

Isabella County,
Michigan



Year Ended
September 30,
2017

Comprehensive
Annual Financial
Report

Prepared by: County Administrator's Department

Margaret McAvoy, Administrator/Controller

ISABELLA COUNTY, MICHIGAN

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INTRODUCTORY SECTION

ISABELLA COUNTY, MICHIGAN

ELECTED AND APPOINTED OFFICERS

For the Year Ended September 30, 2017

BOARD OF COMMISSIONERS

George Green	Chairperson - District 1
David Ling	Vice-Chairperson - District 6
Frank Engler	Commissioner - District 2
Jerry Jaloszynski	Commissioner - District 3
Jim Horton	Commissioner - District 4
James Moreno	Commissioner - District 5
Tobin Hope	Commissioner - District 7

TRIAL COURT JUDGES

Paul Chamberlain, Chief Judge
William T. Ervin
Mark Duthie
Eric R. Janes

OTHER ELECTED OFFICIALS

Minde Lux	County Clerk
Robert Willoughby	Drain Commissioner
Karen Jackson	Register of Deeds
Steven Pickens	County Treasurer
Risa Hunt-Scully	Prosecuting Attorney
Michael Main	County Sheriff

County Administrator/Controller
Margaret A. McAvoy



Isabella County

Margaret A. McAvoy
Administrator/Controller

March 19, 2018

Honorable George Green, 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, 2017, is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson. 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 in the United States of America (GAAP) along with 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 (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

200 North Main Street, Suite 205 | Mount Pleasant, MI 48858 | Ph. 989-317-4058 | Fax: 989-773-7431

mmcavoy@isabellacounty.org | www.isabellacounty.org

An Equal Opportunity Employer

The County is required to undergo an annual single audit in conformity with audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In accordance with the criteria of this statement (as amended by GASB No.39 & GASB No. 61) the Isabella County Building Authority, Isabella County Family Independence Agency, Isabella County Commission on Aging, and Isabella County Parks Board are blended into the County's Comprehensive Annual Financial Report. The Family Independence Agency is 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 Isabella County Medical Care Facility, 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's Office 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 through the Commission on Aging, cultural and recreational services provided by the Parks and Recreation Department, MSU Extension, and others.

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 Saginaw Chippewa Indian Tribe's 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:

Isabella County is home to multiple, vibrant and diverse recreational opportunities. The County has over 1,000 acres of park lands which include over 175 campsites, fishing, swimming, boating, hiking, playgrounds, cross country skiing and more. The Isabella County Parks and Recreation Department also offers Art in Our Park, Civil War enactments, nature walks, cross country skiing and snowshoeing workshops, disc golf tournaments and many more activities. Isabella County is a partner in the Pere Marquette Rail Trail, a 100 acre 8.25 mile barrier free non-motorized pathway.

The Saginaw Chippewa Indian Tribe Casino and Resort offers gaming, a 500 room luxury hotel, fully equipped conference center and a multitude of restaurants. The Soaring Eagle Casino and Resort also offers live entertainment and performances.

Central Michigan University is home to many recreational and entertainment activities such as sporting events, an art gallery, cultural activities, musical concerts and more.

From water parks, to golf courses, City, Village, Township and County parks, the beautiful Chippewa River, the University, the Tribe, vibrant downtowns, great walk ability, movie theaters, restaurants and shopping; Isabella County offers many options for recreation to her residents and visitors alike.

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.

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 effective 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, 2017 disclosed no significant violations of applicable laws and regulations.

Risk Management:

The County utilizes a high deductible health insurance plan through Blue Cross and Blue Shield of Michigan, (BCBSM) combined with a health reimbursement account administered by the County using an independent third party. The County expects this model to reduce risk exposure for medical claims and reduce its overall cost of providing insurance coverage for employees. The program, including prescription drugs, dental and vision services, is accounted for in the 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. Insurance premiums, medical bills paid from the health reimbursement account and administrative charges are paid from the Fund.

Revenue for Fund operations originates from the participating groups that pay a fee for each participating employee. The fee is determined based on the premium rate established by BCBSM and a third party administrator's estimate of annual deductibles that will be paid from the health reimbursement account. These rates vary depending on the coverage selected by the individual employee. 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. For additional information concerning risk management, refer to Note 15 of the Notes to the Financial Statements.

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 MERS. Under this plan, the County contributes 7% and the employee contributes 2% of their gross salary. For additional information concerning the employee retirement system, refer to Note 11 of the Notes to the Financial Statements.

OTHER INFORMATION:**Independent Audit:**

The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The public accounting firm of Rehmann Robson 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 Uniform Guidance as previously described. 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, 2016.

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:

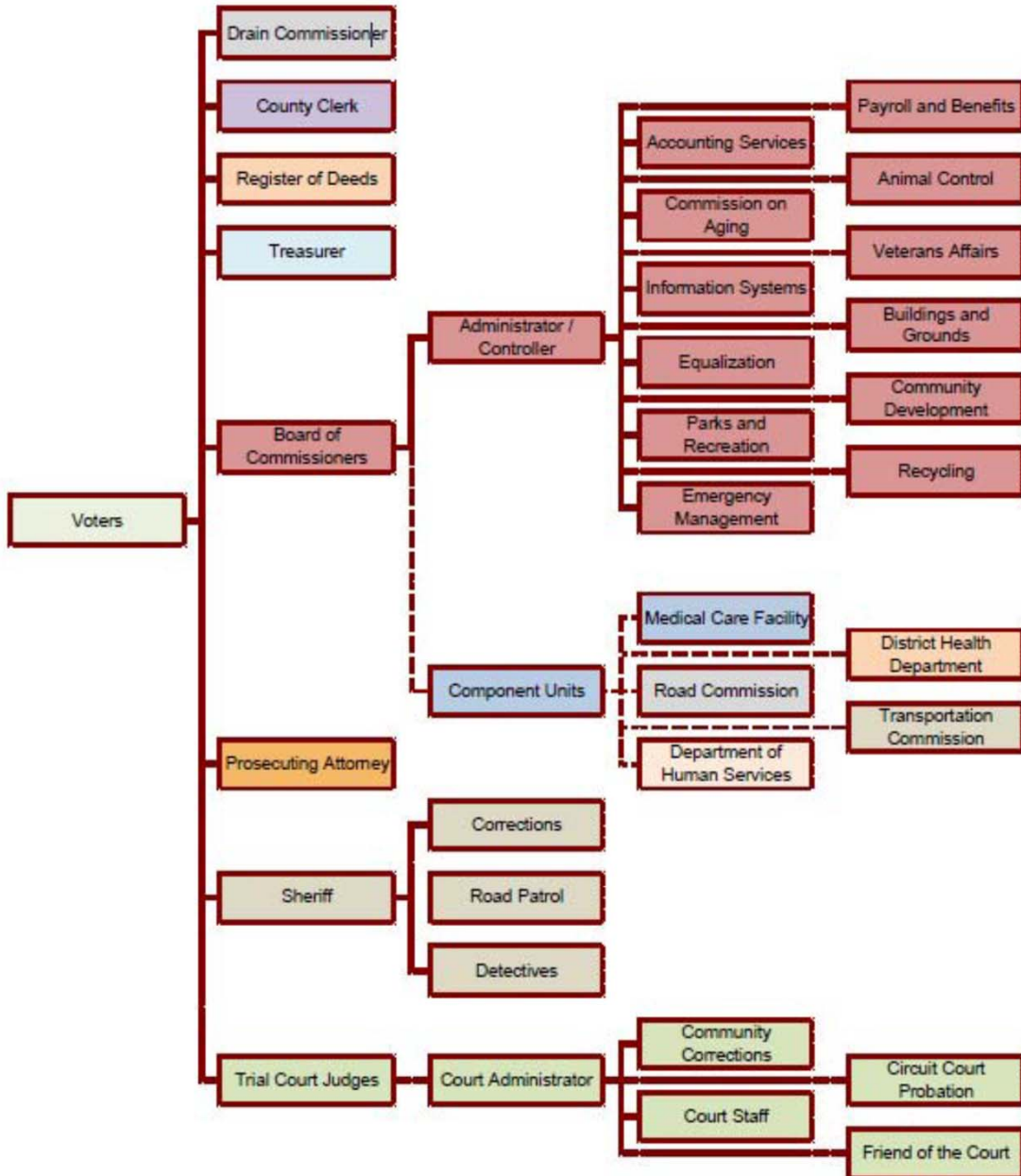
I wish to thank members of the Isabella County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner. I also wish to thank the Elected Officials, appointed department heads, and staff whose commitment to excellence and public service is reflected in this report and in the operations of Isabella County.

Respectfully submitted,

A handwritten signature in blue ink, reading "Margaret McAvoy". The signature is written in a cursive style with a large, stylized "M" and "A".

Margaret McAvoy
County Administrator/Controller

ISABELLA COUNTY ORGANIZATIONAL FLOW CHART



ISABELLA COUNTY, MICHIGAN

GFOA Certificate of Achievement



Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

March 19, 2018

Board of Commissioners
Isabella County
Mt. Pleasant, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isabella County, Michigan (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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, the Isabella County Transportation Commission, or the Isabella County Medical Care Facility discretely presented component units, which represent the indicated percentages of total aggregate discretely presented component units assets and deferred outflows of resources, net position and revenues:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Isabella County Road Commission	58%	64%	37%
Isabella County Transportation Commission	3%	3%	17%
Isabella County Medical Care Facility	13%	12%	40%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Isabella County Road Commission, Isabella County Medical Care Facility and the Isabella County Transportation Commission component units are based 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 from material misstatement. The financial statements of the Medical Care Facility component unit were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the 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, Michigan, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Beginning Equity

As discussed in Note 22 to the financial statements, beginning net position/fund balance of governmental activities, business-type activities, Tribal contribution special revenue fund, commission on aging special revenue fund, recycling enterprise fund, board of public works component unit and drainage district component unit were restated to correct errors in recognizing revenue in the proper year. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 19, 2018, on our consideration of Isabella County, Michigan's internal control over financial reporting and 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* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobach LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

These financial statements are the responsibility of Isabella County's management. We offer readers this narrative overview and analysis for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

• Total net position	\$ 26,488,403
• Change in total net position	(2,120,836)
• Fund balances, governmental funds	14,597,337
• Change in fund balances, governmental funds	(519,803)
• Unassigned fund balance, general fund	4,764,319
• Change in fund balance, general fund	(1,145,208)
• Installment debt outstanding	1,538,259
• Change in installment debt	(381,468)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) or 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, public works, health and welfare, recreation and culture and community development. The business-type activities of the County include delinquent tax collections, building inspections, recycling and concessions.

The government-wide financial statements include not only Isabella County (known as the *primary government*), but also legally separate *component units* for which the County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

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. Isabella 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. Following both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances are reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Information for each of the County's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Tribal Contribution, CDBG Housing Assistance Grant and Commission on Aging special revenue funds and the Building Authority Bonds debt service fund, which are considered to be the County's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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 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. The County uses an internal service fund to account for its self insurance activities. Because these services benefit governmental and business-type functions, they have been allocated between governmental activities and business-type 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 information for the material recovery facility, PA 123 restricted tax and delinquent tax revolving funds, which are considered to be major enterprise funds of the County, as well as the aggregate of the nonmajor enterprise funds.

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.

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

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the County's pension plan.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Isabella County, assets exceeded liabilities by \$26,488,403 at the close of the most recent fiscal year. One of the largest portions of the County's net position (59 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.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 18,586,380	\$ 20,856,367	\$ 9,285,664	\$ 9,152,188	\$ 27,872,044	\$ 30,008,555
Capital assets, net	14,251,263	14,620,817	1,286,733	1,423,200	15,537,996	16,044,017
	<u>32,837,643</u>	<u>35,477,184</u>	<u>10,572,397</u>	<u>10,575,388</u>	<u>43,410,040</u>	<u>46,052,572</u>
Deferred outflows of resources	2,443,892	4,842,598	110,384	213,064	2,554,276	5,055,662
Liabilities						
Long-term liabilities	2,370,216	2,752,133	38,179	32,922	2,408,395	2,785,055
Other liabilities	15,601,513	18,884,657	753,051	829,283	16,354,564	19,713,940
	<u>17,971,729</u>	<u>21,636,790</u>	<u>791,230</u>	<u>862,205</u>	<u>18,762,959</u>	<u>22,498,995</u>
Deferred inflows of resources	681,940	-	31,014	-	712,954	-
Net position						
Net investment in capital assets	13,481,108	13,322,140	1,286,733	1,423,200	14,767,841	14,745,340
Restricted	4,872,321	4,264,012	-	350,000	4,872,321	4,614,012
Unrestricted (deficit)	<u>(1,725,563)</u>	<u>1,096,840</u>	<u>8,573,804</u>	<u>8,153,047</u>	<u>6,848,241</u>	<u>9,249,887</u>
Total net position	<u>\$ 16,627,866</u>	<u>\$ 18,682,992</u>	<u>\$ 9,860,537</u>	<u>\$ 9,926,247</u>	<u>\$ 26,488,403</u>	<u>\$ 28,609,239</u>

An additional portion of the County's net position (18 percent) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities with the exception of unrestricted net position in the governmental activities, which is mainly attributable to the net pension liability.

The government's net position decreased by \$2,120,836 during the current fiscal year. This decrease was in both governmental activities (\$2,055,126) and business-type activities (\$65,710).

The following condensed financial information was derived from the government-wide statement of activities and reflects how the County's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 5,056,514	\$ 5,613,296	\$ 2,360,313	\$ 2,059,568	\$ 7,416,827	\$ 7,672,864
Operating grants	4,147,196	4,464,476	399,268	271,930	4,546,464	4,736,406
Capital grants	89,607	38,920	-	-	89,607	38,920
General revenues						
Taxes	13,096,866	12,933,132	-	-	13,096,866	12,933,132
State shared revenues	1,255,625	1,243,491	-	-	1,255,625	1,243,491
Unrestricted grants and contributions	520,942	494,694	-	-	520,942	494,694
Unrestricted investment earnings	97,377	74,993	31,466	22,674	128,843	97,667
Other	217,407	334,083	-	5,088	217,407	339,171
Total revenues	24,481,534	25,197,085	2,791,047	2,359,260	27,272,581	27,556,345
Expenses						
General government	11,863,489	12,092,262	-	-	11,863,489	12,092,262
Public safety	7,660,384	7,831,619	-	-	7,660,384	7,831,619
Public works	680,225	626,388	-	-	680,225	626,388
Health and welfare	5,796,511	6,478,989	-	-	5,796,511	6,478,989
Recreation and culture	937,252	963,879	-	-	937,252	963,879
Community developmen	297,673	485,698	-	-	297,673	485,698
Interest on long-term debt	41,126	42,997	-	-	41,126	42,997
Delinquent tax	-	-	363,633	569,796	363,633	569,796
Building inspections	-	-	369,458	384,258	369,458	384,258
Recycling	-	-	1,161,993	1,069,899	1,161,993	1,069,899
Concessions	-	-	221,673	201,812	221,673	201,812
Total expenses	27,276,660	28,521,832	2,116,757	2,225,765	29,393,417	30,747,597
Change in net position, before transfers	(2,795,126)	(3,324,747)	674,290	133,495	(2,120,836)	(3,191,252)
Transfers	740,000	1,893,950	(740,000)	(1,893,950)	-	-
Change in net position	(2,055,126)	(1,430,797)	(65,710)	(1,760,455)	(2,120,836)	(3,191,252)
Net position:						
Beginning of year, as restated	18,682,992	20,113,789	9,926,247	11,686,702	28,609,239	31,800,491
End of Year	\$ 16,627,866	\$ 18,682,992	\$ 9,860,537	\$ 9,926,247	\$ 26,488,403	\$ 28,609,239

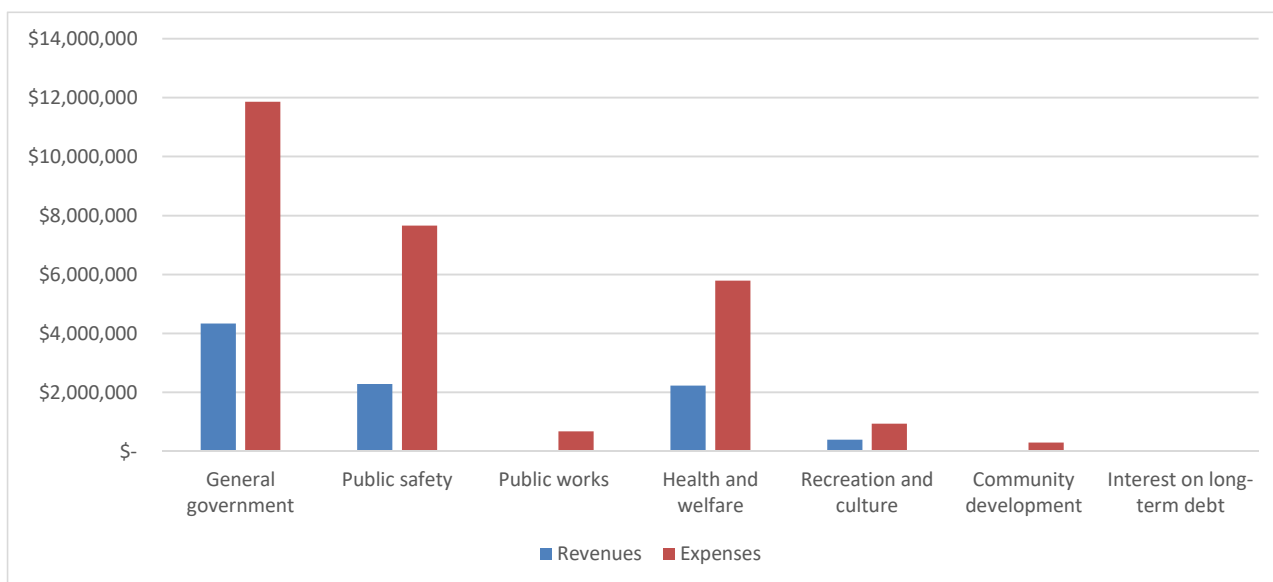
ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Isabella County had a decrease in governmental activities net position totaling \$2,055,126 in fiscal year 2017. There were less transfers in for governmental activities due to unavailability of net position in business-type activities. Revenue from external inmate contracts were less by \$161,835, causing charges for services to be lower in 2017. Less of the internal service, charges for services revenue was allocated to governmental activities.

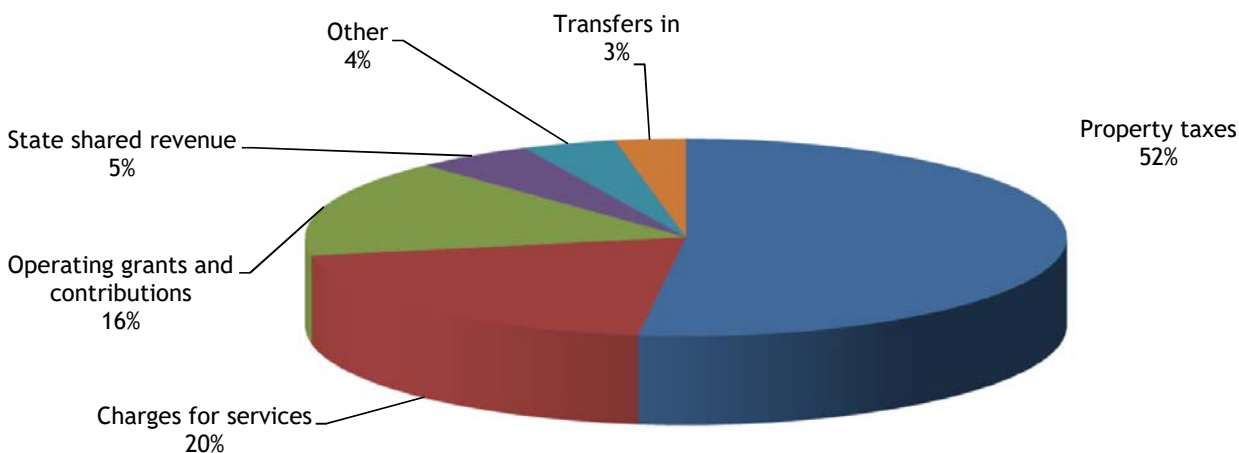
Governmental Activities. The following chart presents program revenues and expenses of the governmental activities for the fiscal year:

Governmental Activities - Program Revenues and Expenses



The following chart presents revenues by source for the governmental activities for the fiscal year:

Governmental Activities - Revenues by Source



ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

Business-type Activities. Business-type activities decreased the County's net position by \$65,710. This change was the result of the following:

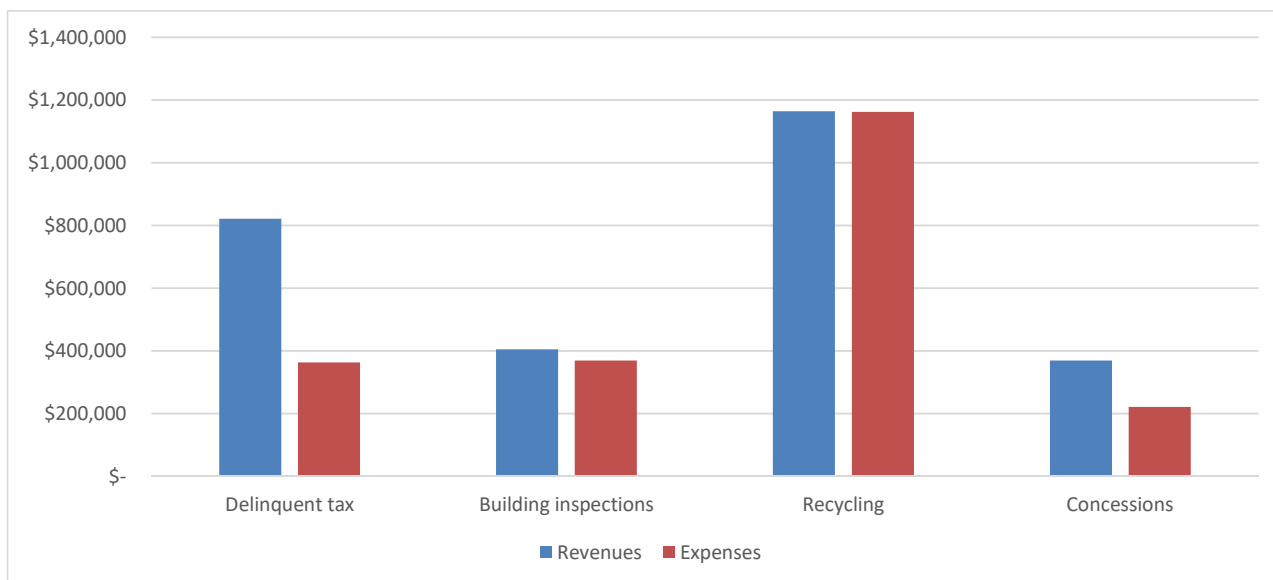
- The recycling activity increased business-type activities net position by \$381,555 in 2017. Sales were up from 2016 due to an increase in commodity prices. In addition, the recycling activity received local funding to purchase trucks and repair/reline its baler.

- More of internal service, charges for services revenue was allocated to business-type activities.

- There were less transfers out from business-type activities of \$1,153,950 due to unavailability of net position in business-type activities.

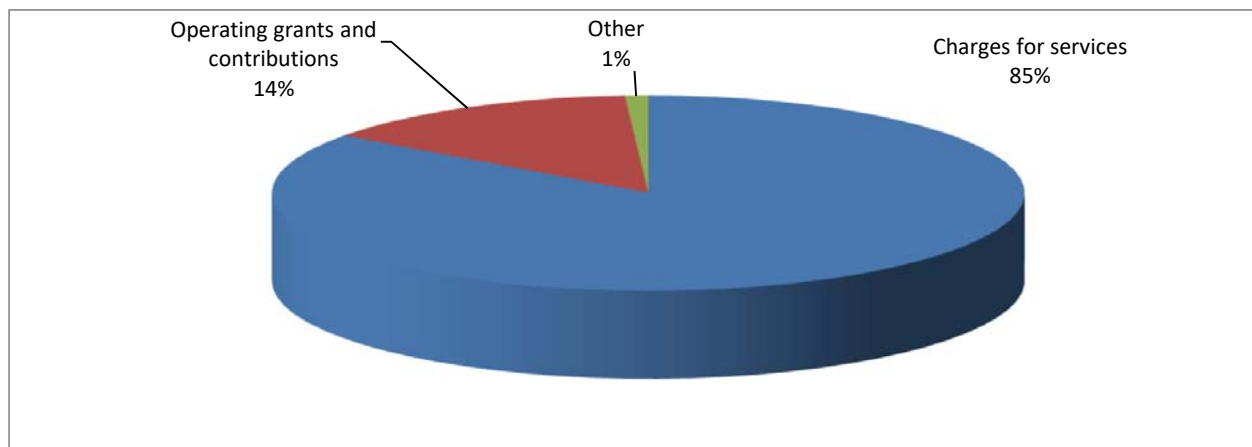
Business-type Activities. The following chart presents program revenues and expenses of the business-type activities for the fiscal year:

Business-type Activities - Program Revenues and Expenses



The following chart presents revenues by source for the business-type activities for the fiscal year:

Business-type Activities - Revenues by Source



ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,597,337, a decrease of \$519,803 in comparison with the prior year. Approximately 66 percent (\$9,654,183) of total fund balance constitutes unassigned, assigned, or committed fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has already been committed for items such as inventory, prepaid items, or is restricted for specific purposes by external third parties.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund totaled \$9,552,415 while total fund balance was \$9,606,790. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24 percent of total general fund expenditures and transfers out.

