45,454	47,871
126,619	132,046	76,820	78,288	-	90,300	936,864
-	-	-	-	-	887	887
127,163	132,166	76,934	78,430	39	346,337	1,195,318
110,000	53,500	47,000	44,450	-	-	641,891
16,719	26,631	18,485	41,818	-	-	198,359
-	-	-	-	-	327,386	327,386
126,719	80,131	65,485	86,268	-0-	327,386	1,167,636
444	52,035	11,449	(7,838)	39	18,951	27,682
-	-	-	-	-	76,712	76,712
-	-	-	(76,712)	-	-	(76,712)
-0-	-0-	-0-	(76,712)	-0-	76,712	-0-
444	52,035	11,449	(84,550)	39	95,663	27,682
242,446	27,328	42,533	226,712	162,286	2,076,787	3,422,251
<u>\$ 242,890</u>	<u>\$ 79,363</u>	<u>\$ 53,982</u>	<u>\$ 142,162</u>	<u>\$ 162,325</u>	<u>\$ 2,172,450</u>	<u>\$ 3,449,933</u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2009

Net change in fund balances - total governmental funds \$ 27,682

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 448,730

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

Capital outlay	\$ 728,223	
Depreciation expense	<u>(359,963)</u>	
Excess of capital outlay over depreciation expense		368,260

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds (5,192)

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

Debt principal retirement 641,891

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

Decrease in accrued interest payable 17,051

Change in net assets of governmental activities \$ 1,498,422

Isabella County, Michigan

Component Unit Funds

STATEMENT OF FUND NET ASSETS - DRAINAGE DISTRICTS - DRAIN TILE FUND

September 30, 2009

	<u>Internal Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 19,275
Inventories	<u>20,784</u>
 NET ASSETS (unrestricted)	 <u>\$ 40,059</u>

Isabella County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - DRAINAGE DISTRICTS - DRAIN TILE FUND

Year Ended September 30, 2009

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Sales	\$ 6,746
OPERATING EXPENSES	
Materials	11,448
Contractual services	<u>490</u>
TOTAL OPERATING EXPENSES	<u>11,938</u>
OPERATING (LOSS)/CHANGE IN NET ASSETS	(5,192)
Net assets, beginning of year	<u>45,251</u>
Net assets, end of year	<u><u>\$ 40,059</u></u>

Isabella County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS - DRAINAGE DISTRICTS - DRAIN TILE FUND

Year Ended September 30, 2009

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 6,746
Cash paid to suppliers	<u>(3,798)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,948
Cash and cash equivalents, beginning of year	<u>16,327</u>
Cash and cash equivalents, end of year	<u><u>\$ 19,275</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (5,192)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Decrease in inventories	<u>8,140</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,948</u></u>

Isabella County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS

September 30, 2009

	Debt Service		
	Shepherd Storm Sewer	Clare Water & Sewer	Union Township Wastewater Treatment
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Lease receivable	970,000	240,000	4,545,000
Prepays	-	61,034	424,545
TOTAL ASSETS	<u>\$ 970,000</u>	<u>\$ 301,034</u>	<u>\$ 4,969,545</u>
LIABILITIES			
Deferred revenue	\$ 970,000	\$ 301,034	\$ 4,969,545
FUND BALANCES			
Reserved for:			
Capital projects	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 970,000</u>	<u>\$ 301,034</u>	<u>\$ 4,969,545</u>

<u>Capital Projects</u>	
Clare	
Water & Sewer System	
<u>Construction</u>	<u>Total</u>
\$ 22,311	\$ 22,311
-	5,755,000
-	485,579
<u>\$ 22,311</u>	<u>\$ 6,262,890</u>
\$ -	\$ 6,240,579
<u>22,311</u>	<u>22,311</u>
<u>\$ 22,311</u>	<u>\$ 6,262,890</u>

Isabella County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO
THE STATEMENT OF NET ASSETS - BOARD OF PUBLIC WORKS

September 30, 2009

Fund balance/net assets - total component unit funds \$ 120,083

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

Certain accounts receivable are not susceptible to accrual in the governmental funds due to not having met the criteria to be considered available to finance current operations. 6,240,579

Governmental funds report the effect of bond issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Assets.

Unamortized bond issuance costs 64,008

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

Accrued interest payable	\$ (19,394)	
Direct county obligations	<u>(5,604,681)</u>	
		<u>(5,624,075)</u>

Net assets of component unit activities \$ 800,595

Isabella County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended September 30, 2009

	Debt Service		
	Shepherd Storm Sewer	Clare Water & Sewer	Union Township Wastewater Treatment
REVENUES			
Intergovernmental - local	\$ 237,628	\$ 63,643	\$ 2,864,989
Interest	-	-	-
TOTAL REVENUES	237,628	63,643	2,864,989
EXPENDITURES			
Debt service			
Principal	190,000	50,000	400,000
Interest and fiscal charges	47,628	13,643	399,974
TOTAL EXPENDITURES	237,628	63,643	799,974
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	2,065,015
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	4,130,000
Transfer to escrow agent	-	-	(6,195,015)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	(2,065,015)
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-

Capital Projects	
Clare	
Water & Sewer System Construction	Total
\$ -	\$ 3,166,260
50	50
50	3,166,310
-	640,000
-	461,245
-0-	1,101,245
50	2,065,065
-	4,130,000
-	(6,195,015)
-0-	(2,065,015)
50	50
22,261	22,261
\$ 22,311	\$ 22,311

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2009

Net change in fund balances/net assets - total component unit funds \$ (2,652)

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

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.

In the current year, these amounts consist of:

Issuance of debt	\$ (4,130,000)	
Long-term debt retirements	6,690,000	
Net effect of bond refunding and related items	<u>214,327</u>	
		2,774,327

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (2,695,633)

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

Decrease in accrued interest payable		<u>156,098</u>
--------------------------------------	--	----------------

Change in net assets of component unit activities \$ 232,140

Isabella County, Michigan

Component Unit Funds

STATEMENT OF FUND NET ASSETS - BOARD OF PUBLIC WORKS -
LAKE ISABELLA WATER SUPPLY SYSTEM

September 30, 2009

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 51,825
Accounts receivable	<u>10,390</u>
Total current assets	62,215
Noncurrent assets	
Capital assets not being depreciated	16,000
Capital assets being depreciated, net	<u>33,696</u>
Total noncurrent assets	<u>49,696</u>
TOTAL ASSETS	111,911
LIABILITIES	
Current liabilities	
Accounts payable	839
Due to other governmental units	<u>13,300</u>
TOTAL LIABILITIES	<u>14,139</u>
NET ASSETS	
Invested in capital assets	49,696
Unrestricted	<u>48,076</u>
TOTAL NET ASSETS	<u>\$ 97,772</u>

Isabella County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS - BOARD OF PUBLIC WORKS -
LAKE ISABELLA WATER SUPPLY SYSTEM

Year Ended September 30, 2009

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ 35,074
OPERATING EXPENSES	
Supplies	5,765
Utilities	3,154
Contractual services	7,751
Other	14,536
Depreciation	<u>6,852</u>
TOTAL OPERATING EXPENSES	<u>38,058</u>
OPERATING (LOSS)	(2,984)
NONOPERATING REVENUES	
Interest	<u>282</u>
CHANGE IN NET ASSETS	(2,702)
Net assets, beginning of year	<u>100,474</u>
Net assets, end of year	<u><u>\$ 97,772</u></u>

Isabella County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS - BOARD OF PUBLIC WORKS
LAKE ISABELLA WATER SUPPLY SYSTEM

Year Ended September 30, 2009

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 32,566
Cash paid to suppliers	<u>(30,064)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,502
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>282</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,784
Cash and cash equivalents, beginning of year	<u>49,041</u>
Cash and cash equivalents, end of year	<u><u>\$ 51,825</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (2,984)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	6,852
(Increase) in accounts receivable	(2,508)
Increase in due to other governmental units	850
Increase in accounts payable	<u>292</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,502</u></u>

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION

This part of Isabella County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	104
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	107
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	115
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	118
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented Governmental Accounting Standards Board Statement 34 in 2003. Schedules presenting government-wide information include information beginning in that year.

Isabella County, Michigan

Table 1

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 9,354,981	\$ 6,216,255	\$ 12,586,690	\$ 13,583,934	\$ 11,693,861	\$ 11,537,707	\$ 11,631,381
Restricted	-	-	-	445,647	332,891	247,808	295,993	283,882	611,045	649,345
Unrestricted	-	-	-	9,164,097	8,388,443	4,934,619	7,839,719	12,801,477	14,194,649	13,565,998
Total governmental activities net assets	\$ -0-	\$ -0-	\$ -0-	\$ 18,964,725	\$ 14,937,589	\$ 17,769,117	\$ 21,719,646	\$ 24,779,220	\$ 26,343,401	\$ 25,846,724
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 2,446,699	\$ 2,616,645	\$ 3,815,212	\$ 3,780,427	\$ 4,430,933	\$ 4,613,014	\$ 5,900,138
Restricted	-	-	-	3,769,983	3,818,295	3,047,637	2,657,252	3,830,776	4,261,178	1,087,003
Unrestricted	-	-	-	5,656,994	5,886,611	6,058,074	7,960,768	8,508,879	9,844,349	12,414,510
Total business-type activities net assets	\$ -0-	\$ -0-	\$ -0-	\$ 11,873,676	\$ 12,321,551	\$ 12,920,923	\$ 14,398,447	\$ 16,770,588	\$ 18,718,541	\$ 19,401,651
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 11,801,680	\$ 8,832,900	\$ 16,401,902	\$ 17,364,361	\$ 16,124,794	\$ 16,150,721	\$ 17,531,519
Restricted	-	-	-	4,215,630	4,151,186	3,295,445	2,953,245	4,114,658	4,872,223	1,736,348
Unrestricted	-	-	-	14,821,091	14,275,054	10,992,693	15,800,487	21,308,766	24,038,998	25,980,508
Total primary activities net assets	\$ -0-	\$ -0-	\$ -0-	\$ 30,838,401	\$ 27,259,140	\$ 30,690,040	\$ 36,118,093	\$ 41,548,218	\$ 45,061,942	\$ 45,248,375