The general fund had a decrease of \$1,145,208 in the current fiscal year. The County entered into a contract with BS&A for implementation of a new financial management system that cost \$368,488. The County also paid down its portion of drain construction, costing \$275,000, and the debt on court/jail building, costing \$303,729. In 2017, the County spent \$44,250 on computer replacement for various departments, following the rotation schedule of new computer hardware.

The fund balance of the Tribal Contribution Fund was \$164,016 which is consistent with the prior year restated balance. The activity in the Tribal Contribution Fund is completely funded by the bi-annual distributions received from the Saginaw Chippewa Tribe for projects the Board of Commissioners submitted for the Tribe's consideration.

The CDBG Housing Assistance Grant fund had an increase in fund balance of \$35,950 to \$110,294 as of the most recent fiscal year end. There was an increase in program income of \$35,980 in 2017, due to increased collections on mortgages.

The Commission on Aging activities increased fund balance by \$213,965 to \$1,985,062 as of the most recent fiscal year end. This increase is due in part to a greater allocation of the property tax millage to operations and also a slight increase in federal grant revenue.

The Building Authority Bonds Fund had a decrease in fund balance of \$710 to \$52,730 as of the most recent fiscal year end. The 2007 Building Authority bonds for the Commission on Aging were paid off in 2016, therefore there were no large annual payments to decrease fund balance.

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

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

General fund revenues and other financing sources were greater than the budgetary estimates by \$257,506. This variance was due in part to property tax revenue exceeding budget estimates by \$357,458, due to a 3% increase in taxable value in 2017 compared to 2016.

General fund expenditures were less than the budgetary estimates by \$677,029. There were less expenditures than budgeted in the trial court for salaries and wages, health insurance and retirement, due to lower staffing numbers in 2017. Also, less equipment costs were incurred than budgeted. Expenditures in the public defender department were down due to no capital cases in 2017 and less cases overall, not needing to incur costs for attorneys. The road patrol department budgeted for two positions but only filled one position in the department due to the amount of the grant the County received from the State. Expenditures in the corrections department were down due to a decrease in inmate medical services and lower part time staffing numbers.

During the current year, the original expenditure budget was amended down by a net of \$32,363, which was spread across various activities like general government and public safety once more reliable expenditure amounts were determined based on the expenditure reductions noted above.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted to \$15,537,996 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles.

The significant capital asset events during the current fiscal year included the following:

- . BS&A financial management software for \$230,972
- . Three vehicles totaling \$96,053 for the Sheriff's department
- . Horizontal baler and conveyer at the recycling center for \$67,026
- . New audio and visual presentation equipment for Commission on Aging for \$85,709
- . New x-ray machine at the trial court for \$24,650
- . The drainage districts added \$1,830,348 in construction in progress costs for eleven drains and capitalized \$4,402,494 in drain infrastructure with the completion of work on five drains that were in progress from the prior year.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 2,144,107	\$ 2,159,723	\$ 107,914	\$ 121,953	\$ 2,252,021	\$ 2,281,676
Buildings and improvements	10,698,643	11,189,832	641,945	677,422	11,340,588	11,867,254
Equipment	763,480	790,220	371,197	364,786	1,134,677	1,155,006
Vehicles	353,473	375,730	165,677	259,039	519,150	634,769
Other	291,560	105,312	-	-	291,560	105,312
Total capital assets, net	\$ 14,251,263	\$ 14,620,817	\$ 1,286,733	\$ 1,423,200	\$ 15,537,996	\$ 16,044,017

Additional information on the County's capital assets can be found in Note 6.

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

Debt Administration. At the end of the current fiscal year, the County had total debt outstanding of \$2,408,395. Of this amount, \$950,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents post-closure landfill costs, bond issuance premiums and compensated absences.

		Long-term Debt					
		Governmental Activities		Business-type Activities		Total	
		2017	2016	2017	2016	2017	2016
General obligation bonds	\$	950,000	\$ 1,300,000	\$ -	\$ -	\$ 950,000	\$ 1,300,000
Postclosure landfill costs		588,259	619,727	-	-	588,259	619,727
Compensated absences		820,063	808,620	38,179	32,922	858,242	841,542
Issuance premiums		11,894	23,786	-	-	11,894	23,786
Total long-term debt	\$	<u>2,370,216</u>	<u>\$ 2,752,133</u>	<u>\$ 38,179</u>	<u>\$ 32,922</u>	<u>\$ 2,408,395</u>	<u>\$ 2,785,055</u>

The County's total governmental activity debt decreased by \$381,917 during the current fiscal year due largely to the normal pay-off on the general obligation bonds.

The County's bond ratings range 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 higher than the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 9.

Economic Condition and Outlook

The general fund had a decrease of \$1,145,208 in the current fiscal year. The Isabella County Board of Commissioners has directed the County management to be proactive and not reactive. Isabella County has done well protecting its resources and meeting its financial obligations. This has been accomplished by concerted effort of the Board, elected and appointed officials and staff.

Looking towards the future, the County Administrator/Controller and professional financial staff will continue updating financial reporting, budgeting processes, and implementing new financial management and control procedures. Elected and appointed officials will be empowered to accept responsibility for their department revenues, expenditures, budgets and adjustments, and be partners in assuring the fiscal stability of the County.

The County administrative staff is dedicated to fostering good partnerships and collaborations with our municipal and private sector neighbors and partners. To this end, we participate in a number of economic development organizations and serve on the boards of the Mid-Michigan Development Corporation, the City of Mount Pleasant Central Business District, Industrial Park North and University Park Tax Increment Finance Authorities, the Mission-Pickard Downtown Development Authority and the CMU-RC Local Development Financing Act.

Isabella County is home to Central Michigan University, the Saginaw-Chippewa Indian Tribe, major manufacturers and many vibrant and charming communities. The economy is steady, the workforce is well trained, business persons are investing in the community and public officials are dedicated to preserving the rich heritage and character of the county while positioning the area to be vibrant for generations to come. Isabella County is honored to be a partner in the future of this great community.

ISABELLA COUNTY, MICHIGAN

Management's Discussion and Analysis

The following economic factors were considered in developing the 2017-2018 budget:

- . Property tax revenue anticipated for the 2017-2018 fiscal year budget shows an increase of \$340,000.
 - . The budget maintains current service levels to County residents and utilizes general fund resources of over \$1 million to do so.
- . The County is strategically considering much needed facility improvements.
 - . The County Board allocated funds in the 2017-2018 fiscal year budget to contribute to the redesign of the County's website.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all of 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 Street, Mt. Pleasant, Michigan 48858.

BASIC FINANCIAL STATEMENTS

ISABELLA COUNTY, MICHIGAN

Statement of Net Position

September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 6,769,475	\$ 2,481,307	\$ 9,250,782	\$ 15,268,622
Investments	3,565,845	3,785,303	7,351,148	2,529,354
Cash at fiscal agent	-	-	-	506,308
Receivables, net	8,367,099	2,655,937	11,023,036	15,328,343
Internal balances	(350,092)	350,092	-	-
Other assets	234,053	13,025	247,078	943,962
Restricted cash and cash equivalents	-	-	-	3,993,726
Capital assets not being depreciated	2,021,742	107,757	2,129,499	28,697,213
Capital assets being depreciated, net	12,229,521	1,178,976	13,408,497	92,601,442
Total assets	32,837,643	10,572,397	43,410,040	159,868,970
Deferred outflows of resources				
Deferred loss on bond refunding	16,739	-	16,739	145,831
Deferred pension amounts	2,427,153	110,384	2,537,537	2,165,861
Total deferred outflows of resources	2,443,892	110,384	2,554,276	2,311,692
Liabilities				
Accounts payable and accrued liabilities	1,619,046	117,198	1,736,244	3,657,253
Unearned revenue	995	-	995	490,965
Long-term liabilities:				
Due within one year	724,710	15,272	739,982	1,862,849
Due in more than one year	1,645,506	22,907	1,668,413	17,523,674
Net pension liability	13,981,472	635,853	14,617,325	5,537,406
Other postemployment obligations	-	-	-	84,362
Total liabilities	17,971,729	791,230	18,762,959	29,156,509
Deferred inflows of resources				
Deferred pension amounts	681,940	31,014	712,954	105,719
Net position				
Net investment in capital assets	13,481,108	1,286,733	14,767,841	105,813,928
Restricted:				
County roads	-	-	-	4,423,046
Commission on aging activities	1,985,062	-	1,985,062	-
Parks and recreation	960,588	-	960,588	-
E-911	513,082	-	513,082	-
Child care	601,321	-	601,321	-
Other	812,268	-	812,268	486,675
Unrestricted (deficit)	(1,725,563)	8,573,804	6,848,241	22,194,785
Total net position	\$ 16,627,866	\$ 9,860,537	\$ 26,488,403	\$ 132,918,434

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2017

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues
Primary government					
Governmental activities:					
General government	\$ 11,863,489	\$ 2,518,550	\$ 1,811,111	\$ 6,500	\$ (7,527,328)
Public safety	7,660,384	1,844,867	363,951	83,107	(5,368,459)
Public works	680,225	-	-	-	(680,225)
Health and welfare	5,796,511	259,719	1,972,134	-	(3,564,658)
Recreation and culture	937,252	401,626	-	-	(535,626)
Community development	297,673	31,752	-	-	(265,921)
Interest on long-term debt	41,126	-	-	-	(41,126)
Total governmental activities	27,276,660	5,056,514	4,147,196	89,607	(17,983,343)
Business-type activities:					
Delinquent tax	363,633	821,178	-	-	457,545
Building inspections	369,458	405,426	-	-	35,968
Recycling	1,161,993	764,538	399,268	-	1,813
Concessions	221,673	369,171	-	-	147,498
Total business-type activities	2,116,757	2,360,313	399,268	-	642,824
Total primary government	\$ 29,393,417	\$ 7,416,827	\$ 4,546,464	\$ 89,607	\$ (17,340,519)
Component units					
Road commission	\$ 10,836,025	\$ 598,461	\$ 5,796,334	\$ 7,337,962	\$ 2,896,732
Transportation commission	6,151,019	404,484	3,830,154	487,511	(1,428,870)
Medical care facility	14,047,454	13,543,219	-	3,067	(501,168)
Drainage districts	1,282,802	28,857	-	1,880,486	626,541
Board of public works	177,989	29,481	290,715	-	142,207
Total component units	\$ 32,495,289	\$ 14,604,502	\$ 9,917,203	\$ 9,709,026	\$ 1,735,442

continued...

ISABELLA COUNTY, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Changes in net position				
Net (expense) revenues	\$ (17,983,343)	\$ 642,824	\$ (17,340,519)	\$ 1,735,442
General revenues:				
Property taxes	13,096,866	-	13,096,866	2,597,724
State shared revenues	1,255,625	-	1,255,625	-
Grants and contributions not restricted to specific programs	520,942	-	520,942	-
Unrestricted investment earnings	97,377	31,466	128,843	59,842
Other	217,407	-	217,407	3,694
Transfers - internal activities	740,000	(740,000)	-	-
Total general revenues and transfers	15,928,217	(708,534)	15,219,683	2,661,260
Change in net position	(2,055,126)	(65,710)	(2,120,836)	4,396,702
Net position, beginning of year, as restated	18,682,992	9,926,247	28,609,239	128,521,732
Net position, end of year	\$ 16,627,866	\$ 9,860,537	\$ 26,488,403	\$ 132,918,434

concluded.

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

September 30, 2017

		Special Revenue Funds		
	General	Tribal Contribution	CDBG Housing Assistance Grant	Commission on Aging
Assets				
Cash and cash equivalents	\$ 2,056,012	\$ 998,613	\$ 121,294	\$ 1,140,306
Investments	2,949,322	231,974	-	-
Receivables:				
Accounts receivable, net	116,983	338,315	-	33,232
Taxes receivable	5,326,561	-	-	-
Loans receivable	-	-	1,065,339	-
Leases receivable	-	-	-	-
Due from other governments	410,881	-	-	88,007
Due from other funds	201,457	-	-	845,332
Inventories	12,399	-	-	9,013
Prepays	41,976	-	-	688
Total assets	\$ 11,115,591	\$ 1,568,902	\$ 1,186,633	\$ 2,116,578
Liabilities				
Accounts payable	\$ 280,865	\$ -	\$ -	\$ 76,639
Accrued payroll	457,971	-	-	39,046
Due to other funds	24,192	1,021,353	11,000	15,831
Due to other governments	-	383,533	-	-
Unearned revenue	-	-	-	-
Total liabilities	763,028	1,404,886	11,000	131,516
Deferred inflows of resources				
Unavailable revenue	745,773	-	1,065,339	-
Fund balances				
Nonspendable	54,375	-	-	9,701
Restricted	-	164,016	110,294	1,975,361
Committed	-	-	-	-
Assigned	4,788,096	-	-	-
Unassigned	4,764,319	-	-	-
Total fund balances	9,606,790	164,016	110,294	1,985,062
Total liabilities, deferred inflows of resources and fund balances	\$ 11,115,591	\$ 1,568,902	\$ 1,186,633	\$ 2,116,578

The accompanying notes are an integral part of these basic financial statements.



Debt Service Fund		
Building Authority Bonds	Nonmajor Governmental Funds	Totals
\$ 52,730	\$ 1,886,490	\$ 6,255,445
-	384,549	3,565,845
-	326,396	814,926
-	-	5,326,561
-	-	1,065,339
950,000	-	950,000
-	444,184	943,072
-	43,542	1,090,331
-	-	21,412
-	37,033	79,697
<hr/>		
\$ 1,002,730	\$ 3,122,194	\$ 20,112,628
<hr/>		
\$ -	\$ 220,472	\$ 577,976
-	74,815	571,832
-	145,163	1,217,539
-	2,304	385,837
-	995	995
<hr/>		
-	443,749	2,754,179
<hr/>		
950,000	-	2,761,112
<hr/>		
-	37,033	101,109
52,730	2,539,644	4,842,045
-	54,925	54,925
-	46,843	4,834,939
-	-	4,764,319
<hr/>		
52,730	2,678,445	14,597,337
<hr/>		
\$ 1,002,730	\$ 3,122,194	\$ 20,112,628
<hr/>		

ISABELLA COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
September 30, 2017

Fund balances - total governmental funds \$ 14,597,337

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

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

Capital assets not being depreciated	2,021,742
Capital assets being depreciated, net	12,229,521

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.

Deferred lease receivable	950,000
Less: Internal lease receivable	(775,000)
Deferred loans receivable	1,065,339
Deferred long-term taxes receivable	745,773

Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(13,981,472)
Deferred inflows related to the net pension liability	(681,940)
Deferred outflows related to the net pension liability	2,427,153

Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in the internal service fund	622,232
Net position of the internal service fund allocated to business-type activities	(222,884)

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

Bonds payable	(961,894)
Deferred loss on bond refunding	16,739
Accrued interest on bonds payable	(16,458)
Postclosure landfill liabilities	(588,259)
Compensated absences	(820,063)

Net position of governmental activities \$ 16,627,866

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2017

		Special Revenue Funds		
	General	Tribal Contribution	CDBG Housing Assistance Grant	Commission on Aging
Revenues				
Taxes and special assessments	\$ 11,236,940	\$ -	\$ -	\$ 1,443,964
Licenses and permits	93,997	-	-	-
Intergovernmental	2,919,813	90,107	-	569,866
Local	-	-	-	248,577
Charges for services	2,917,173	-	-	64,835
Fines and forfeitures	164,004	-	-	-
Interest revenue	410,877	-	-	3,959
Contributions	-	-	-	197,923
Other revenues	136,779	-	35,980	28,523
Total revenues	17,879,583	90,107	35,980	2,557,647
Expenditures				
Current:				
General government	9,528,127	25,835	-	-
Public safety	5,712,466	22,307	-	-
Public works	311,051	-	-	-
Health and welfare	1,001,092	-	-	2,343,682
Recreation and culture	-	695	-	-
Community development	275,598	1,414	30	-
Other	505,754	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	17,334,088	50,251	30	2,343,682
Revenues over (under) expenditures	545,495	39,856	35,950	213,965
Other financing sources (uses)				
Transfers in	1,115,000	-	-	-
Transfers out	(2,805,703)	-	-	-
Total other financing sources (uses)	(1,690,703)	-	-	-
Net change in fund balances	(1,145,208)	39,856	35,950	213,965
Fund balances, beginning of year, as restated	10,751,998	124,160	74,344	1,771,097
Fund balances, end of year	\$ 9,606,790	\$ 164,016	\$ 110,294	\$ 1,985,062

The accompanying notes are an integral part of these basic financial statements.

Debt Service Fund		
Building Authority Bonds	Nonmajor Governmental Funds	Totals
\$ -	\$ 575,834	\$ 13,256,738
-	425,332	519,329
-	1,801,880	5,381,666
-	-	248,577
-	1,220,995	4,203,003
-	9,904	173,908
39	3,231	418,106
-	-	197,923
94,049	75,566	370,897
94,088	4,112,742	24,770,147
-	1,034,397	10,588,359
-	1,284,669	7,019,442
-	-	311,051
-	2,247,889	5,592,663
-	841,343	842,038
-	-	277,042
-	-	505,754
350,000	-	350,000
47,747	-	47,747
-	495,854	495,854
397,747	5,904,152	26,029,950
(303,659)	(1,791,410)	(1,259,803)
302,949	2,158,345	3,576,294
-	(30,591)	(2,836,294)
302,949	2,127,754	740,000
(710)	336,344	(519,803)
53,440	2,342,101	15,117,140
\$ 52,730	\$ 2,678,445	\$ 14,597,337

ISABELLA COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds	\$ (519,803)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets purchased/constructed	458,444
Depreciation expense	(827,998)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Change in deferred lease receivable	(95,000)
Change in deferred loans receivable	(34,399)
Change in deferred taxes and tax settlement receivables	(159,872)

Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The net increase (decrease) in the net position of the internal service funds is reported with governmental activities.

Change in net position from governmental activities in the internal service fund	(403,575)
Change in the internal service fund net position allocated to business-type activities	33,568

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.

Change in postclosure liability	31,468
Principal payments on long-term liabilities	350,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on long-term liabilities	14,991
Amortization of issuance premiums and discounts, and deferred refunding losses	(8,370)
Change in net pension liability and related deferred amounts	(883,137)
Change in the accrual for compensated absences	(11,443)

Change in net position of governmental activities	<u>\$ (2,055,126)</u>
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The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 10,879,482	\$ 10,879,482	\$ 11,236,940	\$ 357,458
Licenses and permits	89,500	89,500	93,997	4,497
Intergovernmental	2,992,605	3,012,386	2,919,813	(92,573)
Charges for services	2,963,750	2,963,750	2,917,173	(46,577)
Fines and forfeitures	220,300	220,300	164,004	(56,296)
Interest and rents	389,259	389,259	410,877	21,618
Other revenues	117,400	117,400	136,779	19,379
Total revenues	17,652,296	17,672,077	17,879,583	207,506
Expenditures				
Current:				
General government:				
Board of Commissioners	184,537	164,507	161,107	(3,400)
Administration	762,418	804,018	803,467	(551)
Elections	48,100	55,550	55,503	(47)
Clerk	517,990	529,890	529,880	(10)
Equalization	325,368	329,868	329,868	-
Prosecuting attorney	1,192,197	1,192,547	1,192,510	(37)
Register of deeds	374,091	356,491	351,128	(5,363)
Human resources	59,600	49,600	47,386	(2,214)
Public defender	533,000	533,000	456,422	(76,578)
Remonumentation	45,000	62,600	62,578	(22)
Treasurer	242,138	242,138	239,959	(2,179)
MSU cooperative extension	149,812	149,812	149,399	(413)
Information systems	229,171	225,921	221,102	(4,819)
Building authority	94,269	94,299	94,299	-
Building and grounds	764,918	703,668	697,749	(5,919)
Drain commissioner	339,779	366,379	366,320	(59)
Trial court	3,822,053	3,786,409	3,506,714	(279,695)
Adult drug court	112,113	116,313	116,284	(29)
Juvenile drug court	94,529	94,529	87,779	(6,750)
Family court	61,527	61,527	56,946	(4,581)
Jury board	2,200	2,200	1,727	(473)
Total general government	9,954,810	9,921,266	9,528,127	(393,139)
Public safety:				
Sheriff	2,472,312	2,437,529	2,427,310	(10,219)
Road patrol	186,036	153,436	107,260	(46,176)
Marine safety	5,000	10,883	10,883	-
Corrections	2,789,285	2,789,285	2,645,769	(143,516)
Emergency management	113,880	113,880	105,312	(8,568)
Michigan justice training act	4,000	4,000	450	(3,550)
Other	-	18,681	17,976	(705)
Animal control	392,648	397,548	397,506	(42)
Total public safety	5,963,161	5,925,242	5,712,466	(212,776)

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ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works:				
Board of public works	\$ 800	\$ 800	\$ 180	\$ (620)
Drain at large	275,000	279,450	279,404	(46)
Well monitoring - landfill	45,189	40,739	31,467	(9,272)
Total public works	<u>320,989</u>	<u>320,989</u>	<u>311,051</u>	<u>(9,938)</u>
Health and welfare:				
Substance abuse counseling	162,106	162,106	160,462	(1,644)
Medical examiner	150,600	152,400	152,323	(77)
Public health	391,270	389,470	387,384	(2,086)
Mental health services	216,300	216,300	216,300	-
Child protection services	5,000	5,000	5,000	-
Veteran's affairs	75,600	75,600	73,741	(1,859)
Disabilities advisory commission	6,255	6,255	5,882	(373)
Total health and welfare	<u>1,007,131</u>	<u>1,007,131</u>	<u>1,001,092</u>	<u>(6,039)</u>
Community and economic development	<u>269,789</u>	<u>275,639</u>	<u>275,598</u>	<u>(41)</u>
Other	<u>527,600</u>	<u>560,850</u>	<u>505,754</u>	<u>(55,096)</u>
Total expenditures	<u>18,043,480</u>	<u>18,011,117</u>	<u>17,334,088</u>	<u>(677,029)</u>
Revenues over expenditures	<u>(391,184)</u>	<u>(339,040)</u>	<u>545,495</u>	<u>884,535</u>
Other financing sources (uses)				
Transfers in	1,065,000	1,065,000	1,115,000	50,000
Transfers out	<u>(2,754,347)</u>	<u>(2,806,491)</u>	<u>(2,805,703)</u>	<u>(788)</u>
Total other financing sources (uses)	<u>(1,689,347)</u>	<u>(1,741,491)</u>	<u>(1,690,703)</u>	<u>50,788</u>
Net change in fund balance	<u>(2,080,531)</u>	<u>(2,080,531)</u>	<u>(1,145,208)</u>	<u>935,323</u>
Fund balance, beginning of year	<u>10,751,998</u>	<u>10,751,998</u>	<u>10,751,998</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,671,467</u>	<u>\$ 8,671,467</u>	<u>\$ 9,606,790</u>	<u>\$ 935,323</u>

concluded.