Note: The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenses										
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ 8,587,243	\$ 9,245,814	\$ 8,804,801	\$ 8,903,193	\$ 9,037,551	\$ 9,323,399	\$ 9,500,081
Public safety	-	-	-	6,115,722	6,866,982	6,921,138	6,993,809	7,244,038	6,705,990	6,738,044
Public works	-	-	-	369,285	362,475	76,458	117,136	327,166	198,483	250,084
Community and economic development	-	-	-	-	-	-	-	230,869	233,436	209,415
Health and welfare	-	-	-	5,681,001	6,088,840	5,933,564	5,651,353	6,019,736	6,252,019	6,407,529
Culture and recreation	-	-	-	1,324,349	1,758,839	1,108,896	1,057,792	704,189	754,376	866,072
Interest on debt	-	-	-	361,231	348,408	315,652	297,716	172,524	314,741	224,791
Total governmental activities expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,438,831</u>	<u>24,671,358</u>	<u>23,160,509</u>	<u>23,020,999</u>	<u>23,736,073</u>	<u>23,782,444</u>	<u>24,196,016</u>
Business-type activities:										
Delinquent property tax	-	-	-	49,388	59,382	65,087	70,472	179,154	188,357	189,073
Building Inspections	-	-	-	-	-	336,463	297,811	343,190	280,582	253,795
Recycling facility	-	-	-	852,048	1,019,740	1,091,877	897,929	1,115,104	1,174,988	897,922
Concessions	-	-	-	120,400	123,747	143,269	129,915	109,441	227,204	200,022
Medical Care Facility	-	-	-	5,493,390	5,973,028	6,451,341	7,993,776	8,368,433	8,856,618	10,554,367
Total business-type activities expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,515,226</u>	<u>7,175,897</u>	<u>8,088,037</u>	<u>9,389,903</u>	<u>10,115,322</u>	<u>10,727,749</u>	<u>12,095,179</u>
Total primary government expenses	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 28,954,057</u>	<u>\$ 31,847,255</u>	<u>\$ 31,248,546</u>	<u>\$ 32,410,902</u>	<u>\$ 33,851,395</u>	<u>\$ 34,510,193</u>	<u>\$ 36,291,195</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ 3,864,299	\$ 4,047,398	\$ 4,110,207	\$ 4,054,488	\$ 3,014,558	\$ 3,149,557	\$ 2,941,321
Public safety	-	-	-	2,509,817	2,721,036	2,160,798	2,175,113	2,511,478	2,921,676	2,629,612
Public works	-	-	-	-	-	-	-	126,847	-	-
Community and economic development	-	-	-	-	-	-	-	36,974	6,409	8,888
Health and welfare	-	-	-	158,755	387,382	404,602	388,823	494,261	519,802	536,869
Culture and recreation	-	-	-	282,641	294,540	347,764	323,391	268,677	271,132	283,249
Interest on debt	-	-	-	41,668	156,526	133,341	(53,584)	-	-	-
Operating grants and contributions	-	-	-	5,588,177	7,024,679	7,314,517	7,274,570	6,103,937	5,397,183	5,459,794
Capital grants and contributions	-	-	-	304,088	621,800	744,934	439,063	73,939	26,511	111,188
Total governmental activities program revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,749,445</u>	<u>15,253,361</u>	<u>15,216,163</u>	<u>14,601,864</u>	<u>12,630,671</u>	<u>12,292,270</u>	<u>11,970,921</u>
Business-type activities:										
Charges for services										
Delinquent property tax	-	-	-	490,764	438,656	451,857	556,383	491,552	639,056	718,410
Building Inspections	-	-	-	-	-	398,178	331,525	302,560	220,226	198,042
Recycling facility	-	-	-	458,793	599,033	707,255	626,238	738,576	711,884	426,162
Concessions	-	-	-	155,943	164,687	200,684	222,021	235,051	261,737	319,879
Medical Care Facility	-	-	-	5,231,157	5,216,184	5,239,485	7,261,947	8,188,068	8,146,853	8,864,193
Operating grants and contributions	-	-	-	89,797	337,996	506,250	438,182	293,545	935,623	670,013
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,426,454</u>	<u>6,756,556</u>	<u>7,503,709</u>	<u>9,436,296</u>	<u>10,249,352</u>	<u>10,915,379</u>	<u>11,196,699</u>
Total primary government program revenues	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,175,899</u>	<u>\$ 22,009,917</u>	<u>\$ 22,719,872</u>	<u>\$ 24,038,160</u>	<u>\$ 22,880,023</u>	<u>\$ 23,207,649</u>	<u>\$ 23,167,620</u>

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ (9,689,386)	\$ (9,417,997)	\$ (7,944,346)	\$ (8,419,135)	\$ (11,105,402)	\$ (11,490,174)	\$ (12,225,095)
Business-type activities	-	-	-	(88,772)	(419,341)	(584,328)	46,393	134,030	187,630	(898,480)
Total primary government net expense	\$ -0-	\$ -0-	\$ -0-	\$ (9,778,158)	\$ (9,837,338)	\$ (8,528,674)	\$ (8,372,742)	\$ (10,971,372)	\$ (11,302,544)	\$ (13,123,575)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ -	\$ -	\$ -	\$ 6,740,008	\$ 7,124,073	\$ 9,883,634	\$ 10,964,855	\$ 13,087,917	\$ 11,379,585	\$ 10,832,634
Unrestricted grants and contributions	-	-	-	1,428,534	1,374,620	361,470	410,176	568,277	569,939	507,392
Unrestricted investment earnings	-	-	-	132,619	96,763	231,476	384,489	532,088	468,995	172,972
Gain on disposal of capital assets	-	-	-	37,265	2,400	-	-	-	348,844	-
Other revenue	-	-	-	17,715	-	-	-	122,176	225,596	125,420
Transfers - internal activities	-	-	-	251,686	496,000	299,294	429,404	(145,482)	76,165	90,000
Total governmental activities	-0-	-0-	-0-	8,607,827	9,093,856	10,775,874	12,188,924	14,164,976	13,069,124	11,728,418
Business-type activities:										
Property taxes	-	-	-	1,051,974	1,005,052	1,072,663	1,150,880	1,223,378	1,326,806	1,385,061
Unrestricted grants and contributions	-	-	-	-	112,593	150,725	76,544	-	-	-
Unrestricted investment earnings	-	-	-	181,085	222,910	264,528	652,179	398,090	338,589	182,859
Gain on disposal of capital assets	-	-	-	-	-	-	-	7,000	701	-
Other revenue	-	-	-	-	-	7,733	-	462,571	171,982	103,670
Transfers - internal activities	-	-	-	(251,686)	(496,000)	(299,294)	(429,404)	145,482	(76,165)	(90,000)
Total business-type activities	-0-	-0-	-0-	981,373	844,555	1,196,355	1,450,199	2,236,521	1,761,913	1,581,590
Total primary government	\$ -0-	\$ -0-	\$ -0-	\$ 9,589,200	\$ 9,938,411	\$ 11,972,229	\$ 13,639,123	\$ 16,401,497	\$ 14,831,037	\$ 13,310,008
Change in Net Assets										
Governmental activities	\$ -	\$ -	\$ -	\$ (1,081,559)	\$ (324,141)	\$ 2,831,528	\$ 3,769,789	\$ 3,059,574	\$ 1,578,950	\$ (496,677)
Business-type activities	-	-	-	892,601	425,214	612,027	1,496,592	2,370,551	1,949,543	683,110
Total primary government	\$ -0-	\$ -0-	\$ -0-	\$ (188,958)	\$ 101,073	\$ 3,443,555	\$ 5,266,381	\$ 5,430,125	\$ 3,528,493	\$ 186,433

Note: The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>
1997	-
2000	\$ -
2001	-
2002	-
2003	6,740,008
2004	7,124,073
2005	9,883,634
2006	10,964,855
2007	13,087,917
2008	11,379,585
2009	11,002,634

Note: The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ 188,266	\$ 114,084	\$ 32,167	\$ 23,911	\$ 75,098	\$ 63,282	\$ 64,690
Unreserved	-	-	-	3,848,170	3,741,109	4,341,327	4,704,913	4,867,875	6,326,335	6,214,950
Total general fund	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,036,436</u>	<u>\$ 3,855,193</u>	<u>\$ 4,373,494</u>	<u>\$ 4,728,824</u>	<u>\$ 4,942,973</u>	<u>\$ 6,389,617</u>	<u>\$ 6,279,640</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ 84,903	\$ 108,095	\$ 156,349	\$ 246,485	\$ 347,858	\$ 736,162	\$ 743,008
Unreserved										
Special revenue funds	-	-	-	668,633	839,081	2,108,826	3,928,953	5,829,483	5,042,586	3,999,598
Debt Service Funds	-	-	-	166,194	61,480	47,483	49,534	123,741	379,825	1,009,339
Capital Project Funds	-	-	-	6,284	49,232	68,095	12,141	-	-	-
Total all other governmental funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 926,014</u>	<u>\$ 1,057,888</u>	<u>\$ 2,380,753</u>	<u>\$ 4,237,113</u>	<u>\$ 6,301,082</u>	<u>\$ 6,158,573</u>	<u>\$ 5,751,945</u>