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Tribal Contribution
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 59,856	\$ 63,599	\$ 90,107	\$ 26,508
Expenditures				
Current:				
General government	52,856	56,599	25,835	(30,764)
Public safety	-	-	22,307	22,307
Community and economic development	2,000	2,000	1,414	(586)
Recreation and culture	5,000	5,000	695	(4,305)
Total expenditures	59,856	63,599	50,251	(13,348)
Net change in fund balance	-	-	39,856	39,856
Fund balance, beginning of year, as restated	124,160	124,160	124,160	-
Fund balance, end of year	\$ 124,160	\$ 124,160	\$ 164,016	\$ 39,856

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - CDBG Housing Assistance Grant

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other revenues	\$ 17,500	\$ 17,500	\$ 35,980	\$ 18,480
Expenditures				
Current:				
Community and economic development	17,500	17,500	30	(17,470)
Net change in fund balance	-	-	35,950	35,950
Fund balance, beginning of year	74,344	74,344	74,344	-
Fund balance, end of year	\$ 74,344	\$ 74,344	\$ 110,294	\$ 35,950

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Commission on Aging
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,426,761	\$ 1,426,761	\$ 1,443,964	\$ 17,203
Intergovernmental	539,411	556,031	569,866	13,835
Local	228,591	228,591	248,577	19,986
Charges for services	32,000	32,000	64,835	32,835
Interest and rents	-	-	3,959	3,959
Contributions	180,166	180,166	197,923	17,757
Other revenues	20,891	20,891	28,523	7,632
Total revenues	2,427,820	2,444,440	2,557,647	113,207
Expenditures				
Current:				
Health and welfare	2,340,851	2,357,471	2,343,682	(13,789)
Net change in fund balance	86,969	86,969	213,965	126,996
Fund balance, beginning of year, as restated	1,771,097	1,771,097	1,771,097	-
Fund balance, end of year	\$ 1,858,066	\$ 1,858,066	\$ 1,985,062	\$ 126,996

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 555,894	\$ 826,188	\$ 475,706	\$ 623,519	\$ 2,481,307	\$ 514,030
Investments	2,587,410	-	1,197,893	-	3,785,303	-
Receivables:						
Accounts	-	61,057	2,058	9,645	72,760	42,201
Delinquent taxes	2,501,023	-	-	-	2,501,023	-
Due from other governments	79,940	2,214	-	-	82,154	-
Inventories	-	-	-	10,959	10,959	-
Prepays	-	-	-	2,066	2,066	132,944
Due from other funds	-	139,734	-	-	139,734	-
Total current assets	5,724,267	1,029,193	1,675,657	646,189	9,075,306	689,175
Noncurrent assets:						
Capital assets not being depreciated	-	107,757	-	-	107,757	-
Capital assets being depreciated, net	-	992,559	-	186,417	1,178,976	-
Total noncurrent assets	-	1,100,316	-	186,417	1,286,733	-
Total assets	5,724,267	2,129,509	1,675,657	832,606	10,362,039	689,175
Deferred outflows of resources						
Deferred pension amounts	48,975	-	34,257	27,152	110,384	-
Liabilities						
Current liabilities:						
Accounts payable	5,647	40,965	-	5,890	52,502	66,943
Accrued wages	2,778	16,092	1,756	7,403	28,029	-
Due to other governmental units	-	36,667	-	-	36,667	-
Due to other funds	1,877	54	2,098	8,497	12,526	-
Unearned revenue	-	-	-	-	-	-
Current portion of long-term debt	804	8,725	1,734	4,009	15,272	-
Total current liabilities	11,106	102,503	5,588	25,799	144,996	66,943
Noncurrent liabilities:						
Long-term debt, net of current portion	1,206	13,088	2,602	6,011	22,907	-
Net pension liability	282,114	-	197,334	156,405	635,853	-
Total noncurrent liabilities	283,320	13,088	199,936	162,416	658,760	-
Total liabilities	294,426	115,591	205,524	188,215	803,756	66,943
Deferred inflows of resources						
Deferred pension amounts	13,760	-	9,625	7,629	31,014	-
Net position						
Investment in capital assets	-	1,100,316	-	186,417	1,286,733	-
Unrestricted	5,465,056	913,602	1,494,765	477,497	8,350,920	622,232
Total net position	\$ 5,465,056	\$ 2,013,918	\$ 1,494,765	\$ 663,914	\$ 9,637,653	\$ 622,232

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
September 30, 2017

Net position - total enterprise funds	\$ 9,637,653
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Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position, which a portion is allocated to the business-type activities	222,884
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Net position of business-type activities	<u>\$ 9,860,537</u>
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The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Operating revenues						
Charges for services	\$ 136,979	\$ 39,024	\$ 359,595	\$ 434,836	\$ 970,434	\$ 3,604,768
Sales	-	725,514	-	346,686	1,072,200	-
Interest and penalties on delinquent taxes	317,679	-	-	-	317,679	-
Total operating revenues	454,658	764,538	359,595	781,522	2,360,313	3,604,768
Operating expenses						
Personal services	138,973	580,720	114,454	311,074	1,145,221	-
Supplies	2,733	11,187	15,335	7,133	36,388	-
Contractual services	-	215,938	81,245	17,159	314,342	-
Other services and charges	-	218,214	3,507	13,240	234,961	-
Cost of goods sold	-	-	-	126,246	126,246	-
Health insurance benefits and premiums	-	-	-	-	-	4,009,001
Depreciation	-	116,980	-	109,051	226,031	-
Total operating expenses	141,706	1,143,039	214,541	583,903	2,083,189	4,009,001
Operating income (loss)	312,952	(378,501)	145,054	197,619	277,124	(404,233)
Nonoperating revenues (expenses)						
Intergovernmental	-	399,268	-	-	399,268	-
Interest revenue	20,718	788	9,631	329	31,466	658
Total nonoperating revenues (expenses)	20,718	400,056	9,631	329	430,734	658
Income (loss) before transfers	333,670	21,555	154,685	197,948	707,858	(403,575)
Transfers in	-	360,000	-	-	360,000	-
Transfers out	(800,000)	-	-	(300,000)	(1,100,000)	-
Change in net position	(466,330)	381,555	154,685	(102,052)	(32,142)	(403,575)
Net position, beginning of year, as restated	5,931,386	1,632,363	1,340,080	765,966	9,669,795	1,025,807
Net position, end of year	\$ 5,465,056	\$ 2,013,918	\$ 1,494,765	\$ 663,914	\$ 9,637,653	\$ 622,232

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Reconciliation

Net Change in Net Position Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended September 30, 2017

Change in net position - total enterprise funds	\$ (32,142)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.

Net operating loss from governmental internal service funds allocated to business-type activities	<u>(33,568)</u>
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Change in net position of business-type activities	<u><u>\$ (65,710)</u></u>
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The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Cash flows from operating activities						
Cash received from customers	\$ 444,016	\$ 665,758	\$ 358,871	\$ 771,877	\$ 2,240,522	\$ -
Cash received from interfund services	-	-	-	-	-	3,562,567
Cash payments for goods and services	(2,981)	(413,594)	(109,749)	(155,089)	(681,413)	(3,744,362)
Cash payments to employees	(144,475)	(579,901)	(88,763)	(292,413)	(1,105,552)	-
Net cash provided by (used in) operating activities	296,560	(327,737)	160,359	324,375	453,557	(181,795)
Cash flows from noncapital financing activities						
Transfers in	-	360,000	-	-	360,000	-
Transfers out	(800,000)	-	-	(300,000)	(1,100,000)	-
Intergovernmental receipts	-	397,054	-	-	397,054	-
Net cash provided by (used in) noncapital financing activities	(800,000)	757,054	-	(300,000)	(342,946)	-
Cash flows from capital and related financing activities						
Acquisition/construction of capital assets	-	(89,564)	-	-	(89,564)	-
Cash flows from investing activities						
Interest and dividends received	20,718	788	9,631	329	31,466	658
Purchases of investments	(1,780,934)	-	(12,902)	-	(1,793,836)	-
Net cash provided by (used in) investing activities	(1,760,216)	788	(3,271)	329	(1,762,370)	658
Net change in cash and cash equivalents	(2,263,656)	340,541	157,088	24,704	(1,741,323)	(181,137)
Cash and cash equivalents, beginning of year	2,819,550	485,647	318,618	598,815	4,222,630	695,167
Cash and cash equivalents, end of year	\$ 555,894	\$ 826,188	\$ 475,706	\$ 623,519	\$ 2,481,307	\$ 514,030

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ISABELLA COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 312,952	\$ (378,501)	\$ 145,054	\$ 197,619	\$ 277,124	\$ (404,233)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	116,980	-	109,051	226,031	-
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	-	(9,046)	(724)	(9,645)	(19,415)	(42,201)
Taxes receivable	64,047	-	-	-	64,047	-
Due from other governmental units	(74,689)	-	-	-	(74,689)	-
Inventories	-	-	-	2,388	2,388	-
Other assets	-	89	-	8,797	8,886	242,741
Due from other funds	-	(89,734)	-	-	(89,734)	-
Accounts payable	5,647	12,486	(125)	(2,867)	15,141	21,898
Accrued wages	(194)	(1,135)	1	(626)	(1,954)	-
Due to other governmental units	-	19,170	-	-	19,170	-
Due to other funds	(5,895)	-	(9,537)	371	(15,061)	-
Compensated absences	(334)	1,954	1,953	1,684	5,257	-
Change in net pension liability and deferred amounts	(4,974)	-	23,737	17,603	36,366	-
Net cash provided by (used in) operating activities	<u>\$ 296,560</u>	<u>\$ (327,737)</u>	<u>\$ 160,359</u>	<u>\$ 324,375</u>	<u>\$ 453,557</u>	<u>\$ (181,795)</u>

concluded.

The accompanying notes are an integral part of these basic financial statements.

ISABELLA COUNTY, MICHIGAN

Statement of Assets and Liabilities

Fiduciary Funds

September 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	<u>\$ 8,796,329</u>
Liabilities	
Due to other governmental units:	
Federal/State	\$ 165,953
Local	8,084,705
Due to individuals and agencies	<u>545,671</u>
Total liabilities	<u>\$ 8,796,329</u>

The accompanying notes are an integral part of these basic financial statements.

COMPONENT UNITS

ISABELLA COUNTY, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

September 30, 2017

	Road Commission	Transportation Commission	Medical Care Facility
Assets			
Cash and cash equivalents	\$ 7,930,918	\$ 1,264,784	\$ 2,258,159
Investments	-	-	-
Cash at fiscal agent	-	-	-
Receivables, net	1,412,989	418,689	2,120,685
Other assets	329,408	382,627	213,437
Restricted cash and cash equivalents	-	-	3,993,726
Capital assets not being depreciated	27,304,040	54,004	40,485
Capital assets being depreciated, net	55,964,041	2,179,206	11,778,994
Total assets	92,941,396	4,299,310	20,405,486
Deferred outflows of resources			
Deferred loss on bond refunding	-	-	66,073
Deferred pension amounts	913,556	342,980	909,325
Total deferred outflows of resources	913,556	342,980	975,398
Liabilities			
Accounts payable and accrued liabilities	1,440,311	449,243	1,339,210
Unearned revenue	-	101,072	-
Long-term debt:			
Due within one year	20,856	106,147	510,000
Due in more than one year	2,658,903	-	2,338,357
Net pension liability	4,388,503	517,985	630,918
Other postemployment benefits obligation	84,362	-	-
Total liabilities	8,592,935	1,174,447	4,818,485
Deferred inflows of resources			
Deferred pension amounts	-	-	105,719
Net position			
Net investment in capital assets	80,838,971	2,233,210	8,971,122
Restricted:			
County roads	4,423,046	-	-
Debt service	-	-	159,650
Nonexpendable - Drayton and Millie Miley Trust	-	-	55,226
Expendable:			
Drayton and Millie Miley Trust	-	-	37,408
Patient Equipment Trust	-	-	184,283
Unrestricted (deficit)	-	1,234,633	7,048,991
Total net position	\$ 85,262,017	\$ 3,467,843	\$ 16,456,680

The accompanying notes are an integral part of these basic financial statements.



Drainage District	Board of Public Works	Totals
\$ 3,803,392	\$ 11,369	\$ 15,268,622
2,529,354	-	2,529,354
-	506,308	506,308
8,253,814	3,122,166	15,328,343
18,490	-	943,962
-	-	3,993,726
1,282,684	16,000	28,697,213
22,668,847	10,354	92,601,442
<u>38,556,581</u>	<u>3,666,197</u>	<u>159,868,970</u>
-	79,758	145,831
-	-	2,165,861
<u>-</u>	<u>79,758</u>	<u>2,311,692</u>
361,065	67,424	3,657,253
-	389,893	490,965
785,846	440,000	1,862,849
9,421,414	3,105,000	17,523,674
-	-	5,537,406
-	-	84,362
<u>10,568,325</u>	<u>4,002,317</u>	<u>29,156,509</u>
-	-	105,719
13,744,271	26,354	105,813,928
-	-	4,423,046
-	50,108	209,758
-	-	55,226
-	-	37,408
-	-	184,283
<u>14,243,985</u>	<u>(332,824)</u>	<u>22,194,785</u>
<u>\$ 27,988,256</u>	<u>\$ (256,362)</u>	<u>\$ 132,918,434</u>

ISABELLA COUNTY, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended September 30, 2017

	Road Commission	Transportation Commission	Medical Care Facility
Expenses			
Road Commission	\$ 10,836,025	\$ -	\$ -
Transportation Commission	-	6,151,019	-
Medical Care Facility	-	-	14,047,454
Drainage Districts	-	-	-
Board of Public Works	-	-	-
Total expenses	10,836,025	6,151,019	14,047,454
Program revenues			
Charges for services	598,461	404,484	13,543,219
Operating grants and contributions	5,796,334	3,830,154	-
Capital grants and contributions	7,337,962	487,511	3,067
Total program revenues	13,732,757	4,722,149	13,546,286
Net program revenue (expense)	2,896,732	(1,428,870)	(501,168)
General revenues			
Property taxes	-	1,434,706	1,163,018
Unrestricted investment earnings	-	2,279	28,046
Other	14	-	-
Total general revenues	14	1,436,985	1,191,064
Change in net position	2,896,746	8,115	689,896
Net position (deficit), beginning of year, as restated	82,365,271	3,459,728	15,766,784
Net position (deficit), end of year	\$ 85,262,017	\$ 3,467,843	\$ 16,456,680

The accompanying notes are an integral part of these basic financial statements.



Drainage District	Board of Public Works	Totals
\$ -	\$ -	\$ 10,836,025
-	-	6,151,019
-	-	14,047,454
1,282,802	-	1,282,802
-	177,989	177,989
<u>1,282,802</u>	<u>177,989</u>	<u>32,495,289</u>
28,857	29,481	14,604,502
-	290,715	9,917,203
<u>1,880,486</u>	<u>-</u>	<u>9,709,026</u>
<u>1,909,343</u>	<u>320,196</u>	<u>34,230,731</u>
<u>626,541</u>	<u>142,207</u>	<u>1,735,442</u>
-	-	2,597,724
29,463	54	59,842
<u>3,680</u>	<u>-</u>	<u>3,694</u>
<u>33,143</u>	<u>54</u>	<u>2,661,260</u>
659,684	142,261	4,396,702
<u>27,328,572</u>	<u>(398,623)</u>	<u>128,521,732</u>
<u>\$ 27,988,256</u>	<u>\$ (256,362)</u>	<u>\$ 132,918,434</u>

NOTES TO FINANCIAL STATEMENTS

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Isabella County, Michigan (the "County") was organized in 1856 and covers an area of 572 square miles divided into 16 townships, one village, and two cities. The County seat is located in the City of Mt. Pleasant. The County operates under an elected Board of Commissioners and provides services to its more than 70,000 residents in many areas including law enforcement, administration, 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 state and local 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.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Unit

A blended component unit is a legally separate entity from the County but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and its financial data is combined with data of the appropriate funds. The County has one blended component unit, the Building Authority. This component unit provides services primarily to benefit the County. The blended unit is described as follows:

The Building Authority (the "Authority") was established by the County under Act 31, Michigan Public Acts of 1948 and is governed by a five-member Board appointed by the County Board of Commissioners. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of capital assets for the County. The bonds are secured by lease agreements with the County and will be retired through lease payments from the County. The financial activity, assets, liabilities, deferred inflows of resources and equity of the Authority are reported in the Building Authority Debt Service Fund, which is a major governmental fund of the County.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the County but for which the County is financially accountable, or their relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The discretely presented component units are as follows:

The Isabella County Road Commission (the "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 Road Commission is governed by a five member Board of County Road Commissioners elected by Isabella County voters. Isabella County is secondarily obligated to provide repayment of a loan through the State of Michigan. All long-term debt issuances excluding capital lease purchase agreements require County authorization. A copy of the Road Commission's audited financial statements can be obtained at its administrative offices.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

The Isabella County Transportation Commission (the "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 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 Commission's 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 Isabella County 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 its administrative offices.

The Isabella County Medical Care Facility is governed by the Isabella County Department of Human Services Board. This board consists of three members, two of whom are appointed by the County Board of Commissioners and one appointed by the Michigan governor. The County Human Services Board approves the Facility's budget and submits a copy to the County Board of Commissioners. A copy of the Medical Care Facility's audited financial statements can be obtained at its administrative offices.

The Isabella County Drainage Districts is administered by the Drain Commissioner who 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 Board consists 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 districts, 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.

The Isabella County Board of Public Works has the responsibility of administering various public works construction projects and the associated debt service funds and was established pursuant to the provisions of Act 185, Public Acts of 1957, as amended. 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 member Board comprised of the Drain commissioner and six 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.

The Isabella County Economic Development Corporation (EDC) was established to provide community and economic development services. The County's board of commissioners is responsible for appointing the members of the EDC board. The EDC has been inactive for many years and did not have any activity or balances as of September 30, 2017.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Jointly Governed Organizations

The Central Michigan Mental Health Facilities Board (the "Facilities Board") provides mental health facilities to Isabella, Clare, Mecosta, and Osceola counties. The Facilities Board is organized as a nonprofit under Section 501(c)(3) of the Internal Revenue Code. Each of the four counties through their respective Boards of Commissioners appoints two 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 in 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 (as amended by GASB Statements No. 39 and 61). For this reason, it is not considered a component unit of the County.

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 residents of Clare, Isabella, Osceola, and Mecosta counties. All participating counties provide annual appropriations; however, none of the participating counties are financially responsible for the Services Board.

The Services Board is legally separate from the County but does not meet the financial accountability criteria of GASB Statement No. 14 (as amended by GASB Statements No. 39 and 61). For this reason, it is not considered a component unit of the County.

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 District 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 its operations. In addition, the treasury function for the District Health Department rests with the Isabella County Treasurer. A copy of the District Health Department's audited financial statements can be obtained at its administrative offices.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

The Health Department is legally separate from the County but does not meet the financial accountability criteria of GASB Statement No. 14 (as amended by GASB Statements No. 39 and 61). For this reason, it is not considered a component unit of the County.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end, except reimbursement-based grants that use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all the financial resources of the primary government, except those accounted for and reported in another fund.

The *Tribal Contribution Fund* accounts for the funding provided by the Saginaw Chippewa Tribe and the related uses of those funds.

The *CDBG Housing Assistance Grant Fund* accounts for the operations of the community development block grant (CDBG) housing program and is funded primarily through grant revenue and taxes.

The *Commission on Aging Activities Fund* accounts for the operations of the Commission on Aging and is funded primarily through grant revenue and taxes.

The *Building Authority Bonds Fund* accounts for the debt service on the bonds issued by the Building Authority, which include the Building Authority Refunding \$4,620,000 bond issue dated August 19, 2008.

The County reports the following major enterprise funds:

The *Delinquent Tax Revolving Fund* accounts for the activities of the County's purchase and collection of delinquent property taxes.

The *Recycling Fund* accounts for the activities of the County's recycling program.

The *PA 123 Restricted Tax Fund* accounts for the activities related to the sale of real property to satisfy delinquent taxes receivables under Public Act 123.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

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

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Internal service funds account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. This includes administering a high deductible health insurance plan and health reimbursement account for active and eligible retired employees and their families.

Agency funds account for resources held in a trustee or agent capacity for the benefit of other governments or individuals. Specific activities include trial court deposits, inmate trust, employee benefits, payroll, District Health, and library penal fines.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of the sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Deposits and Investments

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.

The County's pooled cash and investments are utilized by the general fund and most of the special revenue funds, capital project funds, debt service fund, enterprise funds, internal service funds, agency funds, and component units. 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 position. The certain funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit are separately held by several of the County's funds.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Investments consist of a Michigan Cooperative Liquid Assets Securities System (MIClass) investment and certificates of deposits with original maturities of greater than 90 days.

State statutes authorize the County to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Restricted Assets

Certain resources have been classified as restricted on the statement of net position because their use is limited. The Medical Care Facility has recorded restricted assets for various trust activities.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the general fund and other governmental funds, respectively. Any amounts outstanding on the July 1 levy on March 1 (excluding personal property taxes) are purchased by the delinquent tax revolving fund through the settlement process.

Property taxes receivable in the delinquent tax revolving fund represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a 3-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the Delinquent Tax Revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Loans receivable consists of Community Development Block Grant funds advanced to area residents for home improvements, which must be repaid by the homeowner upon sale or foreclosure. The County has an enforceable lien on the related property.

Inventories and Prepaids

Inventories consist of food and office supplies, are reported at cost using the first-in/first-out method and are recorded as expenditures when consumed (consumption method). Nonspendable fund balances have been recorded to indicate that inventories are not currently available, spendable components of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Nonspendable fund balances have been recorded in the applicable governmental funds to indicate the prepaids are not a currently available or spendable component of fund balance.

Leases 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 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 principal and interest on the bond issue. Once all the bonds have been retired, the Authority shall convey to the County all of its rights, title, and interest in the project. The lease is accounted for as a sale of the building by the Building Authority as it constitutes a capital lease.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

For those leases with outside agencies, the aggregate future lease payments necessary for retirement of outstanding bond principal have been recorded as a lease receivable. Unavailable revenue is shown on the balance sheet in the same amount as the lease receivable as revenue 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 Union Township, the County authorized the construction of a wastewater treatment plant and the financing of the same by the Board of Public Works through the issuance of \$7,605,000 in bonds. Of the original issue, \$6,050,000 of the debt was defeased with the issuance of 2009 refunding bonds. Local contributions reduce the amount of the debt obligation.

In accordance with the terms of a second agreement between the Isabella County Board of Public Works and Union Township, 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 \$2,105,000 in bonds.

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 issues. 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.

On this basis, the aggregate future lease payments necessary for the retirement of outstanding bond principal have been recorded as a lease receivable. Unavailable revenue is shown on the balance sheet of debt service funds in the Board of Public Works component unit in the same amount as the capitalized lease 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.

Capital Assets

Primary Government and Component Units (except for the Isabella County Road Commission)

Capital assets include land, buildings and improvements, equipment, vehicles, drain infrastructure, and other assets and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. 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 stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	20-50
Land improvements	10-20
Equipment	4-20
Drain infrastructure	5-100
Vehicles	5-20
Other	5-15

Isabella County 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 position and statement of activities). 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 acquisition cost 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:

	Years
Land improvements	10-20
Buildings	30-50
Road equipment	5-8
Shop equipment	10
Office equipment	4-10
Engineers' equipment	4-10
Yard and storage	4-10
Infrastructure - bridges	12-50
Infrastructure - roads	8-30

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments and for pension contributions subsequent to the measurement date as well as for the deferred loss on refunding. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Compensated Absences

County employees are permitted to accumulate earned but unused vacation and sick time benefits, subject to certain limitations, according to personnel contracts. All vested benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenue

Unearned revenue consists of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows related to the pension plan in the statements of net position. A deferred inflow related to the pension plan results when there is a change in total pension liability due to benefit changes, differences between expected and actual experience, changes in actuarial assumptions, or differences between expected and actual investment returns.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the County Board of Commissioners. A formal resolution of the County Board is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The County Board has not delegated the authority to assign fund balance. Unassigned fund balance is the residual classification for the general fund.

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

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. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the County. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Pensions

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

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. All governmental funds have legally adopted budgets. 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 for the general fund and at the fund level for special revenue funds. 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:

- The County departments meet with and submit their budgetary estimates to the Administrator/Controller who will: review the estimates, assemble, and prepare a recommended budget. The operating budgets include proposed expenditures and resources to finance them.
- The Administrator/Controller will then convey the recommended budgets to the Board of a public hearing, and adoption.
- 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.
- 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.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2017, the County incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
Nonmajor governmental funds:			
County Law Library Fund	\$ 18,700	\$ 22,711	\$ 4,011
Department of Human Services	-	9,014	9,014
Child Care Fund	2,223,678	2,236,580	12,902

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government and component units cash and investments as of September 30, 2017:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 9,250,782	\$ 15,268,622	\$ 24,519,404
Restricted cash and cash equivalents	-	3,993,726	3,993,726
Investments	7,351,148	2,529,354	9,880,502
Statement of assets and liabilities			
Agency funds:			
Cash and cash equivalents	8,796,329	-	8,796,329
Total	\$ 25,398,259	\$ 21,791,702	\$ 47,189,961

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

	Totals
Deposits and investments	
Bank deposits:	
Checking / savings accounts	\$ 37,308,509
Certificates of deposit	7,444,348
Investments	2,436,154
Cash on hand	950
	<hr/>
Total	\$ 47,189,961

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$41,888,999 of the County's bank balance of \$43,404,162 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. As of September 30, 2017, the County's pooled investments consisted of Michigan Cooperative Liquid Assets Securities System (Michigan CLASS) and corporate fixed income bonds totaling \$2,189,285 and \$247,750, respectively.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are uncategorized as to credit risk.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. As of September 30, 2017, the Michigan CLASS and corporate bonds investments are rated AAAM and A1, respectively, by Standard and Poor's.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Michigan CLASS investment had a carrying amount equal to its fair value of \$2,188,405 at year end. The weighted average maturity of this investment was 47 days. Corporate bonds mature January 1, 2018.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The investments held by the County at year end that were subject to fair value measurement were the Michigan CLASS and corporate bond investments. Michigan CLASS and corporate bond investments are classified as Level 2 in the fair value hierarchy because they are valued using a matrix pricing technique.

4. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 858,992	\$ 72,760	\$ 2,519,974
Taxes receivable	5,326,561	2,501,023	4,735
Special assessments receivable	-	-	8,243,371
Loans receivable	1,065,339	-	-
Due from other governments	943,072	82,154	1,605,263
Leases receivable	175,000	-	3,105,000
Allowance for doubtful accounts	(1,865)	-	(150,000)
	<u>\$ 8,367,099</u>	<u>\$ 2,655,937</u>	<u>\$ 15,328,343</u>
Amount not expected to be collected within one year	<u>\$ 1,155,339</u>	<u>\$ -</u>	<u>\$ 10,032,000</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in governmental funds were as follows:

Governmental funds	
Leases receivable	950,000
Loans receivable	1,065,339
Long-term taxes receivables	<u>745,773</u>
Totals	<u>\$ 2,761,112</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

5. OTHER ASSETS

Other assets consisted of the following amounts at September 30, 2017:

	Governmental Activities	Business-type Activities	Component Units
Inventories	\$ 21,412	\$ 10,959	\$ 309,833
Prepays	212,641	2,066	634,129
Totals	<u>\$ 234,053</u>	<u>\$ 13,025</u>	<u>\$ 943,962</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 2,338,887	\$ -	\$ -	\$ (317,145)	\$ 2,021,742
Capital assets, being depreciated:					
Land improvements	-	-	-	317,145	317,145
Buildings and improvements	24,405,855	-	-	-	24,405,855
Equipment	6,756,704	131,419	(16,228)	-	6,871,895
Vehicles	980,149	96,053	-	-	1,076,202
Other	709,013	230,972	-	-	939,985
	<u>32,851,721</u>	<u>458,444</u>	<u>(16,228)</u>	<u>317,145</u>	<u>33,611,082</u>
Less accumulated depreciation for:					
Land improvements	(179,164)	(15,616)	-	-	(194,780)
Buildings and improvements	(13,216,023)	(491,189)	-	-	(13,707,212)
Equipment	(5,966,484)	(158,159)	16,228	-	(6,108,415)
Vehicles	(604,419)	(118,310)	-	-	(722,729)
Other	(603,701)	(44,724)	-	-	(648,425)
	<u>(20,569,791)</u>	<u>(827,998)</u>	<u>16,228</u>	<u>-</u>	<u>(21,381,561)</u>
Total capital assets being depreciated, net	<u>12,281,930</u>	<u>(369,554)</u>	<u>-</u>	<u>317,145</u>	<u>12,229,521</u>
Governmental activities capital assets, net	<u>\$ 14,620,817</u>	<u>\$ (369,554)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,251,263</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 121,953	\$ -	\$ -	\$ (14,196)	\$ 107,757
Capital assets, being depreciated:					
Land improvements	-	-	-	14,196	14,196
Buildings and improvements	1,382,894	-	-	-	1,382,894
Equipment	1,668,018	89,564	(65,951)	-	1,691,631
Vehicles	807,577	-	-	-	807,577
	<u>3,858,489</u>	<u>89,564</u>	<u>(65,951)</u>	<u>14,196</u>	<u>3,896,298</u>
Less accumulated depreciated for:					
Land improvements	-	(14,039)	-	-	(14,039)
Buildings and improvements	(705,472)	(35,477)	-	-	(740,949)
Equipment	(1,303,232)	(83,153)	65,951	-	(1,320,434)
Vehicles	(548,538)	(93,362)	-	-	(641,900)
	<u>(2,557,242)</u>	<u>(226,031)</u>	<u>65,951</u>	<u>-</u>	<u>(2,717,322)</u>
Total capital assets being depreciated, net	<u>1,301,247</u>	<u>(136,467)</u>	<u>-</u>	<u>14,196</u>	<u>1,178,976</u>
Business-type activities capital assets, net	<u>\$ 1,423,200</u>	<u>\$ (136,467)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286,733</u>

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

Depreciation of governmental activities by function:

General government	\$ 432,822
Public safety	279,081
Public works	7,291
Health and welfare	50,486
Recreation and culture	58,169
Community development	149

Total depreciation expense - governmental activities \$ 827,998

Depreciation of business-type activities by function:

Recycling	\$ 116,980
Building inspection	19,832
Concessions	89,219

Total depreciation expense - business-type activities \$ 226,031

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Road Commission Component Unit					
Capital assets, not being depreciated:					
Land	\$ 169,964	\$ -	\$ -	\$ -	\$ 169,964
Land improvements	230,168	-	-	-	230,168
Land - Infrastructure	26,098,450	805,458	-	-	26,903,908
	<u>26,498,582</u>	<u>805,458</u>	<u>-</u>	<u>-</u>	<u>27,304,040</u>
Capital assets, being depreciated:					
Land improvements	2,948	-	-	-	2,948
Buildings	1,438,954	-	-	-	1,438,954
Equipment	8,272,213	722,675	(7,895)	-	8,986,993
Infrastructure - bridges	21,933,575	2,624,704	(150,747)	-	24,407,532
Infrastructure - roads	68,674,527	3,907,800	(2,655,636)	-	69,926,691
	<u>100,322,217</u>	<u>7,255,179</u>	<u>(2,814,278)</u>	<u>-</u>	<u>104,763,118</u>
Less accumulated depreciation for:					
Land improvements	(1,166)	(148)	-	-	(1,314)
Buildings	(670,384)	(36,228)	-	-	(706,612)
Equipment	(5,818,972)	(846,926)	7,537	-	(6,658,361)
Infrastructure - bridges	(7,762,319)	(442,069)	146,443	-	(8,057,945)
Infrastructure - roads	(32,660,926)	(3,369,555)	2,655,636	-	(33,374,845)
	<u>(46,913,767)</u>	<u>(4,694,926)</u>	<u>2,809,616</u>	<u>-</u>	<u>(48,799,077)</u>
Total capital assets being depreciated, net	<u>53,408,450</u>	<u>2,560,253</u>	<u>(4,662)</u>	<u>-</u>	<u>55,964,041</u>
Road Commission capital assets, net	<u>\$ 79,907,032</u>	<u>\$ 3,365,711</u>	<u>\$ (4,662)</u>	<u>\$ -</u>	<u>\$ 83,268,081</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Transportation Commission Component Unit					
Capital assets, not being depreciated:					
Land	\$ 54,004	\$ -	\$ -	\$ -	\$ 54,004
Capital assets, being depreciated:					
Buildings and improvements	2,929,673	-	-	-	2,929,673
Equipment and furniture	1,067,976	90,890	(35,016)	-	1,123,850
Buses	5,211,200	650,430	(505,437)	-	5,356,193
	<u>9,208,849</u>	<u>741,320</u>	<u>(540,453)</u>	<u>-</u>	<u>9,409,716</u>
Less accumulated depreciated:					
Buildings and improvements	\$ (2,232,194)	\$ (153,988)	\$ -	\$ -	\$ (2,386,182)
Equipment and furniture	(823,936)	(88,664)	35,016	-	(877,584)
Buses	(4,105,621)	(366,560)	505,437	-	(3,966,744)
	<u>(7,161,751)</u>	<u>(609,212)</u>	<u>540,453</u>	<u>-</u>	<u>(7,230,510)</u>
Total capital assets being depreciated, net	<u>2,047,098</u>	<u>132,108</u>	<u>-</u>	<u>-</u>	<u>2,179,206</u>
Transportation Commission capital assets, net	<u>\$ 2,101,102</u>	<u>\$ 132,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,233,210</u>
Medical Care Facility Component Unit					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 40,485	\$ -	\$ -	\$ 40,485
Capital assets, being depreciated:					
Buildings and improvements	16,979,199	108,299	-	-	17,087,498
Equipment and furniture	1,945,734	47,711	(21,068)	-	1,972,377
	<u>18,924,933</u>	<u>156,010</u>	<u>(21,068)</u>	<u>-</u>	<u>19,059,875</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,132,462)	(493,503)	-	-	(5,625,965)
Equipment and furniture	(1,603,475)	(68,956)	17,515	-	(1,654,916)
	<u>(6,735,937)</u>	<u>(562,459)</u>	<u>17,515</u>	<u>-</u>	<u>(7,280,881)</u>
Total capital assets being depreciated, net	<u>12,188,996</u>	<u>(406,449)</u>	<u>(3,553)</u>	<u>-</u>	<u>11,778,994</u>
Medical Care Facility capital assets, net	<u>\$ 12,188,996</u>	<u>\$ (365,964)</u>	<u>\$ (3,553)</u>	<u>\$ -</u>	<u>\$ 11,819,479</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Drainage Districts Component Unit					
Capital assets, not being depreciated:					
Construction in progress	\$ 3,854,830	\$ 1,830,347	\$ -	\$ (4,402,493)	\$ 1,282,684
Capital assets, being depreciated:					
Infrastructure - drains	25,184,880	-	-	4,402,493	29,587,373
Less accumulated depreciated for:					
Infrastructure - drains	(6,341,331)	(577,195)	-	-	(6,918,526)
Total capital assets being depreciated, net	18,843,549	(577,195)	-	4,402,493	22,668,847
Drainage District capital assets, net	<u>\$ 22,698,379</u>	<u>\$ 1,253,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,951,531</u>
Board of Public Works Component Unit					
Capital assets, not being depreciated:					
Land	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Capital assets, being depreciated:					
Buildings and improvements	12,856	-	-	-	12,856
Equipment	26,521	-	-	-	26,521
Infrastructure	231,157	-	-	-	231,157
	<u>270,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,534</u>
Less accumulated depreciated for:					
Buildings and improvements	\$ (12,856)	\$ -	\$ -	\$ -	\$ (12,856)
Equipment	(22,223)	(1,432)	-	-	(23,655)
Infrastructure	(222,196)	(1,473)	-	-	(223,669)
	<u>(257,275)</u>	<u>(2,905)</u>	<u>-</u>	<u>-</u>	<u>(260,180)</u>
Total capital assets being depreciated, net	13,259	(2,905)	-	-	10,354
Board of Public Works capital assets, net	<u>\$ 29,259</u>	<u>\$ (2,905)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,354</u>

As of September 30, 2017, the Isabella County Drain Commission had outstanding commitments related to the Jennings and Childs Creek drain projects in the amount of approximately \$146,000 and \$76,000, respectively.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 644,919	\$ 52,502	\$ 2,124,356
Accrued interest payable	16,458	-	236,103
Accrued payroll	571,832	28,029	791,966
Due to other governments	385,837	36,667	254,629
Other	-	-	250,199
Total	<u>\$ 1,619,046</u>	<u>\$ 117,198</u>	<u>\$ 3,657,253</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at year end, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 201,457	\$ 24,192
Tribal contribution fund	-	1,021,353
CDBG housing grant fund	-	11,000
Commission on aging fund	845,332	15,831
Nonmajor governmental funds	43,542	145,163
Delinquent tax revolving fund	-	1,877
Recycling fund	139,734	54
PA 123 restricted tax fund	-	2,098
Nonmajor enterprise funds	-	8,497
Total	<u>\$ 1,230,065</u>	<u>\$ 1,230,065</u>

The above balances generally resulted from a time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

For the year ended September 30, 2017, interfund transfers consisted of the following:

	Transfers In				
	General Fund	Building Authority	Nonmajor Governmental Funds	Recycling	Total
Transfers out					
General fund	\$ -	\$ 302,949	\$ 2,142,754	\$ 360,000	\$ 2,805,703
Nonmajor governmental funds	15,000	-	15,591	-	30,591
Delinquent tax revolving fund	800,000	-	-	-	800,000
Nonmajor enterprise funds	300,000	-	-	-	300,000
Total	<u>\$ 1,115,000</u>	<u>\$ 302,949</u>	<u>\$ 2,158,345</u>	<u>\$ 360,000</u>	<u>\$ 3,936,294</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

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

9. LONG-TERM DEBT

Changes in Long-term Debt. Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
2008 Building Authority refunding bonds	\$ 1,300,000	\$ -	\$ (350,000)	\$ 950,000	\$ 350,000
Postclosure landfill costs	619,727	-	(31,468)	588,259	40,739
Total installment debt	1,919,727	-	(381,468)	1,538,259	390,739
Deferred amounts:					
For issuance premiums	23,786	-	(11,892)	11,894	5,946
Compensated absences	808,620	935,130	(923,687)	820,063	328,025
	<u>\$ 2,752,133</u>	<u>\$ 935,130</u>	<u>\$ (1,317,047)</u>	<u>\$ 2,370,216</u>	<u>\$ 724,710</u>
Business-type activities					
Compensated absences	<u>\$ 32,922</u>	<u>\$ 61,372</u>	<u>\$ (56,115)</u>	<u>\$ 38,179</u>	<u>\$ 15,272</u>

\$4,620,000 2008 Building Authority Refunding Bonds dated August 19, 2008 due in annual principal installments ranging \$250,000 to \$350,000 through November 1, 2019, with interest ranging from 4.00 to 4.25 percent, payable semi-annually. \$ 950,000

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 10 for full details. 588,259

\$ 1,538,259

For the governmental activities, compensated absences are normally liquidated by the fund in which the individual employees are budgeted. The General Fund, Parks and Recreation Fund, Friend of the Court Fund, Commission on Aging Activities Fund, Building Inspection Fund, and Recycling Fund are funds where compensated absences would typically be liquidated.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Debt service requirements to maturity for all installment debt of the primary government are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 350,000	\$ 32,063	\$ 382,063
2019	350,000	17,625	367,625
2020	250,000	5,313	255,313
	<u>\$ 950,000</u>	<u>\$ 55,001</u>	<u>\$ 1,005,001</u>

Advance Refunding

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, 2017, bonds due and payable through January 1, 2019 for the 1998 Building Authority Bonds, and November 1, 2019 for the 1999 Building Authority Bonds in the amount of \$950,000 are considered defeased.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Road Commission Component Unit					
State infrastructure bank note payable general obligation, 2.5% interest, annual payment of \$154,099, due 2031	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Note payable dated in 2013, due in monthly installments of \$2,820 through 2023, with interest charged at 2.40%	209,894	-	(8,927)	200,967	9,077
Note payable dated in 2013, due in monthly installments of \$2,820 through 2023, with interest charged at 2.40%	239,587	-	(11,444)	228,143	11,779
Note payable dated in 2013, repaid in 2017	97,777	-	(97,777)	-	-
Total installment debt	547,258	2,000,000	(118,148)	2,429,110	20,856
Vested employee benefits	228,545	22,104	-	250,649	-
	<u>\$ 775,803</u>	<u>\$ 2,022,104</u>	<u>\$ (118,148)</u>	<u>\$ 2,679,759</u>	<u>\$ 20,856</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Debt service requirements to maturity for all installment debt of the road commission are as follows:

Year Ending September 30,	Road Commission		
	Principal	Interest	Total
2018	\$ 20,856	\$ 10,749	\$ 31,605
2019	358,113	9,193	367,306
2020	166,578	51,886	218,464
2021	345,859	47,234	393,093
2022	154,099	38,443	192,542
2023-2027	770,495	134,426	904,921
2028-2031	613,110	38,196	651,306
	<u>\$ 2,429,110</u>	<u>\$ 330,127</u>	<u>\$ 2,759,237</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Transportation Commission Component Unit					
Compensated absences	<u>\$ 95,578</u>	<u>\$ 217,596</u>	<u>\$ (207,027)</u>	<u>\$ 106,147</u>	<u>\$ 106,147</u>

Medical Care Facility Component Unit

\$5,090,000 Building Authority -
Limited Tax General Obligation
Bonds, dated May 11, 2012,
due in annual principal installments
ranging from \$495,000 to \$590,000
through May 1, 2022, with interest
ranging from 2.00% to 3.00%
semi-annually. These bonds are
collateralized by tax
revenues of the Facility

\$ 3,245,000	\$ -	\$ (495,000)	\$ 2,750,000	\$ 510,000
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Deferred amounts:

For issuance premiums	<u>119,817</u>	<u>-</u>	<u>(21,460)</u>	<u>98,357</u>	<u>-</u>
	<u>\$ 3,364,817</u>	<u>\$ -</u>	<u>\$ (516,460)</u>	<u>\$ 2,848,357</u>	<u>\$ 510,000</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Debt service requirements to maturity for all installment debt of the medical care facility are as follows:

	Year Ending September 30,	Medical Care Facility			
		Principal	Interest	Total	
	2018	\$ 510,000	\$ 82,500	\$ 592,500	
	2019	530,000	67,200	597,200	
	2020	550,000	51,300	601,300	
	2021	570,000	34,800	604,800	
	2022	590,000	17,700	607,700	
		<u>\$ 2,750,000</u>	<u>\$ 253,500</u>	<u>\$ 3,003,500</u>	
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drainage District Component Unit					
Drain bonds	\$ 4,941,144	\$ -	\$ (309,444)	\$ 4,631,700	\$ 314,450
Drain notes	4,250,063	1,774,742	(449,245)	5,575,560	471,396
	<u>\$ 9,191,207</u>	<u>\$ 1,774,742</u>	<u>\$ (758,689)</u>	<u>\$ 10,207,260</u>	<u>\$ 785,846</u>
Drain bonds					
\$2,385,000 Lewis #435 Drainage District Bond dated August 29, 2013, due in annual principal installments ranging from \$115,000 to \$120,000 through May 1, 2034, with interest ranging from 1.600 to 4.500 percent, payable semi-annually.					\$ 2,040,000
\$1,970,000 Figg #319 Drainage District Bond dated December 20, 2012, due in annual principal installments ranging from \$95,000 to \$100,000 through May 1, 2033, with interest ranging from 2.00 to 3.00 percent, payable annually.					1,575,000
\$1,070,000 Bachelder Improvement Drain Bond dated March 24, 2011, due in annual principal installments ranging from \$50,000 to \$55,000 through May 1, 2031, with interest ranging from 4.20 to 5.20 percent, payable annually.					750,000
\$666,743 Beltinck Debt Revolving Drain Bond dated November 21, 2007, due in annual principal installments of \$44,450 through June 1, 2023, with interest of 4.11 percent, payable annually.					<u>266,700</u>
					<u>\$ 4,631,700</u>
Drain notes					
\$798,618 Cahoon Drain Note dated May 6, 2016, due in annual installments of \$39,931 through May 1, 2036, with interest of 2.49 percent, payable annually.					\$ 758,687
\$675,000 County Line Intercounty Drain Note dated November 14, 2016, due in annual installments of \$33,750 through May 2037 with interest of 2.49 percent, payable annually.					675,000
\$917,395 Saunders Drain Note dated October 2, 2013, due in annual installments of \$61,160 through June 1, 2028, with interest of 3.75 percent, payable annually.					672,760

continued...

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Drain notes (continued)

\$695,000 Tice Drain Note dated September 26, 2014, due in annual installments of \$34,750 through May 1, 2035, with interest of 3.69 percent, payable annually.	\$ 625,500
\$619,000 Leonard Drain Note dated November 12, 2015, due in annual installments of \$30,950 through May 1, 2036, with interest of 3.69 percent, payable annually.	588,050
\$582,742 Jennings 388 Drain Note dated May 1, 2017, due in annual installments of \$29,137 through May 2037 with interest of 3.10 percent, payable annually.	582,742
\$348,000 Myers Drain Note dated June 13, 2014, due in annual installments ranging from \$13,726 to \$22,688 through June 1, 2034, with interest of 3.00 percent, payable annually.	307,671
\$610,000 Dutt & Hart Drain Intercounty Note dated September 16, 2011, due in annual installments of \$61,000 through June 1, 2021, with interest of 2.69 percent, payable annually.	244,000
\$292,000 Shuler Drain Note dated November 14, 2014, due in annual installments of \$14,600 through May 1, 2035, with interest of 3.69 percent, payable annually.	262,800
\$250,000 Childs Creek and Dubois 267 Drain Note dated September 7, 2017, due in one annual installment of \$250,000 in March 2019, with interest of 1.65 percent, payable annually.	250,000
\$189,000 Martin Drain Note dated August 22, 2014, due in annual installments of \$18,900 through June 1, 2024, with interest of 2.35 percent, payable annually.	132,300
\$117,000 Oberlin Drain Note dated December 29, 2016, due in annual installments of \$5,850 through May 2037, with interest of 3.45 percent, payable annually.	117,000
\$100,000 Blanchard Intercounty #1 Drain Note dated October 12, 2016, due in one annual installment of \$100,000 in October 2018, with interest of 1.50 percent, payable annually.	100,000
\$360,000 Lake Isabella Drain Note dated November 1, 2013, due in installments of \$90,000 through May 1, 2018, with interest of 3.75 percent, payable annually.	90,000
\$130,000 West Drain Note dated June 6, 2011, due in annual installments of \$13,000 through June 1, 2021, with interest of 3.75 percent, payable annually.	52,000
\$50,000 Blanchard Intercounty #2 Drain Note dated May 11, 2017, due in one annual installment of \$50,000 in October 2018, with interest of 1.50 percent.	50,000
\$101,000 Woodin Drain Note dated January 3, 2011, due in annual installments of \$10,100 through May 1, 2021, with interest of 3.29 percent, payable annually.	40,400
\$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.	11,000
\$46,219 Millet Joint Intercounty Drain Note dated March 15, 2012, due in annual installments of \$4,622 through June 15, 2022, with interest ranging from 2.30 to 4.05 percent, payable annually.	15,650
	<u>\$ 5,575,560</u>

concluded.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Year Ending September 30,	Drainage District		
	Principal	Interest	Total
2018	\$ 785,846	\$ 315,620	\$ 1,101,466
2019	1,090,270	303,834	1,394,104
2020	685,707	273,857	959,564
2021	691,157	253,724	944,881
2022	602,521	232,951	835,472
2023-2027	2,779,907	886,300	3,666,207
2028-2032	2,416,878	439,194	2,856,072
2033-2037	1,154,974	82,423	1,237,397
	<u>\$ 10,207,260</u>	<u>\$ 2,787,903</u>	<u>\$ 12,995,163</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Board of Public Works Component Unit					
\$4,130,000 Wastewater Treatment					
Refunding Bonds dated August 27, 2009,					
due in annual principal installments					
ranging from \$340,000 to \$405,000					
through October 1, 2021 with interest					
ranging from 3.00% to 4.00%					
payable semi-annually	\$ 2,230,000	\$ -	\$ (340,000)	\$ 1,890,000	\$ 355,000
 \$2,105,000 Union Township Water					
Supply Bonds dated July 21, 2010 due					
in annual principal installments ranging					
from \$85,000 to \$155,000 through					
October 1, 2030 with interest					
ranging from 2.50% to 4.40%					
payable semi-annually	1,740,000	-	(85,000)	1,655,000	85,000
	<u>\$ 3,970,000</u>	<u>\$ -</u>	<u>\$ (425,000)</u>	<u>\$ 3,545,000</u>	<u>\$ 440,000</u>

Debt service requirements to maturity for all installment debt of the Board of Public Works are as follows:

Year Ending September 30,	Board of Public Works		
	Principal	Interest	Total
2018	\$ 440,000	\$ 124,678	\$ 564,678
2019	455,000	111,003	566,003
2020	470,000	94,714	564,714
2021	490,000	76,908	566,908
2022	510,000	57,715	567,715
2023-2027	600,000	184,324	784,324
2028-2031	580,000	160,444	740,444
	<u>\$ 3,545,000</u>	<u>\$ 809,786</u>	<u>\$ 4,354,786</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Advance Refunding

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, 2017, bonds due and payable through October 1, 2021 for the 2001 Union Wastewater Treatment Refunding Bonds, in the amount of \$2,655,000 are considered defeased.

10. 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 (DNR) 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 its remedial action plan previously submitted and approved by the DNR. 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.

The landfill postclosure care liability as reported in long-term debt of the governmental activities at September 30, 2017, is \$588,259. For the year ended September 30, 2017, the County incurred postclosure care expenditures of \$31,468.

All amounts recognized are based on the estimated cost to perform postclosure care at September 30, 2017. 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 budgeted in the General Fund on an annual basis.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

11. MERS DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Description. The County participates in the Michigan Municipal Employees' Retirement System (MERS) which is an agent multiple-employer public employee retirement system that is administered by the Retirement Board of MERS. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com. This plan was closed to new hires effective October 1, 2016.

Funding policy. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The County makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

Benefits provided. The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with early retirement at 55 with 20 or more years of service. The plan also provides for early retirement at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits.

Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.0% to 2.5% of the member's final average compensation (FAC) depending on the employee group. Final average compensation is calculated based on 3 to 5 years. The retirement allowance is reduced 0.50% to 0.74% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available.

Employees Covered by Benefit Terms. As December 31, 2016, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	49
Active employees	97
	<hr/>
Total membership	294
	<hr/>

Contributions. The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2017, employer contributions ranged from \$0 to \$151,969 depending on division/bargaining unit (all nine of which are closed to new members. In addition, the employer may establish contribution rates to be paid by its covered employees. For the year ended September 30, 2017, member contribution rates range from 0.00% to 3.95%.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

All nine divisions are closed to new employees and have annual employer contributions ranging from \$0 to \$151,969. For the fiscal year ended September 30, 2017, member contributions ranged from 0.00% to 3.95%.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying strategies	10.00%	6.56%	0.64%
	<u>100%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2016 was 8.0% (down from 8.25% in 2015). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 45,736,510	\$ 28,832,718	\$ 16,903,792
Changes for the year:			
Service cost	526,793	-	526,793
Interest	3,591,709	-	3,591,709
Difference between expected and actual experience	(1,425,910)	-	(1,425,910)
Employer contributions	-	1,604,325	(1,604,325)
Employee contributions	-	164,742	(164,742)
Net investment income	-	3,274,618	(3,274,618)
Benefit payments, including refunds of employee contributions	(2,207,091)	(2,207,091)	-
Administrative expense	-	(64,626)	64,626
Net changes	485,501	2,771,968	(2,286,467)
Balances at December 31, 2016	\$ 46,222,011	\$ 31,604,686	\$ 14,617,325

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
County's net pension liability	\$ 19,801,313	\$ 14,617,325	\$ 10,209,200

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

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

For the year ended September 30, 2017, the County recognized pension expense of \$2,800,264. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 712,954	\$ (712,954)
Net difference between projected and actual earnings on pension plan investments	1,126,966	-	1,126,966
	<u>1,126,966</u>	<u>712,954</u>	<u>414,012</u>
Contributions subsequent to the measurement date	1,410,571	-	1,410,571
	<u>1,410,571</u>	<u>-</u>	<u>1,410,571</u>
Total	<u>\$ 2,537,537</u>	<u>\$ 712,954</u>	<u>\$ 1,824,583</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2018	\$ (240,536)
2019	472,419
2020	379,752
2021	<u>(197,623)</u>
Total	<u>\$ 414,012</u>

Payable to the Pension Plan. At September 30, 2017, the County reported a payable of \$168,407 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2017.

Component Units

The Isabella County Road Commission, Isabella County Medical Care Facility and Isabella County Transportation Commission have separate MERS retirement plans. Separate accounts are maintained by MERS for each of the component units identified above. Details applicable to these individual plans are available in each component unit's separately issued financial statements.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

12. DEFINED CONTRIBUTION PENSION PLAN

The Isabella County Employees Defined Contribution Pension Plan (the “DC Plan”) is a single employer defined contribution pension plan, established by the County and administered by a third-party administrator. All County employees hired after January 1, 2002, with the exception of certain bargaining units, are required to participate in the DC Plan. As of September 30, 2015, all union contracts now specify that new employees of these units are added to the DC 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. A stand-alone report has not been issued for the DC Plan.

As of September 30, 2017, there were 138 plan members. DC Plan members are required to contribute a minimum of 2% of their annual salary to the DC Plan. The County is required to contribute 7% of the employees’ annual salary. Authority for establishing and amending the DC Plan’s provisions rests with the County Board of Commissioners.

Employer contributions to the DC Plan for the year ended September 30, 2017, amounted to \$343,825 and employee contributions were \$106,757.

13. DEFERRED COMPENSATION PLAN

The Isabella County Employees Deferred Compensation Pension Plan (the “DCP Plan”) is a single employer defined contribution pension plan, established by the County and administered by outside third-party administrators. Participation in the DCP Plan is optional to all County employees. The County does not make any contributions to the DCP Plan. A stand-alone report has not been issued for the DCP Plan.

As of September 30, 2017, there were 88 plan members who contributed \$222,219 to the DCP Plan. Authority for establishing and amending the DCP Plan’s provisions rests with the County Board of Commissioners.

14. OTHER POSTEMPLOYMENT BENEFITS (ROAD COMMISSION COMPONENT UNIT)

In addition to the pension benefits noted above, the Isabella County Road Commission provides postemployment health care insurance benefits to all retired employees through a group insurance plan. The benefits are provided in accordance with articles of the union agreement, which includes the provision that upon retirement, the Road Commission contributes \$150 to \$350 per month for health coverage per retiree based on years of service scale for employees hired before January 1, 2010 only. The Road Commission’s obligation ceases upon the employee attaining the minimum age for Medicare coverage. Additional details applicable to the Road Commission plan are available in its separately issued financial statements.

15. RISK MANAGEMENT

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 is a member of the Michigan Municipal Risk Management Authority for the risks of loss, including property, casualty loss, and general liability. The County participates in the Michigan Counties Workers’ Compensation Fund for workers’ compensation coverage. Settlements have not exceeded insurance coverage in any of the past three (3) years.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Primary Government

Employee Health Benefits

The County has established a high deductible health insurance plan and a health reimbursement account which are accounted for in an internal service fund. Employee groups of the primary government, including the Medical Care Facility component unit as a separate unit, participate in the insurance plan. The Plan is administered under contractual agreements with Blue Cross and Blue Shield of Michigan (BCBSM) and 44 North as third-party administrators.

The County is responsible for paying the medical claims over the employees' deductible and up to the high deductible cap established with BCBSM. These claims are processed through 44 North and paid from the County's health reimbursement account. Certain benefits such as dental and prescription drug are covered by supplemental policies funded by the Plan. The insurance arrangements will be renegotiated annually in compliance with the Public Employees Health Benefit Act (Act 106 of 2007).

The internal service fund is responsible for collecting interfund premiums from the participating funds and departments and for paying insurance premiums, administrative fees, and deductibles paid from the health reimbursement account. Interfund premiums are treated as interfund services provided and used; meaning the interfund premiums are recognized as expenditures or expenses in the contributing funds and interfund revenue is recognized in the 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:

	Fiscal Year Ended September 30,	
	2017	2016
Estimated liability, beginning of year	\$ 45,045	\$ 43,697
Estimated claims incurred, including changes in estimates	4,030,899	3,706,635
Claim payments	<u>(4,009,001)</u>	<u>(3,705,287)</u>
Estimated liability, end of year	<u>\$ 66,943</u>	<u>\$ 45,045</u>

Component Units

Transportation Commission

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

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

The Transportation 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 has not been informed of any special assessments being required.

16. 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, 2016, and July 1, 2017. 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 2017 taxable value of Isabella County amounted to \$1,758,379,688 on which ad valorem taxes levied for the County general operating purposes was 6.6100 mills. For the year ended September 30, 2017, the County levied 0.9795 mills for the Medical Care Facilities, and 0.3500 mills for parks and recreation. The Isabella County Transportation Commission levied 0.9929 mills for transportation services.

17. FEDERAL FINANCIAL ASSISTANCE - ROAD COMMISSION COMPONENT UNIT

It is required by the Michigan Department of Transportation (MDOT) that all road commissions report total federal financial assistance for highway research, planning, and construction pertaining to their counties. During the year ended September 30, 2017, the federal aid received and expended by the Road Commission was \$2,157,495 for contracted projects.

Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (they are included in MDOT's single audit). Local force account projects are projects where the road commissions perform the work and would be subject to single audit requirements if they expended \$750,000 or more.

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General	Tribal Contribution	CDBG Housing Assistance Grant	Commission on Aging Activities	Building Authority Bonds	Nonmajor Governmental Funds	Total
Nonspendable							
Inventories	\$ 12,399	\$ -	\$ -	\$ 9,013	\$ -	\$ -	\$ 21,412
Prepays	41,976	-	-	688	-	37,033	79,697
	<u>54,375</u>	<u>-</u>	<u>-</u>	<u>9,701</u>	<u>-</u>	<u>37,033</u>	<u>101,109</u>
Restricted							
Parks and recreation	-	-	-	-	-	960,501	960,501
Commission on aging	-	-	-	1,975,361	-	-	1,975,361
Child care	-	-	-	-	-	564,492	564,492
E-911	-	-	-	-	-	512,965	512,965
Other:							
Debt service	-	-	-	-	52,730	-	52,730
Tribal contribution	-	164,016	-	-	-	-	164,016
Friend of the Court	-	-	-	-	-	217,862	217,862
Register of Deeds							
Automation	-	-	-	-	-	169,363	169,363
Drug law enforcement	-	-	-	-	-	32,918	32,918
Public Act 511	-	-	-	-	-	1	1
Concealed pistol license	-	-	-	-	-	40,396	40,396
Housing assistance	-	-	110,294	-	-	-	110,294
Human Services	-	-	-	-	-	2,523	2,523
Veterans	-	-	-	-	-	16,235	16,235
Corrections officers							
training	-	-	-	-	-	22,387	22,387
Law library	-	-	-	-	-	1	1
	<u>-</u>	<u>164,016</u>	<u>110,294</u>	<u>1,975,361</u>	<u>52,730</u>	<u>2,539,644</u>	<u>4,842,045</u>
Committed							
Geographical information systems	-	-	-	-	-	37,011	37,011
Community alternatives	-	-	-	-	-	17,914	17,914
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,925</u>	<u>54,925</u>
Assigned							
Working capital	2,000,000	-	-	-	-	-	2,000,000
Vested benefits	594,414	-	-	-	-	-	594,414
District health capital	5,545	-	-	-	-	-	5,545
Central dispatch capital	6,895	-	-	-	-	-	6,895
Claims liability	82,072	-	-	-	-	-	82,072
Agriculture board	59,042	-	-	-	-	-	59,042
Court technology	291,265	-	-	-	-	-	291,265
Link Michigan grant	3,063	-	-	-	-	-	3,063
Capital improvement	-	-	-	-	-	46,843	46,843
Subsequent year expenditures	1,745,800	-	-	-	-	-	1,745,800
	<u>4,788,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,843</u>	<u>4,834,939</u>
Unassigned	<u>4,764,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,764,319</u>
Total fund balances - governmental funds	<u>\$ 9,606,790</u>	<u>\$ 164,016</u>	<u>\$ 110,294</u>	<u>\$ 1,985,062</u>	<u>\$ 52,730</u>	<u>\$ 2,678,445</u>	<u>\$ 14,597,337</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

19. NET POSITION

Restricted Net Position

The composition of the County's restricted net position as of year end was as follows:

	Governmental Activities	Business-type Activities	Component Units
Restricted for:			
Legal restrictions:			
Commission on Aging	\$ 1,985,062	\$ -	\$ -
Parks and recreation	960,588	-	-
E-911	513,082	-	-
Child care	601,321	-	-
County roads	-	-	4,423,046
Other:			
Legal restrictions:			
Tribal contribution	164,016	-	-
Register of Deeds automation	169,363	-	-
Drug law enforcement	32,918	-	-
Human services	2,523	-	-
Veterans activities	16,235	-	-
Concealed pistol license	40,396	-	-
Corrections officer training	22,387	-	-
Law library	1	-	-
Public Act 511	1	-	-
Grant programs:			
CDBG housing assistance	110,294	-	-
Friend of the Court	217,862	-	-
Debt service:			
Building authority bonds	36,272	-	-
Board of Public Works bonds	-	-	50,108
Medical care facility bonds	-	-	159,650
Nonexpendable - Drayton & Millie Miley Trust	-	-	55,226
Expendable:			
Drayton and Millie Miley Trust	-	-	37,408
Patient Equipment Trust	-	-	184,283
	<u>\$ 4,872,321</u>	<u>\$ -</u>	<u>\$ 4,909,721</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Net Investment in Capital Assets

The composition of the County's net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 2,021,742	\$ 107,757	\$ 28,697,213
Capital assets being depreciated, net	12,229,521	1,178,976	92,601,442
Total capital assets	<u>14,251,263</u>	<u>1,286,733</u>	<u>121,298,655</u>
Related debt:			
Bonds and notes payable	950,000	-	18,931,370
Unamortized bond premiums	11,894	-	98,357
Deferred loss on bond refunding	(16,739)	-	(79,758)
Amounts under leases receivable	(175,000)	-	(3,105,000)
Non-capital related debt	-	-	(360,242)
Total related debt	<u>770,155</u>	<u>-</u>	<u>15,484,727</u>
	<u>\$ 13,481,108</u>	<u>\$ 1,286,733</u>	<u>\$105,813,928</u>

20. TAX ABATEMENTS

The County received reduced property tax revenues during 2017 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by local municipalities.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements by local unit which reduced tax revenues to the County for 2017 were as follows:

Governmental Entity	Abatement Amount
Broomfield Township	\$ 3,477
Coe Township	2,427
Isabella Township	962
Nottawa Township	3,404
Sherman Township	2,663
Union Township	2,669
City of Mt. Pleasant	35,259
City of Clare	7,592
	<u>\$ 58,453</u>

ISABELLA COUNTY, MICHIGAN

Notes to Financial Statements

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements were entered into by the City of Mt. Pleasant and amounted to approximately \$51,000 in reduced County tax revenues for 2017.

21. 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.

22. RESTATEMENTS

The County received certain restricted revenues in the prior year that were incorrectly reported as unearned. Accordingly, the beginning fund balance / net position of the affected funds was increased as follows (which is also the amount of the impact on the prior year revenue):

Commission on Aging special revenue fund	\$ 611,332
Tribal Contribution special revenue fund	123,963
Total governmental activities	<u>\$ 735,295</u>
Recycling enterprise fund / business-type activities	<u>\$ 122,841</u>
Drainage District component unit	<u>\$ 578,571</u>

Beginning net position of the governmental activities was decreased by \$299,671 to properly recognize accumulated depreciation on land improvements that had not been properly depreciated. The impact on the September 30, 2016 statement of activities would have been an increase in expenses of \$58,372.

Beginning net position of the Delinquent Tax Revolving enterprise fund and business-type activities was increased by \$354,886 to properly recognize revenue related to unrecorded interest and fees accrued on delinquent taxes receivable. The impact on the September 30, 2016 statement of activities was not considered significant.

Beginning net position in the Board of Public Works component unit was decreased by \$379,993 to properly state unearned revenue for the prior year that was recognized as revenue incorrectly. The impact on the September 30, 2016 statement of activities would have been a decrease in operating grants and contributions of \$379,993.

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REQUIRED SUPPLEMENTARY INFORMATION

ISABELLA COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in County's Net Pension Liability and Related Ratios

	Year Ended September 30,		
	2017	2016	2015
Total pension liability			
Service cost	\$ 526,793	\$ 565,790	\$ 567,176
Interest	3,591,709	3,344,840	3,105,900
Differences between expected and actual experience	(1,425,910)	392,120	-
Changes of assumptions	-	2,225,734	-
Benefit payments, including refunds of employee contributions	(2,207,091)	(2,105,195)	(1,994,155)
Other	-	-	97,060
Net change in total pension liability	485,501	4,423,289	1,775,981
Total pension liability, beginning of year	45,736,510	41,313,221	39,537,240
Total pension liability, end of year	46,222,011	45,736,510	41,313,221
Plan fiduciary net position			
Employer contributions	1,604,325	1,420,389	1,266,473
Employee contributions	164,742	175,830	178,961
Net investment income (loss)	3,274,618	(447,563)	1,805,222
Benefit payments, including refunds of employee contributions	(2,207,091)	(2,105,195)	(1,994,155)
Administrative expense	(64,626)	(65,245)	(66,306)
Net change in plan fiduciary net position	2,771,968	(1,021,784)	1,190,195
Plan fiduciary net position, beginning of year	28,832,718	29,854,502	28,664,307
Plan fiduciary net position, end of year	31,604,686	28,832,718	29,854,502
County's net pension liability	\$ 14,617,325	\$ 16,903,792	\$ 11,458,719
Plan fiduciary net position as a percentage of total pension liability	68.4%	63.0%	72.3%
Covered payroll	\$ 4,660,171	\$ 4,915,260	\$ 5,344,166
County's net pension liability as a percentage of covered payroll	313.7%	343.9%	214.4%

Notes:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ISABELLA COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2017	\$ 46,222,011	\$ 31,604,686	\$ 14,617,325	68.4%	\$ 4,660,171	313.66%
2016	45,736,510	28,832,718	16,903,792	63.0%	4,915,260	343.90%
2015	41,313,221	29,854,502	11,458,719	72.3%	5,344,166	214.42%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ISABELLA COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2017	\$ 1,880,760	\$ 1,880,760	-	\$ 4,526,479	41.6%
2016	1,512,180	1,512,180	-	4,723,273	32.0%
2015	1,389,792	1,389,792	-	4,940,238	28.1%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date December 31, 2014

Notes Actuarially determined contribution rates are calculated as of December 31, which is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Open; 10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011 valuation. The next study is scheduled for 2016.
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates for disabled members.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

ISABELLA COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds	Capital Improvement Fund	Totals
Assets			
Cash and cash equivalents	\$ 1,777,767	\$ 108,723	\$ 1,886,490
Investments	384,549	-	384,549
Accounts receivable, net	326,396	-	326,396
Due from other governments	444,184	-	444,184
Due from other funds	36,752	6,790	43,542
Prepays	37,033	-	37,033
Total assets	\$ 3,006,681	\$ 115,513	\$ 3,122,194
Liabilities			
Accounts payable	\$ 151,802	\$ 68,670	\$ 220,472
Accrued payroll	74,815	-	74,815
Due to other funds	145,163	-	145,163
Due to other governments	2,304	-	2,304
Unearned revenue	995	-	995
Total liabilities	375,079	68,670	443,749
Fund balances			
Nonspendable	37,033	-	37,033
Restricted	2,539,644	-	2,539,644
Committed	54,925	-	54,925
Assigned	-	46,843	46,843
Total fund balances	2,631,602	46,843	2,678,445
Total liabilities and fund balances	\$ 3,006,681	\$ 115,513	\$ 3,122,194

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds	Capital Improvement Fund	Totals
Revenues			
Taxes	\$ 575,834	\$ -	\$ 575,834
Licenses and permits	425,332	-	425,332
Intergovernmental	1,801,880	-	1,801,880
Charges for services	1,220,995	-	1,220,995
Fines and forfeits	9,904	-	9,904
Interest	3,005	226	3,231
Other revenues	75,566	-	75,566
Total revenues	4,112,516	226	4,112,742
Expenditures			
Current expenditures:			
General government	1,034,397	-	1,034,397
Public safety	1,284,669	-	1,284,669
Health and welfare	2,247,889	-	2,247,889
Recreation and culture	841,343	-	841,343
Capital outlay	-	495,854	495,854
Total expenditures	5,408,298	495,854	5,904,152
Revenues over (under) expenditures	(1,295,782)	(495,628)	(1,791,410)
Other financing sources (uses)			
Transfers in	1,670,708	487,637	2,158,345
Transfers out	(30,591)	-	(30,591)
Total other financing sources (uses)	1,640,117	487,637	2,127,754
Net change in fund balances	344,335	(7,991)	336,344
Fund balances, beginning of year	2,287,267	54,834	2,342,101
Fund balances, end of year	\$ 2,631,602	\$ 46,843	\$ 2,678,445

ISABELLA COUNTY, MICHIGAN

■ Nonmajor Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. 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 *Capital Improvement Fund* is used to account for the financing of various capital projects. Many projects are financed with transfers from other funds.

ISABELLA COUNTY, MICHIGAN

Nonmajor Special Revenue Funds

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

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, Parks and Recreation Fund, Register of Deeds Automation Fund, Drug Law Enforcement Fund, Concealed Pistol License Fund, Local Corrections Officer Training, Department of Human Services Fund, Child Care Fund, and the E-911 Fund).

ISABELLA COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds September 30, 2017

	Geographical Information System	Parks and Recreation	Friend of the Court	Register of Deeds Automation
Assets				
Cash and cash equivalents	\$ 41,311	\$ 1,008,746	\$ 146,449	\$ 186,743
Investments	-	-	-	-
Accounts receivable, net	-	3,160	-	-
Due from other governments	-	-	92,637	-
Due from other funds	-	-	-	-
Prepays	-	87	-	-
Total assets	\$ 41,311	\$ 1,011,993	\$ 239,086	\$ 186,743
Liabilities				
Accounts payable	\$ 3,326	\$ 23,286	\$ 810	\$ 2,380
Accrued payroll	974	19,170	18,580	-
Due to other funds	-	7,954	1,834	15,000
Due to other governments	-	-	-	-
Unearned revenue	-	995	-	-
Total liabilities	4,300	51,405	21,224	17,380
Fund balances				
Nonspendable	-	87	-	-
Restricted	-	960,501	217,862	169,363
Committed	37,011	-	-	-
Total fund balances	37,011	960,588	217,862	169,363
Total liabilities and fund balances	\$ 41,311	\$ 1,011,993	\$ 239,086	\$ 186,743

Drug Law Enforcement	Community Alternatives	Public Act 511	Concealed Pistol License	Local Corrections Officers Training	County Law Library	Department of Human Services
\$ 32,918	\$ 37,166	\$ 63,369	\$ 42,243	\$ 22,895	\$ -	\$ -
-	-	-	-	-	-	-
-	-	207	-	-	-	-
-	-	1,200	-	-	-	2,523
-	-	31,183	-	-	5,569	-
-	-	-	-	-	-	-
<u>\$ 32,918</u>	<u>\$ 37,166</u>	<u>\$ 95,959</u>	<u>\$ 42,243</u>	<u>\$ 22,895</u>	<u>\$ 5,569</u>	<u>\$ 2,523</u>
\$ -	\$ -	\$ 700	\$ 347	\$ -	\$ 2,012	\$ -
-	1,707	1,986	-	508	-	-
-	17,545	93,272	1,500	-	3,556	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	19,252	95,958	1,847	508	5,568	-
-	-	-	-	-	-	-
32,918	-	1	40,396	22,387	1	2,523
-	17,914	-	-	-	-	-
<u>32,918</u>	<u>17,914</u>	<u>1</u>	<u>40,396</u>	<u>22,387</u>	<u>1</u>	<u>2,523</u>
<u>\$ 32,918</u>	<u>\$ 37,166</u>	<u>\$ 95,959</u>	<u>\$ 42,243</u>	<u>\$ 22,895</u>	<u>\$ 5,569</u>	<u>\$ 2,523</u>

continued...

ISABELLA COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds September 30, 2017

	Child Care	Veterans' Activities	E-911	Totals
Assets				
Cash and cash equivalents	\$ 5,638	\$ 16,235	\$ 174,054	\$ 1,777,767
Investments	384,549	-	-	384,549
Accounts receivable, net	-	-	323,029	326,396
Due from other governments	286,884	-	60,940	444,184
Due from other funds	-	-	-	36,752
Prepays	36,829	-	117	37,033
Total assets	\$ 713,900	\$ 16,235	\$ 558,140	\$ 3,006,681
Liabilities				
Accounts payable	\$ 107,108	\$ -	\$ 11,833	\$ 151,802
Accrued payroll	2,468	-	29,422	74,815
Due to other funds	699	-	3,803	145,163
Due to other governments	2,304	-	-	2,304
Unearned revenue	-	-	-	995
Total liabilities	112,579	-	45,058	375,079
Fund balances				
Nonspendable	36,829	-	117	37,033
Restricted	564,492	16,235	512,965	2,539,644
Committed	-	-	-	54,925
Total fund balances	601,321	16,235	513,082	2,631,602
Total liabilities and fund balances	\$ 713,900	\$ 16,235	\$ 558,140	\$ 3,006,681

concluded.