Note: The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ 6,746,395	\$ 7,124,073	\$ 9,883,634	\$ 11,085,829	\$ 14,267,784	\$ 11,145,067	\$ 10,966,957
Licenses and permits	-	-	-	608,977	714,949	465,099	455,771	363,080	367,611	357,423
Intergovernmental revenue	-	-	-	6,864,943	8,629,153	7,897,888	7,462,530	5,049,049	5,409,168	5,477,999
Charges for services	-	-	-	3,585,781	3,605,104	3,944,473	3,902,825	5,286,450	5,760,081	5,362,434
Fines and forfeits	-	-	-	620,382	628,964	595,695	461,592	279,379	185,898	199,954
Interest and rent	-	-	-	2,632,643	3,071,834	2,303,142	2,444,298	1,105,727	1,067,122	753,732
Other revenue	-	-	-	545,490	583,635	737,417	799,483	512,125	668,416	607,111
Total revenues	-0-	-0-	-0-	21,604,611	24,357,712	25,827,348	26,612,328	26,863,594	24,603,363	23,725,610
Expenditures										
General government	-	-	-	7,602,851	8,112,451	8,126,775	8,361,658	8,538,845	8,852,832	8,920,239
Public safety	-	-	-	5,723,636	6,491,517	6,921,785	7,331,698	6,693,599	6,192,682	6,122,729
Public works	-	-	-	409,065	364,410	243,093	186,192	321,908	192,127	242,899
Health and welfare	-	-	-	5,647,883	6,017,229	5,929,630	5,638,716	5,970,279	6,075,394	6,240,506
Culture and recreation	-	-	-	1,273,343	1,734,012	1,097,398	1,130,719	677,657	714,648	738,896
Other	-	-	-	374,657	512,313	529,918	401,492	612,004	723,047	675,429
Capital outlay	-	-	-	585,513	623,155	777,966	1,110,823	1,017,937	3,558,426	389,329
Debt service										
Principal	-	-	-	466,348	702,948	338,182	370,968	359,685	640,000	750,000
Interest and fiscal charges	-	-	-	324,185	347,993	320,729	297,776	248,080	369,093	252,188
Total expenditures	-0-	-0-	-0-	22,407,481	24,906,028	24,285,476	24,830,042	24,439,994	27,318,249	24,332,215
Excess of revenues over (under) expenditures	-0-	-0-	-0-	(802,870)	(548,316)	1,541,872	1,782,286	2,423,600	(2,714,886)	(606,605)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CONCLUDED

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses)										
Bond proceeds	\$ -	\$ -	\$ -	\$ 187,025	\$ -	\$ -	\$ -	\$ -	\$ 8,164,470	\$ -
Bond premium	-	-	-	-	-	-	-	-	71,356	-
Sale of capital assets	-	-	-	37,265	2,400	-	-	-	478,120	-
Transfers in	-	-	-	2,592,035	3,217,795	6,741,406	6,764,426	7,298,040	3,930,376	4,339,800
Bond issuance costs	-	-	-	-	-	-	-	-	(74,306)	-
Underwriter discount	-	-	-	-	-	-	-	-	(41,580)	-
Transfer to escrow agent	-	-	-	-	-	-	-	-	(4,640,435)	-
Transfers (out)	-	-	-	(2,340,349)	(2,721,795)	(6,442,112)	(6,335,022)	(7,443,522)	(3,854,211)	(4,249,800)
Total other financing sources (uses)	-0-	-0-	-0-	475,976	498,400	299,294	429,404	(145,482)	4,033,790	90,000
Net change in fund balances	\$ -0-	\$ -0-	\$ -0-	\$ (326,894)	\$ (49,916)	\$ 1,841,166	\$ 2,211,690	\$ 2,278,118	\$ 1,318,904	\$ (516,605)
Debt service as a percentage of noncapital expenditures				3.62%	4.33%	2.80%	2.82%	2.59%	4.25%	4.19%

Note: The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

ASSESSED VALUE AND ESTIMATED TRUE CASH VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended September 30,	A.V. Real Property		A.V. Personal Property	Total Assessed Value	Total Direct Tax Rate	Total Taxable Value	Estimated True Cash Value	Taxable Value as a Percentage of True Cash Value
	Ag/Res	Com/Ind/T-C/Dev						
2000	827,314,911	212,469,158	95,821,239	1,135,605,308	7.1200	925,360,769	2,271,210,616	40.74%
2001	939,284,708	268,943,829	97,381,842	1,305,610,379	7.1200	1,002,599,479	2,611,220,758	38.40%
2002	1,018,986,127	291,499,881	98,597,769	1,409,083,777	8.1200	1,078,607,613	2,818,167,554	38.27%
2003	1,119,278,833	327,362,254	96,990,643	1,543,631,730	8.0200	1,145,972,887	3,087,263,460	37.12%
2004	1,221,983,772	353,026,964	101,428,375	1,676,439,111	8.1448	1,224,690,253	3,352,878,222	36.53%
2005	1,330,374,674	375,539,834	106,113,539	1,812,028,047	8.1700	1,314,413,774	3,624,056,094	36.27%
2006	1,455,811,177	406,602,475	108,564,527	1,970,978,179	9.1500	1,409,975,482	3,941,956,358	35.77%
2007	1,542,103,877	464,507,257	114,135,396	2,120,746,530	9.1476	1,529,082,641	4,241,493,060	36.05%
2008	1,583,119,644	488,103,444	118,716,860	2,189,939,948	9.0129	1,596,594,915	4,379,879,896	36.45%
2009	1,539,266,015	509,139,302	123,792,826	2,172,198,143	9.0129	1,657,956,466	4,344,396,286	38.16%

Source: Isabella County Equalization Department

Note: Property in the county is reassessed annually. The tax rates are applied to taxable value to generate revenue. True cash values are estimated at twice the State Equalized Values. Estimated actual value is calculated by dividing assessed value by those percentages.

Tax rates are per \$1,000 of taxable value.

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year (1)	Isabella County			SET (2)	Overlapping Rates								
	Operating Millage	Special Millage	Total County Millage		Local School Districts				Community Colleges			Cities	
					Library Districts	Intermediate Schools	Mid-Michigan Comm College	Montcalm Comm College	Townships	Mt. Pleasant	Clare	Villages	
2000	6.4700	0.6500	7.1200	6.0000	17.6577 - 25.7944	1.1756 - 4.3691	1.7167	1.3357	2.8179	.9241 - 3.2500	15.4500	20.3872	3.0000 - 12.9798
2001	6.4700	0.6500	7.1200	6.0000	19.4046 - 26.5200	1.1756 - 4.3418	1.7076	1.3202	2.7989	.9750 - 3.2425	15.4500	20.4322	2.9363 - 12.9647
2002	6.4700	1.6500	8.1200	6.0000	19.1490 - 26.5200	1.1756 - 4.3326	1.7057	1.3036	2.7867	.9586 - 3.1886	15.4500	20.4322	1.9226 - 13.0000
2003	6.4700	1.5500	8.0200	5.0000	18.7509 - 26.5200	1.1756 - 4.3064	1.7057	1.2792	2.7486	.8926 - 3.1557	15.4500	20.1603	1.9103 - 13.0000
2004	6.4448	1.7000	8.1448	6.0000	18.5109 - 26.4426	1.1756 - 4.2985	1.6894	1.2582	2.7486	.9246 - 3.1361	15.4500	20.1555	1.8874 - 13.0000
2005	6.4700	1.7000	8.1700	6.0000	20.0509 - 26.5200	1.1756 - 4.2985	2.6894	1.2404	2.7292	.9775 - 3.1762	15.4500	19.2500	1.8556 - 13.0000
2006	6.4700	2.6800	9.1500	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9502 - 3.1272	15.7500	19.2500	1.8465 - 13.0000
2007	6.4700	2.6776	9.1476	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9502 - 3.1272	15.7500	19.2500	1.8465 - 13.0000
2008	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9363 - 3.0946	15.9500	19.2329	1.8463 - 13.0000
2009	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.2640	2.0385 - 5.0859	.9931 - 1.75	1.2232	2.7292	1.000 - 2.9941	15.7500	19.2402	1.8463 - 13.0000

Source: Isabella County Equalization Department

(1) Rates reduced to comply with the Headlee Amendment.

(2) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

ISABELLA COUNTY
Principal Property Taxpayers
September 30, 2009
(Unaudited)

Table 8

Taxpayer	2009			1997 (1)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 28,639,759	1	1.73%	\$ 12,710,116	1	1.55%
CME Corporation	14,397,407	2	0.87%	-	-	-
Saginaw Chippewa Indian Tribe	11,655,435	3	0.70%	-	-	-
GF II / Bluegrass LLC	10,706,200	4	0.65%	-	-	-
Deerfield Village LLC	9,511,900	5	0.57%	-	-	-
Morbark Inc	8,527,171	6	0.51%	-	-	-
Menard Inc	8,063,534	7	0.49%	-	-	-
Sterling Way Associates LLC	7,942,277	8	0.48%	4,613,361	4	0.56%
Lexington Ridge Apts LLC	7,938,873	9	0.48%	-	-	-
Copper Beech Townhome	6,978,867	10	0.42%	-	-	-
Great Lakes Gas	-	-	-	8,073,862	2	0.98%
Developer's Div. Finance Corp	-	-	-	5,124,500	3	0.62%
Defield	-	-	-	4,093,000	5	0.50%
James McGuirk	-	-	-	2,755,765	6	0.34%
Central Michigan Inn	-	-	-	2,706,800	7	0.33%
D & D Investment	-	-	-	2,465,585	8	0.30%
Hubscher	-	-	-	2,325,094	9	0.28%
Michigan Consolidated Gas	-	-	-	2,302,089	10	0.28%
Totals	<u>\$ 114,361,423</u>		<u>6.90%</u>	<u>\$ 47,170,172</u>		<u>5.74%</u>

Source: Isabella County Equalization Department

(1) 1997 is the most historical year for which information is available.