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Geographical Information System	Parks and Recreation	Friend of the Court	Register of Deeds Automation
Revenues				
Taxes	\$ -	\$ 575,834	\$ -	\$ -
Licenses and permits	-	401,626	-	-
Intergovernmental	-	-	535,029	-
Charges for services	2,416	-	48,498	52,085
Fines and forfeits	-	-	-	-
Interest	-	2,437	-	209
Other revenues	23,875	50,887	-	-
Total revenues	26,291	1,030,784	583,527	52,294
Expenditures				
Current:				
General government	47,773	-	693,770	30,523
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and culture	-	841,343	-	-
Total expenditures	47,773	841,343	693,770	30,523
Revenues over (under) expenditures	(21,482)	189,441	(110,243)	21,771
Other financing sources (uses)				
Transfers in	-	-	70,000	-
Transfers out	-	-	-	(15,000)
Total other financing sources (uses)	-	-	70,000	(15,000)
Net change in fund balances	(21,482)	189,441	(40,243)	6,771
Fund balances, beginning of year	58,493	771,147	258,105	162,592
Fund balances, end of year	\$ 37,011	\$ 960,588	\$ 217,862	\$ 169,363

Drug Law Enforcement	Community Alternatives	Public Act 511	Concealed Pistol License	Local Corrections Officers Training	County Law Library	Department of Human Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	23,706	-	-	-
-	-	95,241	-	-	-	1
-	79,812	870	-	20,280	-	-
3,404	-	-	-	-	6,500	-
17	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,421</u>	<u>79,812</u>	<u>96,111</u>	<u>23,706</u>	<u>20,280</u>	<u>6,500</u>	<u>1</u>
-	58,946	180,674	-	-	22,711	-
1,431	-	-	9,927	8,266	-	-
-	-	-	-	-	-	9,014
-	-	-	-	-	-	-
<u>1,431</u>	<u>58,946</u>	<u>180,674</u>	<u>9,927</u>	<u>8,266</u>	<u>22,711</u>	<u>9,014</u>
<u>1,990</u>	<u>20,866</u>	<u>(84,563)</u>	<u>13,779</u>	<u>12,014</u>	<u>(16,211)</u>	<u>(9,013)</u>
-	-	84,564	-	-	16,144	-
-	(15,591)	-	-	-	-	-
<u>-</u>	<u>(15,591)</u>	<u>84,564</u>	<u>-</u>	<u>-</u>	<u>16,144</u>	<u>-</u>
1,990	5,275	1	13,779	12,014	(67)	(9,013)
30,928	12,639	-	26,617	10,373	68	11,536
<u>\$ 32,918</u>	<u>\$ 17,914</u>	<u>\$ 1</u>	<u>\$ 40,396</u>	<u>\$ 22,387</u>	<u>\$ 1</u>	<u>\$ 2,523</u>

continued...

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended September 30, 2017

	Child Care	Veterans' Activities	E-911	Totals
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 575,834
Licenses and permits	-	-	-	425,332
Intergovernmental	954,790	977	215,842	1,801,880
Charges for services	64,698	-	952,336	1,220,995
Fines and forfeits	-	-	-	9,904
Interest	-	-	342	3,005
Other revenues	-	-	804	75,566
Total revenues	1,019,488	977	1,169,324	4,112,516
Expenditures				
Current:				
General government	-	-	-	1,034,397
Public safety	-	-	1,265,045	1,284,669
Health and welfare	2,236,580	2,295	-	2,247,889
Recreation and culture	-	-	-	841,343
Total expenditures	2,236,580	2,295	1,265,045	5,408,298
Revenues over (under) expenditures	(1,217,092)	(1,318)	(95,721)	(1,295,782)
Other financing sources (uses)				
Transfers in	1,500,000	-	-	1,670,708
Transfers out	-	-	-	(30,591)
Total other financing sources (uses)	1,500,000	-	-	1,640,117
Net change in fund balances	282,908	(1,318)	(95,721)	344,335
Fund balances, beginning of year	318,413	17,553	608,803	2,287,267
Fund balances, end of year	\$ 601,321	\$ 16,235	\$ 513,082	\$ 2,631,602

concluded.

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Geographical Information System Special Revenue Fund For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 2,416	\$ (7,584)
Other revenues	22,000	22,000	23,875	1,875
Total revenues	32,000	32,000	26,291	(5,709)
Expenditures				
Current:				
General government	56,733	56,733	47,773	(8,960)
Net change in fund balance	(24,733)	(24,733)	(21,482)	3,251
Fund balance, beginning of year	58,493	58,493	58,493	-
Fund balance, end of year	\$ 33,760	\$ 33,760	\$ 37,011	\$ 3,251

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 560,000	\$ 560,000	\$ 575,834	\$ 15,834
Licenses and permits	356,980	356,980	401,626	44,646
Interest	500	500	2,437	1,937
Other revenues	56,000	56,000	50,887	(5,113)
Total revenues	<u>973,480</u>	<u>973,480</u>	<u>1,030,784</u>	<u>57,304</u>
Expenditures				
Current:				
Recreation and culture:				
Administration	461,181	461,181	278,599	(182,582)
Coldwater Lake County Park	103,668	103,668	120,525	16,857
Deerfield County Park	105,476	105,476	114,147	8,671
Herrick County Park	104,521	104,521	84,718	(19,803)
Meridian County Park	6,268	6,268	4,526	(1,742)
Pere Marquette Rail Trail	2,895	2,895	2,444	(451)
Maintenance shop	266,614	266,614	236,384	(30,230)
Total expenditures	<u>1,050,623</u>	<u>1,050,623</u>	<u>841,343</u>	<u>(209,280)</u>
Net change in fund balance	<u>(77,143)</u>	<u>(77,143)</u>	<u>189,441</u>	<u>266,584</u>
Fund balance, beginning of year	<u>771,147</u>	<u>771,147</u>	<u>771,147</u>	<u>-</u>
Fund balance, end of year	<u>\$ 694,004</u>	<u>\$ 694,004</u>	<u>\$ 960,588</u>	<u>\$ 266,584</u>

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Friend of the Court Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 561,659	\$ 561,659	\$ 535,029	\$ (26,630)
Charges for services	51,200	51,200	48,498	(2,702)
Total revenues	612,859	612,859	583,527	(29,332)
Expenditures				
Current:				
General government	706,351	706,351	693,770	(12,581)
Revenues over (under) expenditures	(93,492)	(93,492)	(110,243)	(16,751)
Other financing sources (uses)				
Transfers in	70,000	70,000	70,000	-
Net change in fund balance	(23,492)	(23,492)	(40,243)	(16,751)
Fund balance, beginning of year	258,105	258,105	258,105	-
Fund balance, end of year	<u>\$ 234,613</u>	<u>\$ 234,613</u>	<u>\$ 217,862</u>	<u>\$ (16,751)</u>

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Register of Deeds Automation Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 45,000	\$ 45,000	\$ 52,085	\$ 7,085
Interest	130	130	209	79
Total revenues	45,130	45,130	52,294	7,164
Expenditures				
Current:				
General government	19,050	113,450	30,523	(82,927)
Revenues over (under) expenditures	26,080	(68,320)	21,771	90,091
Other financing sources (uses)				
Transfers out	(15,000)	(15,000)	(15,000)	-
Net change in fund balance	11,080	(83,320)	6,771	90,091
Fund balance, beginning of year	162,592	162,592	162,592	-
Fund balance, end of year	<u>\$ 173,672</u>	<u>\$ 79,272</u>	<u>\$ 169,363</u>	<u>\$ 90,091</u>

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Law Enforcement Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 500	\$ 500	\$ 3,404	\$ 2,904
Interest	-	-	17	17
Total revenues	500	500	3,421	2,921
Expenditures				
Current:				
Public safety	1,500	1,500	1,431	(69)
Net change in fund balance	(1,000)	(1,000)	1,990	2,990
Fund balance, beginning of year	30,928	30,928	30,928	-
Fund balance, end of year	\$ 29,928	\$ 29,928	\$ 32,918	\$ 2,990

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Alternatives Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 76,000	\$ 76,000	\$ 79,812	\$ 3,812
Expenditures				
Current:				
General government	68,150	68,150	58,946	(9,204)
Revenues over (under) expenditures	7,850	7,850	20,866	13,016
Other financing sources (uses)				
Transfers out	(7,850)	(7,850)	(15,591)	7,741
Net change in fund balance	-	-	5,275	5,275
Fund balance, beginning of year	12,639	12,639	12,639	-
Fund balance, end of year	\$ 12,639	\$ 12,639	\$ 17,914	\$ 5,275

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Act 511 Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 121,591	\$ 121,591	\$ 95,241	\$ (26,350)
Charges for services	778	778	870	92
Total revenues	122,369	122,369	96,111	(26,258)
Expenditures				
Current:				
General government	183,600	183,600	180,674	(2,926)
Revenues over (under) expenditures	(61,231)	(61,231)	(84,563)	(23,332)
Other financing sources (uses)				
Transfers in	61,231	61,231	84,564	23,333
Net change in fund balance	-	-	1	1
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 1	\$ 1

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Concealed Pistol License Special Revenue Fund For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 23,706	\$ 8,706
Expenditures				
Current:				
Public safety	10,200	10,200	9,927	(273)
Net change in fund balance	4,800	4,800	13,779	8,979
Fund balance, beginning of year	26,617	26,617	26,617	-
Fund balance, end of year	\$ 31,417	\$ 31,417	\$ 40,396	\$ 8,979

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Corrections Officers Training Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 20,000	\$ 20,000	\$ 20,280	\$ 280
Expenditures				
Current:				
Public safety	20,000	20,000	8,266	(11,734)
Net change in fund balance	-	-	12,014	12,014
Fund balance, beginning of year	10,373	10,373	10,373	-
Fund balance, end of year	\$ 10,373	\$ 10,373	\$ 22,387	\$ 12,014

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - County Law Library Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and Forfeits	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Expenditures				
Current:				
General government	18,700	18,700	22,711	4,011
Revenues over (under) expenditures	(12,200)	(12,200)	(16,211)	(4,011)
Other financing sources (uses)				
Transfers in	12,200	12,200	16,144	3,944
Net change in fund balance	-	-	(67)	(67)
Fund balance, beginning of year	68	68	68	-
Fund balance, end of year	\$ 68	\$ 68	\$ 1	\$ (67)

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Department of Human Services Special Revenue Fund For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1	\$ 1
Expenditures				
Current:				
Health and welfare	-	-	9,014	9,014
Net change in fund balance	-	-	(9,013)	(9,013)
Fund balance, beginning of year	11,536	11,536	11,536	-
Fund balance, end of year	\$ 11,536	\$ 11,536	\$ 2,523	\$ (9,013)

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 925,000	\$ 925,000	\$ 954,790	\$ 29,790
Charges for services	100,000	100,000	64,698	(35,302)
Total revenues	1,025,000	1,025,000	1,019,488	(5,512)
Expenditures				
Current:				
Health and welfare	2,223,678	2,223,678	2,236,580	12,902
Revenues over (under) expenditures	(1,198,678)	(1,198,678)	(1,217,092)	(18,414)
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	1,500,000	-
Net change in fund balance	301,322	301,322	282,908	(18,414)
Fund balance, beginning of year	318,413	318,413	318,413	-
Fund balance, end of year	\$ 619,735	\$ 619,735	\$ 601,321	\$ (18,414)

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Veterans' Activities Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 4,300	\$ 4,300	\$ 977	\$ (3,323)
Expenditures				
Current:				
Health and welfare:				
Veterans affairs relief	2,000	2,000	1,708	(292)
Veterans trust	4,300	4,300	587	(3,713)
Total expenditures	6,300	6,300	2,295	(4,005)
Net change in fund balance	(2,000)	(2,000)	(1,318)	682
Fund balance, beginning of year	17,553	17,553	17,553	-
Fund balance, end of year	\$ 15,553	\$ 15,553	\$ 16,235	\$ 682

ISABELLA COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - E-911 Special Revenue Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 215,842	\$ 842
Charges for services	855,200	855,200	952,336	97,136
Interest	500	500	342	(158)
Other revenue	500	500	804	304
Total revenues	1,071,200	1,071,200	1,169,324	98,124
Expenditures				
Current:				
Public safety	1,337,112	1,337,112	1,265,045	(72,067)
Net change in fund balance	(265,912)	(265,912)	(95,721)	170,191
Fund balance, beginning of year	608,803	608,803	608,803	-
Fund balance, end of year	\$ 342,891	\$ 342,891	\$ 513,082	\$ 170,191

ISABELLA COUNTY, MICHIGAN

■ Nonmajor Enterprise Funds

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.

Building Inspection Fund - This fund is used for the activity related to construction inspections.

Concessions Fund - This fund accounts for the government's sale of concessions within the County Jail.

PA 105 Fund - This fund accounts for the activities related to the County Treasurer's audits of the Homestead (Homeowner's Principal Residence) Exemption under Public Act 105 of 2003.

ISABELLA COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

September 30, 2017

	Building Inspection	Concessions	PA 105	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 433,210	\$ 148,142	\$ 42,167	\$ 623,519
Accounts receivable	480	9,165	-	9,645
Inventories	-	10,959	-	10,959
Prepays	2,066	-	-	2,066
Total current assets	435,756	168,266	42,167	646,189
Noncurrent assets:				
Capital assets being depreciated, net	22,661	163,756	-	186,417
Total assets	458,417	332,022	42,167	832,606
Deferred outflows of resources				
Deferred pension amounts	27,152	-	-	27,152
Liabilities				
Current liabilities:				
Accounts payable	997	4,893	-	5,890
Accrued wages	7,403	-	-	7,403
Due to other funds	1,707	6,790	-	8,497
Current portion of long-term debt	4,009	-	-	4,009
Total current liabilities	14,116	11,683	-	25,799
Noncurrent liabilities:				
Long term debt, net of current	6,011	-	-	6,011
Net pension liability	156,405	-	-	156,405
Total noncurrent liabilities	162,416	-	-	162,416
Total liabilities	176,532	11,683	-	188,215
Deferred inflows of resources				
Deferred pension amounts	7,629	-	-	7,629
Net position				
Investment in capital assets	22,661	163,756	-	186,417
Unrestricted	278,747	156,583	42,167	477,497
Total net position	\$ 301,408	\$ 320,339	\$ 42,167	\$ 663,914

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	Building Inspection	Concessions	PA 105	Totals
Operating revenues				
Charges for services	\$ 405,426	\$ 22,485	\$ 6,925	\$ 434,836
Sales	-	346,686	-	346,686
Total operating revenues	405,426	369,171	6,925	781,522
Operating expenses				
Personal services	311,074	-	-	311,074
Supplies	6,133	-	1,000	7,133
Contractual services	16,079	1,080	-	17,159
Other services and charges	8,112	5,128	-	13,240
Cost of goods sold	-	126,246	-	126,246
Depreciation	19,832	89,219	-	109,051
Total operating expenses	361,230	221,673	1,000	583,903
Operating income (loss)	44,196	147,498	5,925	197,619
Nonoperating revenues (expenses)				
Interest revenue	-	287	42	329
Income (loss) before transfers	44,196	147,785	5,967	197,948
Transfers out	-	(300,000)	-	(300,000)
Change in net position	44,196	(152,215)	5,967	(102,052)
Net position, beginning of year	257,212	472,554	36,200	765,966
Net position, end of year	\$ 301,408	\$ 320,339	\$ 42,167	\$ 663,914

ISABELLA COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	Building Inspection	Concessions	PA 105	Totals
Cash flows from operating activities				
Cash received from customers	\$ 404,946	\$ 360,006	\$ 6,925	\$ 771,877
Cash payments for goods and services	(30,754)	(123,335)	(1,000)	(155,089)
Cash payments to employees	(292,413)	-	-	(292,413)
Net cash provided by (used in) operating activities	81,779	236,671	5,925	324,375
Cash flows from noncapital financing activities				
Transfers out	-	(300,000)	-	(300,000)
Cash flows from investing activities				
Interest and dividends received	-	287	42	329
Net change in cash and cash equivalents	81,779	(63,042)	5,967	24,704
Cash and cash equivalents:				
Beginning of year	351,431	211,184	36,200	598,815
End of year	<u>\$ 433,210</u>	<u>\$ 148,142</u>	<u>\$ 42,167</u>	<u>\$ 623,519</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 44,196	\$ 147,498	\$ 5,925	\$ 197,619
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	19,832	89,219	-	109,051
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(480)	(9,165)	-	(9,645)
Inventories	-	2,388	-	2,388
Prepays	200	8,597	-	8,797
Accounts payable	(1,001)	(1,866)	-	(2,867)
Accrued payroll	(626)	-	-	(626)
Due to other funds	371	-	-	371
Compensated absences	1,684	-	-	1,684
Net pension liability and deferred pension amounts	17,603	-	-	17,603
Net cash provided by (used in) operating activities	<u>\$ 81,779</u>	<u>\$ 236,671</u>	<u>\$ 5,925</u>	<u>\$ 324,375</u>

ISABELLA COUNTY, MICHIGAN

Agency Funds

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 *Central Michigan District Health Department Fund* is used to account for the funds held on behalf of the Health Department.

ISABELLA COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

September 30, 2017

	Trust and Agency	Inmate Trust	Employee Flexible Benefits Plan
Assets			
Cash and cash equivalents	\$ 7,730,344	\$ 40,901	\$ 17,433
Liabilities			
Due to other governmental units:			
Federal/State	\$ 165,953	\$ -	\$ -
Local	7,151,282	-	-
Due to individuals and agencies	413,109	40,901	17,433
Total liabilities	\$ 7,730,344	\$ 40,901	\$ 17,433



Payroll	Library Penal Fines	Central Michigan District Health Department	Totals
<u>\$ 72,603</u>	<u>\$ 374,457</u>	<u>\$ 560,591</u>	<u>\$ 8,796,329</u>
\$ -	\$ -	\$ -	\$ 165,953
-	372,832	560,591	8,084,705
<u>72,603</u>	<u>1,625</u>	<u>-</u>	<u>545,671</u>
<u>\$ 72,603</u>	<u>\$ 374,457</u>	<u>\$ 560,591</u>	<u>\$ 8,796,329</u>

ISABELLA COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 5,922,002	\$ 49,572,168	\$ 47,763,826	\$ 7,730,344
Liabilities				
Due to other governmental units:				
Federal/State	\$ 195,542	\$ 2,113,060	\$ 2,142,649	\$ 165,953
Local	5,494,494	35,122,403	33,465,615	7,151,282
Due to individuals and agencies	231,966	4,315,726	4,134,583	413,109
Total liabilities	\$ 5,922,002	\$ 41,551,189	\$ 39,742,847	\$ 7,730,344
Inmate Trust				
Assets				
Cash and cash equivalents	\$ 28,019	\$ 1,030,339	\$ 1,017,457	\$ 40,901
Liabilities				
Due to individuals and agencies	\$ 28,019	\$ 1,101,664	\$ 1,088,782	\$ 40,901
Employee Flexible Benefits Plan				
Assets				
Cash and cash equivalents	\$ 19,044	\$ 110,120	\$ 111,731	\$ 17,433
Liabilities				
Due to individuals and agencies	\$ 19,044	\$ 104,653	\$ 106,264	\$ 17,433
Payroll				
Assets				
Cash and cash equivalents	\$ 22,507	\$ 14,313,904	\$ 14,263,808	\$ 72,603
Liabilities				
Due to individuals and agencies	\$ 22,507	\$ 4,161,520	\$ 4,111,424	\$ 72,603
Library Penal Fines				
Assets				
Cash and cash equivalents	\$ 347,160	\$ 739,034	\$ 711,737	\$ 374,457
Liabilities				
Due to other governmental units:				
Local	\$ 281,158	\$ 376,132	\$ 284,458	\$ 372,832
Due to individuals and agencies	66,002	1,625	66,002	1,625
Total liabilities	\$ 347,160	\$ 377,757	\$ 350,460	\$ 374,457
Central Michigan District Health Department				
Assets				
Cash and cash equivalents	\$ 910,588	\$ 16,944,921	\$ 17,294,918	\$ 560,591
Liabilities				
Due to other governmental units:				
Local	\$ 910,588	\$ 8,634,171	\$ 8,984,168	\$ 560,591
Total - all agency funds				
Assets				
Cash and cash equivalents	\$ 7,249,320	\$ 82,710,486	\$ 81,163,477	\$ 8,796,329
Liabilities				
Due to other governmental units:				
Federal/State	\$ 195,542	\$ 2,113,060	\$ 2,142,649	\$ 165,953
Local	6,686,240	44,132,706	42,734,241	8,084,705
Due to individuals and agencies	367,538	9,685,188	9,507,055	545,671
Total liabilities	\$ 7,249,320	\$ 55,930,954	\$ 54,383,945	\$ 8,796,329

ISABELLA COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts

September 30, 2017

	Debt Service Funds			
	County Drain	Little Salt River	Paisley Drain	Saunders Extension
Assets				
Cash and cash equivalents	\$ 139,422	\$ -	\$ -	\$ 133,963
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	623,724	-	-	570,408
Total assets	\$ 763,146	\$ -	\$ -	\$ 704,371
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - special assessments	623,724	-	-	570,408
Fund balances				
Restricted:				
Debt service	139,422	-	-	133,963
Capital projects	-	-	-	-
Total fund balances	139,422	-	-	133,963
Total liabilities deferred inflows of resources and fund balances	\$ 763,146	\$ -	\$ -	\$ 704,371

Debt Service Funds						
Childs Creek & Dubois Drain	Belting Debt Retirement 220	Bachelder Drain Debt	Figg Drain Debt	Lewis Drain Debt	Lake Isabella Drain Debt	Tice Drain Debt
\$ -	\$ 235,657	\$ 177,173	\$ 328,004	\$ 509,719	\$ 7,776	\$ 22,660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	202,028	597,763	1,335,381	1,638,191	82,334	590,668
<u>\$ -</u>	<u>\$ 437,685</u>	<u>\$ 774,936</u>	<u>\$ 1,663,385</u>	<u>\$ 2,147,910</u>	<u>\$ 90,110</u>	<u>\$ 613,328</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	202,028	597,763	1,335,381	1,638,191	82,334	590,668
-	235,657	177,173	328,004	509,719	7,776	22,660
-	-	-	-	-	-	-
-	235,657	177,173	328,004	509,719	7,776	22,660
<u>\$ -</u>	<u>\$ 437,685</u>	<u>\$ 774,936</u>	<u>\$ 1,663,385</u>	<u>\$ 2,147,910</u>	<u>\$ 90,110</u>	<u>\$ 613,328</u>

continued...

Combining Balance Sheet

Drainage Districts
September 30, 2017

	Debt Service Funds			
	Myers Drain Debt	Leonard Drain Debt	Cahoon Drain Debt	County Line Drain Debt
Assets				
Cash and cash equivalents	\$ 74,081	\$ 82,575	\$ 1,644	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	242,099	510,143	745,890	405,000
Total assets	\$ 316,180	\$ 592,718	\$ 747,534	\$ 405,000
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - special assessments	242,099	510,143	745,890	405,000
Fund balances				
Restricted:				
Debt service	74,081	82,575	1,644	-
Capital projects	-	-	-	-
Total fund balances	74,081	82,575	1,644	-
Total liabilities deferred inflows of resources and fund balances	\$ 316,180	\$ 592,718	\$ 747,534	\$ 405,000

Debt Service Funds		Capital Project Funds		Totals
Jennings Drain Debt	Oberlin Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	
\$ -	\$ -	\$ 50,514	\$ 1,981,561	\$ 3,744,749
-	-	-	2,529,354	2,529,354
-	-	-	10,443	10,443
-	-	262,419	-	262,419
582,742	117,000	-	-	8,243,371
<u>\$ 582,742</u>	<u>\$ 117,000</u>	<u>\$ 312,933</u>	<u>\$ 4,521,358</u>	<u>\$ 14,790,336</u>
\$ -	\$ -	\$ -	\$ 226,257	\$ 226,257
-	-	-	262,419	262,419
-	-	-	488,676	488,676
582,742	117,000	-	-	8,243,371
-	-	-	-	1,712,674
-	-	312,933	4,032,682	4,345,615
-	-	312,933	4,032,682	6,058,289
<u>\$ 582,742</u>	<u>\$ 117,000</u>	<u>\$ 312,933</u>	<u>\$ 4,521,358</u>	<u>\$ 14,790,336</u>

concluded.