ISABELLA COUNTY
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Table 9

<u>Year Ended December 31,</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Delinquents Purchased by Treasurer</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>			<u>Amount</u>	<u>Percentage of Levy</u>
2000	37,018,083	34,281,954	92.61%	2,736,129	2,736,129	37,018,083	100.00%
2001	40,533,248	37,887,578	93.47%	2,645,670	2,644,832	40,532,410	100.00%
2002	44,477,633	41,857,154	94.11%	2,620,479	2,619,895	44,477,049	100.00%
2003	47,261,055	44,628,805	94.43%	2,632,250	2,608,623	47,237,428	99.95%
2004	49,564,009	46,747,863	94.32%	2,816,146	2,815,022	49,562,885	100.00%
2005	52,447,054	49,611,137	94.59%	2,835,917	2,835,917	52,447,054	100.00%
2006	57,704,880	54,347,848	94.18%	3,357,032	3,342,890	57,690,738	99.98%
2007	61,765,095	58,024,415	93.94%	3,740,680	3,231,893	61,256,308	99.18%
2008	64,211,250	60,055,194	93.53%	4,156,056	1,962,905	62,018,099	96.58%
**2009	65,950,129						

Source: Isabella County Treasurer

(1) Includes all delinquent tax years March 31- March 31 and excludes personal tax collections.

**2009 tax settlement not completed.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Postclosure Landfill Costs	Vested Employee Benefits	Business-Type Activities				
2000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	
2001	-	-	-	-	-	-	-	-	
2002	-	-	-	-	-	-	-	-	
2003	6,735,000	167,114	1,180,280	770,449	8,271,933	17,124,776	1.23%	267	
2004	6,075,000	124,166	1,178,345	755,859	7,990,162	16,123,532	1.12%	248	
2005	5,785,000	80,656	1,011,710	762,645	7,724,085	15,364,096	1.00%	234	
2006	5,465,000	29,685	1,077,585	819,275	7,516,848	14,908,393	0.91%	226	
2007	5,135,000	-	1,008,197	829,874	7,251,824	14,224,895	0.82%	213	
2008	8,010,229	-	948,278	816,778	6,945,974	16,721,259	0.94%	250	
2009	7,266,117	-	879,130	851,256	6,664,649	15,661,152	N/A	235	

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

(1) See Statistical Table Number 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2000	\$ -	\$ -	\$ -	0.00%	\$ -
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	6,735,000	166,194	6,568,806	0.57%	101
2004	6,075,000	61,480	6,013,520	0.49%	92
2005	5,785,000	47,483	5,737,517	0.44%	87
2006	5,465,000	49,534	5,415,466	0.38%	81
2007	5,135,000	123,741	5,011,259	0.33%	75
2008	8,010,229	443,825	7,566,404	0.47%	113
2009	7,266,117	1,067,364	6,198,753	0.41%	91

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

(1) See Statistical Table Number 6 for property value data.

(2) See Statistical Table Number 13 for population data.

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Legal debt limit				\$ 114,597,289	\$ 122,469,025	\$ 131,441,377	\$ 140,997,548	\$ 152,908,264	\$ 159,659,792	\$ 152,912,268
Total net debt applicable to limit				1,482,741	12,608,564	12,013,933	11,649,178	11,901,259	14,270,175	12,555,661
Legal debt margin	\$ -0-	\$ -0-	\$ -0-	\$ 113,114,548	\$ 109,860,461	\$ 119,427,444	\$ 129,348,370	\$ 141,007,005	\$ 145,389,617	\$ 140,356,607
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	1.29%	10.30%	9.14%	8.26%	7.78%	8.94%	8.21%

Legal Debt Margin Calculation for Fiscal Year 2008

Taxable Value	\$ 1,529,122,675
Debt limit (10% of taxable value of property in County)	152,912,268
Debt applicable to limit:	13,565,000
Less:	
Assets in Debt Service funds available for payment of principal	<u>1,009,339</u>
Total amount of debt applicable to debt limit	<u>12,555,661</u>
Legal debt margin	<u>\$ 140,356,607</u>

Note: Under state finance law Isabella County's outstanding general obligation debt shall not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

ISABELLA COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
2000	63,351	1,301,298,000	20,541	(5)	3.30%
2001	63,875	1,391,684,000	21,788	(5)	3.80%
2002	64,227	1,391,607,000	21,667	(5)	4.30%
2003	65,024	1,438,243,000	22,119	(5)	5.00%
2004	65,716	1,534,906,000	23,357	(5)	4.90%
2005	66,107	1,639,532,000	24,801	22,351	4.60%
2006	66,697	1,730,911,000	25,988	27,292	5.10%
2007	66,790	1,787,953,000	26,770	29,544	5.30%
2008	66,778	(5)	(5)	(5)	5.99%
2009	68,228	(5)	(5)	(5)	8.50%

Data Sources:

- (1) Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2000 which reflects the actual census.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce - <http://www.bea.gov/regional/reis/default.cfm?selTable=CA1-3§ion=2>
- (3) Local school districts
- (4) Michigan Department of Labor and Economic Growth - Unemployment rate information is a yearly average not seasonally adjusted.
- (5) Information not available.

**ISABELLA COUNTY
Principal Employers
2009 and 1999**

Table 14

<u>Employer</u>	<u>2009</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Soaring Eagle Hotel & Casino	2,510	1	7.13%			
Central Michigan University	2,403	2	6.82%	2,154	2	6.38%
Central Michigan Community Hospitz	663	4	1.88%	730	4	2.16%
Saginaw Chippewa Indian Tribe	714	3	2.03%	3,400	1	10.08%
Morbark Inc.	515	5	1.46%	700	5	2.07%
Mt. Pleasant Public Schools	500	7	1.42%	750	3	2.22%
Delfield Co.	505	6	1.43%	630	6	1.87%
Mount Pleasant Center	-		0.00%	400	9	1.19%
Meijer Inc.	340	9	0.97%	600	7	1.78%
Unified Brands	325	10	0.92%			
Wal-Mart	400	8	1.14%			
LaBelle Management				575	8	1.70%
CME Corporation				400	10	1.19%
Totals	8,875		25.20%	10,339		30.64%

Source:
Michigan Economic Development Corporation Telephone Survey, 2009
Michigan Economic Development Corporation

ISABELLA COUNTY
Full-time Equivalent County Employees by Function
Last Ten Fiscal Years

Table 15

	Full-time Equivalent Employees as of December 31,									
Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General service administration	(1)	(1)	(1)	(1)	54.5	54.5	54.5	54.5	53.0	53.0
Legislative	(1)	(1)	(1)	(1)	7.0	7.0	7.0	7.0	7.0	7.0
Judicial	(1)	(1)	(1)	(1)	56.0	56.0	56.0	56.0	54.0	54.0
Law enforcement and correction	(1)	(1)	(1)	(1)	49.5	49.5	49.5	50.5	50.0	50.0
Public safety and emergency services	(1)	(1)	(1)	(1)	23.6	23.6	24.6	24.6	21.4	21.4
Health and Welfare	(1)	(1)	(1)	(1)	33.0	33.0	33.0	33.0	31.3	31.3
Culture and recreation	(1)	(1)	(1)	(1)	4.6	4.6	4.6	4.6	4.3	4.3
Planning and development	(1)	(1)	(1)	(1)	3.0	3.0	3.0	3.0	3.0	3.0
Other Agencies	(1)	(1)	(1)	(1)	3.0	3.0	3.0	3.0	12.5	12.5
Total	-	-	-	-	234.2	234.2	235.2	236.2	236.5	236.5

(1) Data not available

Source: Isabella County Administration Office

ISABELLA COUNTY
Operating Indicators by Function
Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial										
Trial Court total caseload	20,162	20,748	21,770	22,200	22,213	21,293	18,105	17,751	15,184	16,130
Law enforcement and corrections										
Number of incarcerated offenders	5,492	5,000	5,170	5,153	5,320	5,321	5,662	5,550	5,529	(1)
Public safety and emergency services										
Animal Control										
Complaints	3,387	3,338	3,925	2,316	2,293	2,034	2,110	2,471	3,273	1,618
Animal adoptions	660	682	732	1,143	1,404	1,406	1,161	1,060	1,799	1,371
Health and welfare										
Health Department										
Immunizations administered	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3,365	3,864	(1)
House numbering										
House numbers issued	236	223	215	231	216	203	140	108	50	47
Housing										
Mortgages granted	-	-	-	-	-	-	-	-	-	-
Recreation and culture										
Annual vehicle park passes	(1)	(1)	(1)	(1)	(1)	1,469	1,427	1,485	1,487	(1)
Daily vehicle park passes	(1)	(1)	(1)	(1)	(1)	9,027	8,752	8,669	8,567	(1)
Annual boat passes (2)	(1)	(1)	(1)	(1)	(1)	748	528	545	504	(1)
Daily boat passes (2)	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-

Note: Indicators are not available for the general government, legislative functions, planning and development.

(1) Information not available at this time. Table will be populated as information becomes available.

(2) Annual and daily boat pass data are combined after 2004.

ISABELLA COUNTY
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 17

Function	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Judicial										
Juvenile Detention										
Facilities	-	-	-	-	-	-	2	2	2	2
Law enforcement and corrections										
Sheriff										
Vehicles	-	-	-	-	-	-	25	19	23	23
Boats	-	-	-	-	-	-	1	1	1	1
Jail Facilities	-	-	-	-	-	-	1	1	1	1
Public safety and emergency services										
Animal control										
Vehicles	-	-	-	-	-	-	3	2	2	2
Emergency Services										
Vehicles	-	-	-	-	-	-	2	2	2	2
Community & Economic Development										
Vehicles	-	-	-	-	-	-	2	1	1	1
Recreation and culture										
Parks and recreation										
Parks	-	-	-	-	-	-	5	5	5	5
Vehicles	-	-	-	-	-	-	6	6	7	8

Sources: Isabella County Finance Department

Note: No capital asset indicators are available for the general government, legislative, health & welfare, or public works functions.

Not all historical information is available, this table will continue to be populated as more information becomes available.