ISABELLA COUNTY, MICHIGAN

Reconciliation

Fund Balances of the Drains Component Unit
to Net Position of the Drains Component Unit
September 30, 2017

Fund balances - drain component unit	\$ 6,058,289
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,282,684
Capital assets being depreciated, net	22,668,847
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred long-term receivables	8,243,371
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	76,653
Long-term liabilities and related deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes payable	(10,207,260)
Accrued interest on bonds and notes payable	(134,328)
Net position of drains component unit	<u>\$ 27,988,256</u>

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Drainage Districts

For the Year Ended September 30, 2017

	Debt Service Funds			
	County Drain	Little Salt River	Paisley Drain	Saunders Extension
Revenues				
Special assessments	\$ 169,874	\$ -	\$ -	\$ 129,220
Interest	223	-	-	732
Other	(3,262)	-	-	-
Total revenues	166,835	-	-	129,952
Expenditures				
Debt service:				
Principal	131,722	-	-	61,160
Interest and fiscal charges	26,628	-	-	27,522
Capital outlay	-	-	-	-
Total expenditures	158,350	-	-	88,682
Revenues over (under) expenditures	8,485	-	-	41,270
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	8,485	-	-	41,270
Fund balances, beginning of year, as restated	130,937	-	-	92,693
Fund balances, end of year	\$ 139,422	\$ -	\$ -	\$ 133,963

Debt Service Funds						
Childs Creek & Dubois Drain	Beltinck Debt Retirement 220	Bachelor Drain Debt	Figg Drain Debt	Lewis Drain Debt	Lake Isabella Drain Debt	Tice Drain Debt
\$ 42,031 30 -	\$ 45,991 293 -	\$ 89,597 211 -	\$ 139,321 399 -	\$ 228,291 3,931 -	\$ 94,884 69 -	\$ 60,218 59 -
42,061	46,284	89,808	139,720	232,222	94,953	60,277
47,000 2,055 -	44,450 12,762 -	50,000 38,956 -	100,000 39,735 -	115,000 70,477 -	90,000 6,749 -	34,750 24,362 -
49,055	57,212	88,956	139,735	185,477	96,749	59,112
(6,994)	(10,928)	852	(15)	46,745	(1,796)	1,165
- - (19,200)	- - -	- - -	- - -	- - -	- - -	- - -
(19,200)	-	-	-	-	-	-
(26,194)	(10,928)	852	(15)	46,745	(1,796)	1,165
26,194	246,585	176,321	328,019	462,974	9,572	21,495
\$ -	\$ 235,657	\$ 177,173	\$ 328,004	\$ 509,719	\$ 7,776	\$ 22,660

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Drainage Districts

For the Year Ended September 30, 2017

	Debt Service Funds			
	Myers Drain Debt	Leonard Drain Debt	Cahoon Drain Debt	County Line Drain Debt
Revenues				
Special assessments	\$ 55,586	\$ 52,104	\$ 48,799	\$ -
Interest	103	102	20	-
Other	-	-	-	-
Total revenues	55,689	52,206	48,819	-
Expenditures				
Debt service:				
Principal	13,726	30,950	39,931	-
Interest and fiscal charges	9,643	22,841	19,609	-
Capital outlay	-	-	-	-
Total expenditures	23,369	53,791	59,540	-
Revenues over (under) expenditures	32,320	(1,585)	(10,721)	-
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	32,320	(1,585)	(10,721)	-
Fund balances, beginning of year	41,761	84,160	12,365	-
Fund balances, end of year	\$ 74,081	\$ 82,575	\$ 1,644	\$ -

Debt Service Funds		Capital Project Funds		Totals
Jennings Drain Debt	Oberlin Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	
\$ -	\$ -	\$ -	\$ 425,941	\$ 1,581,857
-	-	88	23,203	29,463
-	-	-	(6,643)	(9,905)
-	-	88	442,501	1,601,415
-	-	-	-	758,689
-	-	-	-	301,339
-	-	-	2,186,105	2,186,105
-	-	-	2,186,105	3,246,133
-	-	88	(1,743,604)	(1,644,718)
-	-	-	1,774,742	1,774,742
-	-	-	19,200	19,200
-	-	-	-	(19,200)
-	-	-	1,793,942	1,774,742
-	-	88	50,338	130,024
-	-	312,845	3,982,344	5,928,265
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,933</u>	<u>\$ 4,032,682</u>	<u>\$ 6,058,289</u>

concluded.

ISABELLA COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of the Drains Component Unit
to Change in Net Position of the Drains Component Unit
For the Year Ended September 30, 2017

Net change in fund balances - drains component unit	\$ 130,024
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets purchased/constructed	1,830,347
Depreciation expense	(577,195)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Change in deferred long-term receivables	298,629
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Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The net increase (decrease) in the net position of the internal service funds is reported with governmental activities.

Net change in net position of the internal service fund	4,845
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Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt	(1,774,742)
Principal payments on long-term liabilities	758,689

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on long-term liabilities	<u>(10,913)</u>
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Change in net position of drains component unit	<u>\$ 659,684</u>
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ISABELLA COUNTY, MICHIGAN

Statement of Net Position

Drainage District - Drain Tile Internal Service Fund
September 30, 2017

Assets	
Cash and cash equivalents	\$ 58,643
Inventories	<u>18,490</u>
Total assets	<u><u>\$ 77,133</u></u>
Liabilities	
Accounts payable	\$ 480
Net position	
Unrestricted	<u>76,653</u>
Total liabilities and net position	<u><u>\$ 77,133</u></u>

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Net Position

Drainage District - Drain Tile Internal Service Fund
For the Year Ended September 30, 2017

Revenues	
Sales	\$ 42,442
Expenses	
Materials	37,117
Contractual services	480
Total expenses	37,597
Change in net position	4,845
Net position, beginning of year	71,808
Net position, end of year	\$ 76,653

ISABELLA COUNTY, MICHIGAN

Statement of Cash Flows

Drainage District - Drain Tile Internal Service Fund

For the Year Ended September 30, 2017

Cash flows from operating activities	
Cash received from customers	\$ 42,442
Cash payments for goods and services	<u>(33,632)</u>
Net change in cash and cash equivalents	8,810
Cash and cash equivalents:	
Beginning of year	<u>49,833</u>
End of year	<u><u>\$ 58,643</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ 4,845
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities that provided (used) cash:	
Inventories	3,883
Accounts payable	<u>82</u>
Net cash provided by operating activities	<u><u>\$ 8,810</u></u>

ISABELLA COUNTY, MICHIGAN

Statement of Net Position

Board of Public Works

September 30, 2017

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ -	\$ 11,369	\$ 11,369
Cash at fiscal agent	506,308	-	506,308
Receivables, net	3,105,000	17,166	3,122,166
Capital assets not being depreciated	-	16,000	16,000
Capital assets being depreciated, net	-	10,354	10,354
Total assets	3,611,308	54,889	3,666,197
Deferred outflows of resources			
Deferred loss on bond refunding	79,758	-	79,758
Liabilities			
Accounts payable and accrued liabilities	66,307	1,117	67,424
Unearned revenue	389,893	-	389,893
Long-term liabilities:			
Due within one year	440,000	-	440,000
Due in more than one year	3,105,000	-	3,105,000
Total liabilities	4,001,200	1,117	4,002,317
Net position			
Net investment in capital assets	-	26,354	26,354
Restricted:			
Debt service	50,108	-	50,108
Unrestricted (deficit)	(360,242)	27,418	(332,824)
Total net position	\$ (310,134)	\$ 53,772	\$ (256,362)

ISABELLA COUNTY, MICHIGAN

Statement of Activities

Board of Public Works

For the Year Ended September 30, 2017

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Board of public works	\$ 145,947	\$ -	\$ 290,715	\$ 144,768
Business-type activities:				
Board of public works	32,042	29,481	-	(2,561)
Net program revenue	<u>\$ 177,989</u>	<u>\$ 29,481</u>	<u>\$ 290,715</u>	142,207
General revenues				
Unrestricted investment earnings				<u>54</u>
Change in net position				142,261
Net position (deficit), beginning of year, as restated				<u>(398,623)</u>
Net position (deficit), end of year				<u>\$ (256,362)</u>

ISABELLA COUNTY, MICHIGAN

Combining Balance Sheet

Board of Public Works

Governmental Funds

September 30, 2017

	Debt Service Funds		
	Union Township Wastewater Treatment	Union Township Water System	Totals
Assets			
Cash held by fiscal agent	\$ 389,893	\$ 116,415	\$ 506,308
Lease receivable	3,105,000	-	3,105,000
Due from other funds	37,040	-	37,040
Total assets	\$ 3,531,933	\$ 116,415	\$ 3,648,348
Liabilities			
Due to other funds	\$ -	\$ 37,040	\$ 37,040
Unearned revenue	389,893	-	389,893
Total liabilities	389,893	37,040	426,933
Deferred inflows of resources			
Unavailable revenue - lease receivable	3,105,000	-	3,105,000
Fund balances			
Restricted	37,040	79,375	116,415
Total liabilities, deferred inflow of resources and fund balances	\$ 3,531,933	\$ 116,415	\$ 3,648,348

ISABELLA COUNTY, MICHIGAN

Reconciliation

Fund Balances of Board of Public Works Component Unit
to Net Position of Board of Public Works Component Unit
September 30, 2017

Fund balances - board of public works component unit	\$ 116,415
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred long-term receivables	3,105,000
Long-term liabilities and related deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes payable	(3,545,000)
Deferred charge on refunding	79,758
Accrued interest on bonds and notes payable	(66,307)
Net position of board of public works component unit	<u>\$ (310,134)</u>

ISABELLA COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Board of Public Works

Governmental Funds

For the Year Ended September 30, 2017

	Debt Service Funds		
	Union Township Wastewater Treatment	Union Township Water System	Totals
Revenues			
Intergovernmental - local	\$ 403,406	\$ 149,330	\$ 552,736
Expenditures			
Debt service:			
Principal	340,000	85,000	425,000
Interest and fiscal charges	76,385	65,393	141,778
Total expenditures	416,385	150,393	566,778
Net change in fund balances	(12,979)	(1,063)	(14,042)
Fund balances, beginning of year	50,019	80,438	130,457
Fund balances, end of year	\$ 37,040	\$ 79,375	\$ 116,415

ISABELLA COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of the Board of Public Works Component Unit
to Change in Net Position of the Board of Public Works Component Unit
For the Year Ended September 30, 2017

Net change in fund balances - Board of Public Works	\$ (14,042)
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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, but rather are deferred to subsequent fiscal years.

Change in deferred long-term receivables	(262,021)
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Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	425,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deferred charge on refunding	(7,251)
Change in accrued interest payable on long-term liabilities	3,082

Change in net position of the Board of Public Works	<u>\$ 144,768</u>
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ISABELLA COUNTY, MICHIGAN

Statement of Net Position

Board of Public Works - Enterprise Fund

Lake Isabella Water Supply System

September 30, 2017

Assets

Current assets:

Cash and cash equivalents	\$ 11,369
Accounts receivable	17,166
Total current assets	<u>28,535</u>

Noncurrent assets:

Capital assets not being depreciated	16,000
Capital assets being depreciated, net	10,354
Total noncurrent assets	<u>26,354</u>

Total assets	<u>54,889</u>
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Liabilities

Accounts payable	<u>1,117</u>
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Fund balances

Investment in capital assets	26,354
Unrestricted	<u>27,418</u>

Total net position	<u>\$ 53,772</u>
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ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Net Position

Board of Public Works - Enterprise Fund

Lake Isabella Water Supply System

For the Year Ended September 30, 2017

Revenues	
Charges for services	<u>\$ 29,481</u>
Expenses	
Personnel services	10,347
Supplies	2,305
Utilities	2,824
Contractual services	13,215
Other	446
Depreciation	<u>2,905</u>
Total expenses	<u>32,042</u>
Operating loss	(2,561)
Nonoperating revenues	
Interest income	<u>54</u>
Net change in net position	(2,507)
Net position, beginning of year	<u>56,279</u>
Net position, end of year	<u><u>\$ 53,772</u></u>

ISABELLA COUNTY, MICHIGAN

Statement of Cash Flows

Board of Public Works - Enterprise Fund

Lake Isabella Water Supply System

For the Year Ended September 30, 2017

Cash flows from operating activities	
Cash received from customers	\$ 23,590
Cash payments for goods and services	<u>(32,250)</u>
Net cash provided by (used in) operating activities	(8,660)
Cash flows from investing activities	
Interest received	<u>54</u>
Net change in cash and cash equivalents	(8,606)
Cash and cash equivalents:	
Beginning of year	<u>19,975</u>
End of year	<u><u>\$ 11,369</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (2,561)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	2,905
Changes in operating assets and liabilities that provided (used) cash:	
Accounts receivable	(5,891)
Accounts payable	<u>(3,113)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (8,660)</u></u>

STATISTICAL SECTION

ISABELLA COUNTY, MICHIGAN

Statistical Section Table of Contents

This part of the Isabella County, Michigan's (the "County") 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 County's overall financial health.

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Financial Trends	154
Revenue Capacity	164
Debt Capacity	171
Demographic and Economic Information	176
Operating Information	180

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

ISABELLA COUNTY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

	2017	2016	2015	2014
Governmental activities				
Net investment in capital assets	\$ 13,481,108	\$ 13,621,811	\$ 13,030,558	\$ 12,414,882
Restricted	4,872,321	3,528,717	2,903,804	4,774,534
Unrestricted (deficit)	(1,725,563)	1,096,840	3,743,803	12,789,431
Total governmental activities	\$ 16,627,866	\$ 18,247,368	\$ 19,678,165	\$ 29,978,847
Business-type activities				
Net investment in capital assets	\$ 1,286,733	\$ 1,423,200	\$ 1,455,010	\$ 1,636,046
Restricted	-	350,000	350,000	350,000
Unrestricted	8,573,804	7,675,320	9,403,965	9,897,272
Total business-type activities	\$ 9,860,537	\$ 9,448,520	\$ 11,208,975	\$ 11,883,318
Primary government				
Net investment in capital assets	\$ 14,767,841	\$ 15,045,011	\$ 14,485,568	\$ 14,050,928
Restricted	4,872,321	3,878,717	3,253,804	5,124,534
Unrestricted	6,848,241	8,772,160	13,147,768	22,686,703
Total primary government	\$ 26,488,403	\$ 27,695,888	\$ 30,887,140	\$ 41,862,165

Table 1 - Unaudited

2013	2012	2011	2010	2009	2008
\$ 11,884,156	\$ 11,430,374	\$ 11,424,516	\$ 11,656,812	\$ 11,631,381	\$ 11,537,707
4,497,495	4,733,613	4,652,196	449,996	649,345	611,045
<u>11,690,749</u>	<u>10,909,768</u>	<u>11,233,500</u>	<u>13,835,102</u>	<u>13,565,998</u>	<u>14,194,649</u>
<u>\$ 28,072,400</u>	<u>\$ 27,073,755</u>	<u>\$ 27,310,212</u>	<u>\$ 25,941,910</u>	<u>\$ 25,846,724</u>	<u>\$ 26,343,401</u>
\$ 1,405,648	\$ 6,537,343	\$ 6,125,310	\$ 6,120,965	\$ 5,900,138	\$ 4,613,014
350,000	566,147	605,557	597,232	1,087,003	4,261,178
<u>10,133,828</u>	<u>17,600,762</u>	<u>15,928,820</u>	<u>14,673,443</u>	<u>12,414,510</u>	<u>9,844,349</u>
<u>\$ 11,889,476</u>	<u>\$ 24,704,252</u>	<u>\$ 22,659,687</u>	<u>\$ 21,391,640</u>	<u>\$ 19,401,651</u>	<u>\$ 18,718,541</u>
\$ 13,289,804	\$ 17,967,717	\$ 17,549,826	\$ 17,777,777	\$ 17,531,519	\$ 16,150,721
4,847,495	5,299,760	5,257,753	1,047,228	1,736,348	4,872,223
<u>21,824,577</u>	<u>28,510,530</u>	<u>27,162,320</u>	<u>28,508,545</u>	<u>25,980,508</u>	<u>24,038,998</u>
<u>\$ 39,961,876</u>	<u>\$ 51,778,007</u>	<u>\$ 49,969,899</u>	<u>\$ 47,333,550</u>	<u>\$ 45,248,375</u>	<u>\$ 45,061,942</u>

ISABELLA COUNTY, MICHIGAN

Change in Net Position Last Ten Fiscal Years

	2017	2016	2015	2014
Expenses				
Governmental activities:				
General government	\$ 11,863,489	\$ 12,092,262	\$ 10,870,079	\$ 10,051,170
Public safety	7,660,384	7,831,619	7,120,091	7,112,889
Public works	680,225	626,388	497,128	242,005
Community and economic development	297,673	485,698	423,975	289,280
Health and welfare	5,796,511	6,478,989	6,346,368	5,783,379
Culture and recreation	937,252	963,879	904,810	833,562
Interest on long-term debt	41,126	42,997	98,065	114,830
	<u>27,276,660</u>	<u>28,521,832</u>	<u>26,260,516</u>	<u>24,427,115</u>
Business-type activities:				
Delinquent tax	363,633	569,796	379,153	349,329
Building inspections	369,458	384,258	352,828	304,450
Recycling facility	1,161,993	1,069,899	1,040,113	1,020,239
Concessions	221,673	201,812	231,245	256,820
Medical care facility	-	-	-	-
	<u>2,116,757</u>	<u>2,225,765</u>	<u>2,003,339</u>	<u>1,930,838</u>
Total primary government expenses	<u>29,393,417</u>	<u>30,747,597</u>	<u>28,263,855</u>	<u>26,357,953</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	2,518,550	2,872,758	2,706,910	2,923,473
Public safety	1,844,867	1,947,806	1,741,185	1,969,112
Public works	-	-	-	-
Community and economic development	31,752	26,636	17,484	21,047
Health and welfare	259,719	353,901	274,621	282,756
Culture and recreation	401,626	412,195	389,947	347,735
Operating grants and contributions	4,147,196	4,464,476	4,950,360	4,570,129
Capital grants and contributions	89,607	38,920	13,040	8,472
	<u>9,293,317</u>	<u>10,116,692</u>	<u>10,093,547</u>	<u>10,122,724</u>
Business-type activities:				
Charges for services:				
Delinquent tax	821,178	814,021	720,086	643,695
Building inspections	405,426	352,600	346,840	417,505
Recycling facility	764,538	572,053	531,197	595,105
Concessions	369,171	320,894	342,860	305,405
Medical care facility	-	-	-	-
Operating grants and contributions	399,268	271,930	165,300	256,373
Capital grants and contributions	-	-	-	-
	<u>2,759,581</u>	<u>2,331,498</u>	<u>2,106,283</u>	<u>2,218,083</u>
Total primary government program revenues	<u>12,052,898</u>	<u>12,448,190</u>	<u>12,199,830</u>	<u>12,340,807</u>

Table 2 - Unaudited

2013	2012	2011	2010	2009	2008
\$ 10,178,468	\$ 9,951,030	\$ 9,519,926	\$ 9,799,291	\$ 9,500,081	\$ 9,323,399
7,276,762	7,094,068	7,043,762	6,841,410	6,738,044	6,705,990
242,392	230,021	209,533	225,971	250,084	198,483
226,684	242,477	214,605	205,914	209,415	233,436
5,959,473	5,827,870	5,774,589	5,979,709	6,407,529	6,252,019
769,779	596,249	604,405	746,056	866,072	754,376
143,230	185,223	212,604	217,606	224,791	314,741
<u>24,796,788</u>	<u>24,126,938</u>	<u>23,579,424</u>	<u>24,015,957</u>	<u>24,196,016</u>	<u>23,782,444</u>
312,806	267,016	205,902	160,524	189,073	188,357
273,768	255,209	236,522	212,858	253,795	280,582
981,435	1,125,230	1,082,746	1,001,916	897,922	1,174,988
284,061	551,900	235,313	239,422	200,022	227,204
-	11,142,288	11,164,093	10,614,196	10,554,367	8,856,618
<u>1,852,070</u>	<u>13,341,643</u>	<u>12,924,576</u>	<u>12,228,916</u>	<u>12,095,179</u>	<u>10,727,749</u>
<u>26,648,858</u>	<u>37,468,581</u>	<u>36,504,000</u>	<u>36,244,873</u>	<u>36,291,195</u>	<u>34,510,193</u>
3,128,327	3,265,951	3,043,776	2,908,399	2,941,321	3,149,557
3,041,601	2,791,059	2,635,438	2,725,489	2,629,612	2,921,676
-	-	-	-	-	-
13,715	7,712	6,733	4,933	8,888	6,409
418,918	356,106	398,781	504,500	536,869	519,802
328,447	345,848	336,200	342,994	283,249	271,132
5,101,328	4,938,237	5,148,434	5,246,429	5,459,794	5,397,183
46,169	29,811	72,819	30,430	111,188	26,511
<u>12,078,505</u>	<u>11,734,724</u>	<u>11,642,181</u>	<u>11,763,174</u>	<u>11,970,921</u>	<u>12,292,270</u>
875,716	721,251	729,239	967,436	718,410	639,056
369,585	297,834	318,352	249,272	198,042	220,226
632,811	740,951	931,803	687,810	426,162	711,884
374,519	329,029	266,553	308,364	319,879	261,737
-	11,787,761	9,662,823	9,067,589	8,864,193	8,146,853
170,524	247,850	977,303	1,341,355	670,013	935,623
-	5,147	5,212	70,011	-	-
<u>2,423,155</u>	<u>14,129,823</u>	<u>12,891,285</u>	<u>12,691,837</u>	<u>11,196,699</u>	<u>10,915,379</u>
<u>14,501,660</u>	<u>25,864,547</u>	<u>24,533,466</u>	<u>24,455,011</u>	<u>23,167,620</u>	<u>23,207,649</u>

continued...

ISABELLA COUNTY, MICHIGAN

Change in Net Position

Last Ten Fiscal Years

	2017	2016	2015	2014
Net (expenses) revenues				
Governmental activities	\$ (17,983,343)	\$ (18,405,140)	\$ (16,166,969)	\$ (14,304,391)
Business-type activities	642,824	105,733	102,944	287,245
Total primary government net expense	<u>(17,340,519)</u>	<u>(18,299,407)</u>	<u>(16,064,025)</u>	<u>(14,017,146)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	13,096,866	12,933,132	12,640,166	12,642,259
State shared revenue	1,255,625	1,243,491	1,241,312	995,270
Unrestricted grants and contributions	520,942	494,694	829,107	812,668
Unrestricted investment earnings	97,377	74,993	70,725	71,988
Gain on sale of capital assets	-	-	-	-
Other revenues	217,407	334,083	167,374	353,023
Transfers	740,000	1,893,950	550,000	396,076
Total governmental activities	<u>15,928,217</u>	<u>16,974,343</u>	<u>15,498,684</u>	<u>15,271,284</u>
Business-type activities:				
Property taxes	-	-	-	-
Unrestricted investment earnings	31,466	22,674	90,673	86,149
Gain on sale of capital assets	-	-	-	-
Other revenues	-	5,088	3,551	31,911
Transfers	(740,000)	(1,893,950)	(550,000)	(396,076)
Total business-type activities	<u>(708,534)</u>	<u>(1,866,188)</u>	<u>(455,776)</u>	<u>(278,016)</u>
Total primary government	<u>15,219,683</u>	<u>15,108,155</u>	<u>15,042,908</u>	<u>14,993,268</u>
Changes in net position				
Governmental activities	(2,055,126)	(1,430,797)	(668,285)	966,893
Business-type activities	(65,710)	(1,760,455)	(352,832)	9,229
Total primary government changes in net position	<u>\$ (2,120,836)</u>	<u>\$ (3,191,252)</u>	<u>\$ (1,021,117)</u>	<u>\$ 976,122</u>

Table 2 - Unaudited

2013	2012	2011	2010	2009	2008
\$ (12,718,283)	\$ (12,392,214)	\$ (11,937,243)	\$ (12,252,783)	\$ (12,225,095)	\$ (11,490,174)
571,085	788,180	(33,291)	462,921	(898,480)	187,630
(12,147,198)	(11,604,034)	(11,970,534)	(11,789,862)	(13,123,575)	(11,302,544)
11,934,960	11,264,546	11,689,532	11,681,218	10,832,634	11,379,585
948,914	942,120	-	-	-	-
729,054	626,255	516,595	507,766	507,392	569,939
40,477	50,587	56,898	64,998	172,972	468,995
-	-	-	-	-	348,844
193,523	142,867	141,178	93,987	125,420	225,596
(130,000)	(14,581)	45,305	-	90,000	76,165
13,716,928	13,011,794	12,449,508	12,347,969	11,728,418	13,069,124
-	1,094,046	1,090,229	1,287,847	1,385,061	1,326,806
107,985	146,133	145,576	143,908	182,859	338,589
-	-	-	-	-	701
8,077	1,625	110,838	95,313	103,670	171,982
130,000	14,581	(45,305)	-	(90,000)	(76,165)
246,062	1,256,385	1,301,338	1,527,068	1,581,590	1,761,913
13,962,990	14,268,179	13,750,846	13,875,037	13,310,008	14,831,037
998,645	619,580	512,265	95,186	(496,677)	1,578,950
817,147	2,044,565	1,268,047	1,989,989	683,110	1,949,543
\$ 1,815,792	\$ 2,664,145	\$ 1,780,312	\$ 2,085,175	\$ 186,433	\$ 3,528,493

concluded.

ISABELLA COUNTY, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2017	2016	2015	2014
General fund				
Nonspendable	\$ 54,375	\$ 57,833	\$ 48,774	\$ 55,628
Assigned	4,788,096	5,082,391	3,073,275	3,097,321
Unassigned	4,764,319	5,611,774	7,970,365	7,869,977
Reserved				
Unreserved				
Total general fund	<u>9,606,790</u>	<u>10,751,998</u>	<u>11,092,414</u>	<u>11,022,926</u>
All other governmental funds				
Nonspendable	46,734	47,238	82,140	97,151
Restricted	4,842,045	3,501,036	2,858,438	3,671,083
Committed	54,925	81,573	669,741	591,963
Assigned	46,843	-	-	-
Reserved				
Unreserved, reported in:				
Special revenue funds				
Debt service funds				
Total all other governmental funds	<u>4,990,547</u>	<u>3,629,847</u>	<u>3,610,319</u>	<u>4,360,197</u>
Total all governmental funds	<u>\$ 14,597,337</u>	<u>\$ 14,381,845</u>	<u>\$ 14,702,733</u>	<u>\$ 15,383,123</u>

(1) The County implemented GASB 54 for the fiscal year ended September 30, 2011. Prior years were not restated retroactively.

Table 3 - Unaudited

2013	2012	2011	2010	2009	2008
\$ 41,001	\$ 41,530	\$ 36,477			
3,063,686	3,020,750	2,958,362			
6,300,152	5,371,626	4,697,759			
			\$ 38,147	\$ 64,690	\$ 63,282
			6,786,588	6,214,950	6,326,335
9,404,839	8,433,906	7,692,598	6,824,735	6,279,640	6,389,617
148,844	104,109	970,630			
4,570,594	4,845,364	4,753,910			
457,593	300,685	259,646			
-	-	-			
			573,744	743,008	736,162
			3,316,250	3,999,598	5,042,586
			1,181,276	1,009,339	379,825
5,177,031	5,250,158	5,984,186	5,071,270	5,751,945	6,158,573
\$ 14,581,870	\$ 13,684,064	\$ 13,676,784	\$ 11,896,005	\$ 12,031,585	\$ 12,548,190

ISABELLA COUNTY, MICHIGAN

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2017	2016	2015	2014
Revenues				
Taxes	\$ 13,256,738	\$ 12,984,397	\$ 12,892,823	\$ 12,871,889
Licenses and permits	519,329	539,884	491,750	453,337
Intergovernmental revenue	5,381,666	6,010,487	6,164,258	5,830,859
Charges for services	4,203,003	4,291,135	4,006,683	4,373,826
Fines and forfeits	173,908	166,783	208,841	248,534
Interest and rent	418,106	701,525	661,330	668,069
Contributions	197,923	212,634	657,714	433,670
Other revenue	619,474	341,506	211,489	345,555
Total revenues	24,770,147	25,248,351	25,294,888	25,225,739
Expenditures				
General government	10,588,359	10,751,157	10,265,973	9,578,054
Public safety	7,019,442	6,904,261	6,730,652	6,782,321
Public works	311,051	565,096	478,372	232,163
Health and welfare	5,592,663	5,889,326	6,159,223	5,626,061
Culture and recreation	842,038	881,414	881,966	813,424
Other	782,796	975,074	778,566	655,758
Capital outlay	495,854	411,957	283,250	65,752
Debt service:				
Principal	350,000	791,729	754,102	773,856
Interest and fiscal charges	47,747	293,175	293,174	293,174
Bond issuance costs	-	-	-	-
Total expenditures	26,029,950	27,463,189	26,625,278	24,820,563
Excess of revenues over (under) expenditures	(1,259,803)	(2,214,838)	(1,330,390)	405,176
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	3,576,294	4,410,252	2,396,938	1,769,673
Underwriter discount	-	-	-	-
Transfer to escrow agent	-	-	-	-
Transfers out	(2,836,294)	(2,516,302)	(1,746,938)	(1,373,597)
Total other financing sources (uses)	740,000	1,893,950	650,000	396,076
Net change in fund balance	\$ (519,803)	\$ (320,888)	\$ (680,390)	\$ 801,252
Debt service as a percentage of noncapital expenditures	1.6%	4.0%	4.0%	4.4%

Table 4 - Unaudited

2013	2012	2011	2010	2009	2008
\$ 12,094,789	\$ 11,509,423	\$ 11,584,266	\$ 11,735,590	\$ 10,966,957	\$ 11,145,067
477,251	451,006	418,847	429,897	357,423	367,611
6,156,755	5,932,033	5,557,400	5,226,707	5,477,999	5,409,168
5,651,331	5,563,755	5,196,396	5,266,974	5,362,434	5,760,081
284,880	257,853	293,265	236,544	199,954	185,898
632,066	639,336	649,038	664,139	753,732	1,067,122
517,428	464,465	443,155	-	-	-
269,826	185,003	171,339	596,854	607,111	668,416
26,084,326	25,002,874	24,313,706	24,156,705	23,725,610	24,603,363
9,523,692	9,343,780	8,859,985	9,306,627	8,920,239	8,852,832
6,840,398	6,579,415	6,420,087	6,387,256	6,122,729	6,192,682
232,383	220,353	200,959	219,239	242,899	192,127
5,754,149	5,600,066	5,546,263	5,804,995	6,240,506	6,075,394
749,408	581,121	553,369	705,234	738,896	714,648
661,849	665,905	788,299	797,636	675,429	723,047
255,678	99,236	5,282	80,637	389,329	3,558,426
745,788	741,925	766,850	715,000	750,000	640,000
293,175	293,175	293,175	275,661	252,188	369,093
-	-	-	-	-	74,306
25,056,520	24,124,976	23,434,269	24,292,285	24,332,215	27,392,555
1,027,806	877,898	879,437	(135,580)	(606,605)	(2,789,192)
-	-	-	-	-	8,164,470
-	-	-	-	-	71,356
-	-	-	-	-	478,120
1,269,512	1,868,619	2,470,224	3,578,875	4,339,800	3,930,376
-	-	-	-	-	(41,580)
-	-	-	-	-	(4,640,435)
(1,399,512)	(1,883,200)	(2,424,919)	(3,578,875)	(4,249,800)	(3,854,211)
(130,000)	(14,581)	45,305	-	90,000	4,108,096
\$ 897,806	\$ 863,317	\$ 924,742	\$ (135,580)	\$ (516,605)	\$ 1,318,904
4.2%	4.3%	4.6%	4.2%	4.9%	3.8%

Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax
2017	\$ 13,096,866
2016	12,933,132
2015	12,640,166
2014	12,642,259
2013	11,934,960
2012	11,264,546
2011	11,689,532
2010	11,681,218
2009	11,002,634
2008	11,379,585

ISABELLA COUNTY, MICHIGAN

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	A.V. Real Property		A.V. Personal Property	Total Assessed Valuation	Total Direct Tax Rate
	Agriculture/ Residential	Commercial/ Industrial			
2017	\$ 1,595,416,010	\$ 516,258,066	\$ 121,099,536	\$ 2,232,773,612	9.3996
2016	1,567,017,396	494,692,800	118,952,744	2,180,662,940	9.3996
2015	1,537,364,463	490,359,261	126,167,761	2,153,891,485	9.3996
2014	1,464,742,254	446,647,572	120,690,993	2,032,080,819	9.3996
2013	1,410,121,499	449,752,506	137,740,937	1,997,614,942	9.1720
2012	1,387,832,752	453,018,650	123,973,688	1,964,825,090	8.9220
2011	1,420,391,692	472,871,897	122,386,720	2,015,650,309	8.9220
2010	1,462,927,237	474,667,593	124,625,346	2,062,220,176	8.9220
2009	1,539,266,015	509,139,302	123,792,826	2,172,198,143	9.0129
2008	1,583,119,644	488,103,444	118,716,860	2,189,939,948	9.0129

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.

Table 6 - Unaudited

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Total Taxable Value	Estimated Actual Value	Taxable Value as a Percentage of True Cash Value
\$ 1,758,379,688	\$ 4,465,547,224	39.38%
1,720,335,250	4,361,325,880	39.45%
1,711,805,770	4,307,782,970	39.74%
1,664,679,324	4,064,161,638	40.96%
1,658,603,851	3,995,229,884	41.51%
1,622,754,247	3,929,650,180	41.30%
1,627,829,213	4,031,300,618	40.38%
1,617,447,158	4,124,440,352	39.22%
1,657,956,466	4,344,396,286	38.16%
1,596,594,915	4,379,879,896	36.45%

ISABELLA COUNTY, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	Direct Obligations - Isabella County			Overlapping Rates		
	Operating Millage ⁽¹⁾	Special Millage	Total County Millage	State Education Tax ⁽²⁾	Local School Districts	Intermediate Schools
2017	6.6100	2.7896	9.3996	6.0000	20.4400 - 26.0000	2.6756 - 5.2985
2016	6.6100	2.7896	9.3996	6.0000	20.4500 - 26.0000	2.6756 - 5.2985
2015	6.6100	2.7896	9.3996	6.0000	20.4500 - 26.0000	2.0385 - 5.2985
2014	6.6100	2.7896	9.3996	6.0000	19.8500 - 26.0000	2.0385 - 5.2985
2013	6.6100	2.5620	9.1720	6.0000	19.8500 - 26.0000	2.0385 - 5.2985
2012	6.6100	2.6620	9.2720	6.0000	20.5600 - 26.0140	2.0385 - 5.0859
2011	6.6100	2.3120	8.9220	6.0000	20.2300 - 26.2640	2.0385 - 5.0859
2010	6.6100	2.3120	8.9220	6.0000	20.4300 - 26.2640	2.0385 - 5.0859
2009	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.2640	2.0385 - 5.0859
2008	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.5200	1.1756 - 5.0859

⁽¹⁾ Rates reduced to comply with the Headlee Amendment

⁽²⁾ Proposal A voted in on March 15, 1994 implemented a 6 mil education tax.

Source: Isabella County Equalization Department

Table 7 - Unaudited

Overlapping Rates						
Library Districts	Community Colleges		Townships	Cities		Villages
	Mid-Michigan Community College	Montcalm Community College		Mt. Pleasant	Clare	
.9931 - 1.75	1.2232	2.7191	.3872 - 5.4970	16.2500	21.2500	1.8420 - 11.5000
.9931 - 1.75	1.2232	2.7200	0.9938 - 5.4864	16.2500	18.2500	1.8424 - 11.5000
.9931 - 1.75	1.2232	2.7200	0.9938 - 5.4864	16.2500	18.2500	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9938 - 5.4864	16.2500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9976 - 5.1619	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 5.1595	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 5.7108	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 3.0000	15.7500	19.2475	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	1.0000 - 2.9941	15.7500	19.2402	1.8463 - 13.0000
2.679	1.2232	2.7292	0.9363 - 3.0946	15.9500	19.2329	1.8463 - 13.0000

ISABELLA COUNTY, MICHIGAN

Table 8 - Unaudited

Ten Largest Ad Valorem Taxpayers

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Consumers Energy	\$44,226,288	1	2.52%	\$ 27,539,028	1	1.72%
HSRE-Quad V Holding 2 LLC (Formerly Campus Crest)	26,381,453	2	1.50%			
Morbark LLC (Formerly Morbark Inc.)	9,555,100	3	0.54%	7,994,397	8	0.50%
Mt. Pleasant Hospitality LLC	9,050,513	4	0.51%			
PEP-CMU LLC (Formerly GFII)	9,008,949	5	0.51%			
Deerfield Village LLC	8,531,667	6	0.49%	8,766,872	7	0.55%
Westpoint Village LLC	7,128,700	7	0.41%			
Jamestown Mt Pleasant Apt LLC	6,557,502	8	0.37%			
Lexington Ridge Apts LLC	6,502,761	9	0.37%	7,617,626	9	0.48%
Tall Grass Apartments LLC	5,792,467	10	0.33%			
American Mitsuba Corp (formerly CME Corp)				15,046,743	2	0.94%
United Investments Inc				14,248,397	3	0.89%
Saginaw Chippewa Indian Tribe				11,437,449	4	0.72%
Bluegrass Crossings LLC				10,625,500	5	0.67%
Menard, Inc.				8,807,858	6	0.55%
Sterling Wy Associates LLC				7,593,680	10	0.48%

Source: Isabella County Equalization Department

Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents ⁽¹⁾ Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount (2)	Percentage of Levy
2017	(2)	(2)	(2)	(2)	(2)	(2)	(2)
2016	\$ 72,178,585	\$ 68,547,174	94.97%	\$ 3,631,411	\$ 1,438,267	\$ 69,985,441	96.96%
2015	71,563,655	67,958,016	94.96%	3,589,022	3,060,239	71,018,255	99.24%
2014	69,838,758	66,202,847	94.79%	3,635,911	3,560,617	69,763,464	99.89%
2013	68,483,244	64,654,008	94.41%	3,829,236	3,824,362	68,478,370	99.99%
2012	66,335,710	62,839,145	94.73%	3,496,565	3,490,718	66,329,863	99.99%
2011	65,801,343	62,256,607	94.61%	3,544,736	3,540,364	65,796,971	99.99%
2010	65,359,749	61,319,535	93.82%	3,938,193	3,937,182	65,256,717	99.84%
2009	65,950,129	61,676,929	93.52%	4,273,200	4,270,160	65,947,089	100.00%
2008	64,211,250	60,055,194	93.53%	4,156,056	4,155,189	64,210,383	100.00%

(1) Delinquent Tax Collection represents amounts received in the indicated fiscal year.

(2) Tax settlement not completed

Source: Isabella County Administration / Isabella County Treasurer

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita ⁽¹⁾
	General Obligation Bonds				
2017	\$ 950,000	\$ -	\$ 950,000	0.04%	\$ 13
2016	1,300,000	-	1,300,000	0.06%	28
2015	2,300,000	-	2,300,000	0.10%	33
2014	3,225,000	-	3,225,000	0.15%	55
2013	4,135,000	-	4,135,000	0.19%	69
2012	4,943,782	5,629,018	10,572,800	0.54%	150
2011	5,752,893	5,958,583	11,711,476	0.67%	167
2010	6,557,005	6,292,876	12,849,881	0.75%	194
2009	7,266,117	6,664,649	13,930,766	0.80%	217
2008	8,010,229	6,945,974	14,956,203	0.89%	238

⁽¹⁾ See Statistical Table Number 14 for personal income and population data. These ratios are calculated using the most recent available income and population data.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2017	\$ 950,000	\$ 36,272	\$ 913,728	0.05%	\$ 13
2016	1,300,000	33,883	1,266,117	0.07%	18
2015	2,300,000	537,181	1,762,819	0.10%	25
2014	3,225,000	1,008,322	2,216,678	0.13%	31
2013	4,135,000	1,407,011	2,727,989	0.16%	39
2012	4,943,782	1,403,402	3,540,380	0.22%	50
2011	5,752,893	1,308,152	4,444,741	0.27%	63
2010	6,557,005	1,233,301	5,323,704	0.33%	78
2009	7,266,117	1,067,364	6,198,753	0.37%	91
2008	8,010,229	443,825	7,566,404	0.47%	113

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

⁽²⁾ See Statistical Table Number 14 for population data, last available population was used.

Direct and Overlapping Governmental Activities Debt

As of September 30, 2017

Name of Governmental Unit	Net General Obligation Debt Outstanding	% Applicable to County	Amount Applicable to County
Net direct - County	\$ 17,452,255	100.00%	\$ 17,452,255
Overlapping debt			
Cities:			
City of Clare	550,000	10.96%	60,280
City of Mt. Pleasant	2,811,000	100.00%	2,811,000
			<u>2,871,280</u>
Townships:			
Lincoln	47,250	100.00%	47,250
Rolland	470,000	100.00%	470,000
Union	3,576,000	100.00%	3,576,000
			<u>4,093,250</u>
Village:			
Lake Isabella	700,000	100.00%	700,000
School districts:			
Alma	32,932,903	0.01%	3,293
Beal City	3,639,149	100.00%	3,639,149
Chippewa Hills	12,265,000	29.79%	3,653,744
Clare	6,290,000	25.43%	1,599,547
Coleman	6,390,000	12.27%	784,053
Farwell	3,060,000	7.76%	237,456
Montabella	3,205,000	31.89%	1,022,075
Mt. Pleasant	31,745,000	100.00%	31,745,000
Shepherd	30,620,503	94.48%	28,930,251
St. Louis	17,413,857	2.03%	353,501
Vestaburg	13,153,625	7.96%	1,047,029
			<u>73,015,098</u>
Intermediate School districts:			
Clare-Gladwin ISD	620,000	4.95%	30,690
Gratiot-Isabella ISA	995,000	49.21%	489,640
Montcalm ISD	1,224,000	3.42%	41,861
			<u>562,191</u>
Community colleges:			
Mid-Michigan Community College	1,110,000	4.95%	54,945
Montcalm Community College	1,625,000	3.42%	55,575
			<u>110,520</u>
Total overlapping debt			<u>81,352,339</u>
Total direct and overlapping debt			<u>\$ 98,804,594</u>

Source: Municipal Advisory Council of Michigan

Note: the Municipal Advisory Council gathers all the financial obligations of the various political jurisdictions that also partially falls into a neighboring jurisdiction throughout the State of Michigan and maps out this debt geographically to determine the total overlapping debt that is the responsibility of each taxpayer within each jurisdiction. This proportional share of the other jurisdictions debt, plus the County's direct debt together make up the municipality's overall debt amounts. The overlapping percentage is calculated by dividing the taxable value of property of the overlapping government located in Isabella County by the total taxable value of all property in the overlapping government.

ISABELLA COUNTY, MICHIGAN

Legal Debt Margin

Last Ten Fiscal Years

	2017	2016	2015	2014
Debt limit	\$ 175,837,969	\$ 172,033,525	\$ 171,180,577	\$ 166,467,932
Total net debt applicable to limit	<u>3,711,894</u>	<u>4,491,560</u>	<u>5,466,126</u>	<u>6,377,238</u>
Legal debt margin	<u>\$ 172,126,075</u>	<u>\$ 167,541,965</u>	<u>\$ 165,714,451</u>	<u>\$ 160,090,694</u>
Total net debt applicable to the limit as a percentage of debt limit	2.11%	2.61%	3.19%	3.83%

Legal Debt Margin Calculation for Fiscal Year 2017

Taxable value	\$ 1,758,379,688
Debt limitation - 10 percent of total taxable value in County	175,837,969
Debt applicable to limit	3,711,894
Less:	
Assets in debt service funds	<u>36,272</u>
Total amount of debt applicable to debt limit	<u>3,748,166</u>
Legal debt margin	<u>\$ 172,089,803</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.

Table 13 - Unaudited

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2013	2012	2011	2010	2009	2008
\$ 165,860,385	\$ 162,275,425	\$ 162,782,921	\$ 161,744,716	\$ 152,912,268	\$ 159,659,792
<u>7,304,890</u>	<u>8,707,623</u>	<u>10,055,873</u>	<u>11,318,724</u>	<u>12,555,661</u>	<u>14,270,175</u>
<u>\$ 158,555,495</u>	<u>\$ 153,567,802</u>	<u>\$ 152,727,048</u>	<u>\$ 150,425,992</u>	<u>\$ 140,356,607</u>	<u>\$ 145,389,617</u>
4.40%	5.37%	6.18%	7.00%	8.21%	8.94%

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2017	(1)	(1)	(1)	(1)	4.4%
2016	71,282	\$ 2,332,921,000	\$ 32,728	30,266	3.70%
2015	70,698	2,255,267,000	31,900	30,602	4.60%
2014	70,506	2,175,646,000	30,810	31,056	5.60%
2013	70,436	2,192,286,000	31,125	31,642	6.80%
2012	70,617	2,146,138,000	30,434	30,770	5.90%
2011	70,636	1,975,000,000	27,960	30,893	7.40%
2010	70,311	1,876,000,000	26,678	30,756	7.20%
2009	68,228	1,833,000,000	28,049	29,836	8.50%
2008	66,778	1,844,192,000	27,639	28,483	5.99%

Data sources:

- U.S. Department of Commerce, Bureau of the Census
- Bureau of Economic Analysis, U.S. Department of Commerce (<http://bea.gov/iTable>) Table CA 1-3 Personal Income Summary
- Michigan Department of Technology, Management & Budget - Labor Market Information (<http://milmi.org>)

(1) Information not available

Ten Largest Principal Employers
 Current Year and Nine Years Ago

Employer	2017 ⁽¹⁾			2008 ⁽²⁾		
	Employees	Rank	Percentage of Total County Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Saginaw Chippewa Indian Tribe (3)	3,602	1	10.57%	3,750	1 & 4	10.23%
Central Michigan University	2,693	2	7.90%	2,300	2	6.28%
McLaren Central Michigan (4)	703	3	2.06%	730	3	1.99%
Delfield Co.	693	4	2.03%	473	7	1.29%
Morbark	507	5	1.49%	569	6	1.55%
McBride Quality Care Services	500	6	1.47%			
Mt. Pleasant Public Schools	466	7	1.37%	650	5	1.77%
Bandit Industries	425	8	1.25%			
Isabella Bank	408	9	1.20%			
Walmart	375	10	1.10%	400	10	1.09%
Mount Pleasant Center				450	8	1.23%
Mears, LLC (Rosebush)				400	9	1.09%

Source:

⁽¹⁾ Most recent data on Middle Michigan Development Company website (www.mmdc.org)⁽²⁾ Isabella County Comprehensive Annual Financial Report (2008)⁽³⁾ 2008 the data was reported separately as Soaring Eagle Hotel & Casino (3,030) and Saginaw Chippewa Indian Tribe (720)⁽⁴⁾ Isabella County Comprehensive Annual Financial Report (2008)

ISABELLA COUNTY, MICHIGAN

Full-time Equivalent County Governmental Employees by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013
General service administration	108.5	112.9	110.1	109.5	102.9
Legislative	7.0	7.0	7.0	7.0	7.0
Law enforcement and corrections	48.4	53.7	50.8	52.4	49.9
Public safety and emergency services	21.3	21.0	22.1	21.4	21.5
Health and welfare	11.6	26.5	25.3	29.1	28.2
Culture and recreation	6.6	8.2	7.9	8.3	8.3
Planning and development	3.8	2.5	3.6	3.4	2.6
Other agencies	10.9	7.5	15.0	16.2	14.8
	<u>218.1</u>	<u>239.3</u>	<u>241.8</u>	<u>247.3</u>	<u>235.2</u>

Source: Isabella County Administration Office

Table 16 - Unaudited

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2012	2011	2010	2009	2008
101.5	101.5	101.5	104.0	104.0
7.0	7.0	7.0	7.0	7.0
49.0	50.0	50.0	50.0	50.0
20.7	20.7	20.7	21.4	21.4
31.3	31.3	31.3	31.3	31.3
4.3	4.3	4.3	4.3	4.3
3.0	3.0	3.0	3.0	3.0
12.5	9.0	12.5	12.5	3.0
<u>229.3</u>	<u>226.8</u>	<u>230.3</u>	<u>233.5</u>	<u>224.0</u>

ISABELLA COUNTY, MICHIGAN

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014
General government activities				
Trial Court total caseload	14,737	14,857	13,459	13,586
Law enforcement and corrections:				
Number of incarcerated offenders	4,092	4,064	4,331	4,449
Public safety and emergency services:				
Animal control:				
Complaints	1,711	1,449	1,455	1,151
Animal adoptions	595	560	972	1,042
Health and welfare:				
Health Department:				
Immunizations administered	5,496	3,586	3,495	4,194
House numbering:				
House numbers issued	62	61	47	48
Housing:				
Mortgages granted	0	7	4	9
Recreation and culture:				
Annual vehicle park passes	2,109	2,089	1,782	1,640
Daily vehicle park passes	12,577	13,390	12,248	10,646
Annual boat passes	941	1,001	739	653

Note: Indicators are not available for the legislative or planning and development functions

Sources: Isabella County Trial Court, Isabella County Sheriff Department, Isabella County Animal Control, Central Michigan District/Health Department, Isabella County Community Development, Isabella County Parks & Recreation

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

Table 17 - Unaudited

2013	2012	2011	2010	2009	2008
13,722	13,453	13,250	16,279	16,130	15,184
6,227	6,012	5,664	5,502	5,610	5,529
1,705	1,861	1,297	1,383	1,618	3,273
1,620	1,576	1,542	1,390	1,371	1,799
4,863	4,365	5,785	5,187	(1)	3,864
44	45	52	49	47	50
7	6	0	0	0	0
1,447	1,692	1,528	1,560	1,727	1,487
9,425	10,983	10,459	9,858	9,045	8,567
564	729	576	712	551	504

ISABELLA COUNTY, MICHIGAN

Capital Assets Statistics by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013
General government:					
Juvenile detention:					
Facilities	2	2	2	2	2
Law enforcement and corrections:					
Sheriff:					
Vehicles	23	18	19	20	21
Boats	1	1	1	1	1
Jail facilities	1	1	1	1	1
Public safety and emergency services:					
Animal control - vehicles	2	2	2	2	2
Emergency services - vehicles	2	2	2	2	2
Community and economic development - vehicles	1	1	1	1	1
Recreation and culture:					
Parks and recreation:					
Parks	5	5	5	5	5
Vehicles	7	7	7	7	7

Source: Isabella County Finance Department

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

Table 18 - Unaudited

2012	2011	2010	2009	2008
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2 2 2 2 2

23 23 23 23 23

1 1 1 1 1

1 1 1 1 1

2 2 2 2 2

2 2 2 2 2

1 1 1 1 1

5 5 5 5 5

8 8 8 8 7