

Comprehensive Annual Financial Report



Isabella County, Michigan

For The Year Ended
September 30, 2011

Issued by:
County Administrator's Department

Donna J. Barker, CPA
Director of Accounting Services

Timothy J. Dolehanty, AICP
County Controller / Administrator

ISABELLA COUNTY, MICHIGAN

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Administrator's Office**

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Director of Accounting Services**

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County Controller/Administrator**

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INTRODUCTORY SECTION



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

Telephone 989-772-0911, Ext. 202
Fax 989-773-7431

March 30, 2012

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, 2011, is submitted herewith. The financial statements included in this report have been audited by Abraham & Gaffney, P.C. The Comprehensive Annual Financial Report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials, and other interested parties.

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

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES:

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

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

PROFILE OF THE GOVERNMENT:

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

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

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

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

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

Recreation:

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

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

Commercial:

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

Financial Management:

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

Budgeting Control:

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

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

Single Audit:

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

As part of the County's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's Single Audit for the year ended September 30, 2011 disclosed no significant violations of applicable laws and regulations.

Risk Management:

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

Revenue for this fund's operations originates from the participating groups that pay a fee for each of their participating employees. The fee is the premium rate established by Blue Cross. These rates vary depending on the coverage each employee elects. The County sets caps on the amount of premiums it will pay for non-union employees and negotiates caps with its labor unions. Any premiums above the caps are paid by the employees through payroll deductions. For additional information concerning employee health benefits, refer to Note K of the Notes to the Financial Statements on page 48.

Employee Pension Plan:

Isabella County participates in the Michigan Municipal Employees Retirement System (MERS); an agent multiple employer state-wide, public employee defined benefit pension plan. Under this plan, the County is required to contribute at an actuarially determined rate. Effective in 2002, all new employees are in a defined contribution plan through ICMA. Under this plan, the County contributes 7% and the employee contributes 2% of their gross salary. For additional information concerning the employee retirement system, refer to Note I of the Notes to the Financial Statements on page 44.

OTHER INFORMATION:

Independent Audit:

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

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Isabella County, Michigan for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010.


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

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

Acknowledgements:

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

Respectfully submitted,



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



Donna J Barker, CPA
Director of Accounting Services

**ISABELLA COUNTY, MICHIGAN
OFFICIALS
YEAR ENDED SEPTEMBER 30, 2011**

BOARD OF COMMISSIONERS

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

TRIAL COURT JUDGES

PAUL CHAMBERLAIN, CHIEF JUDGE

WILLIAM T. ERVIN

WILLIAM R. RUSH

MARK DUTHIE

OTHER ELECTED OFFICIALS

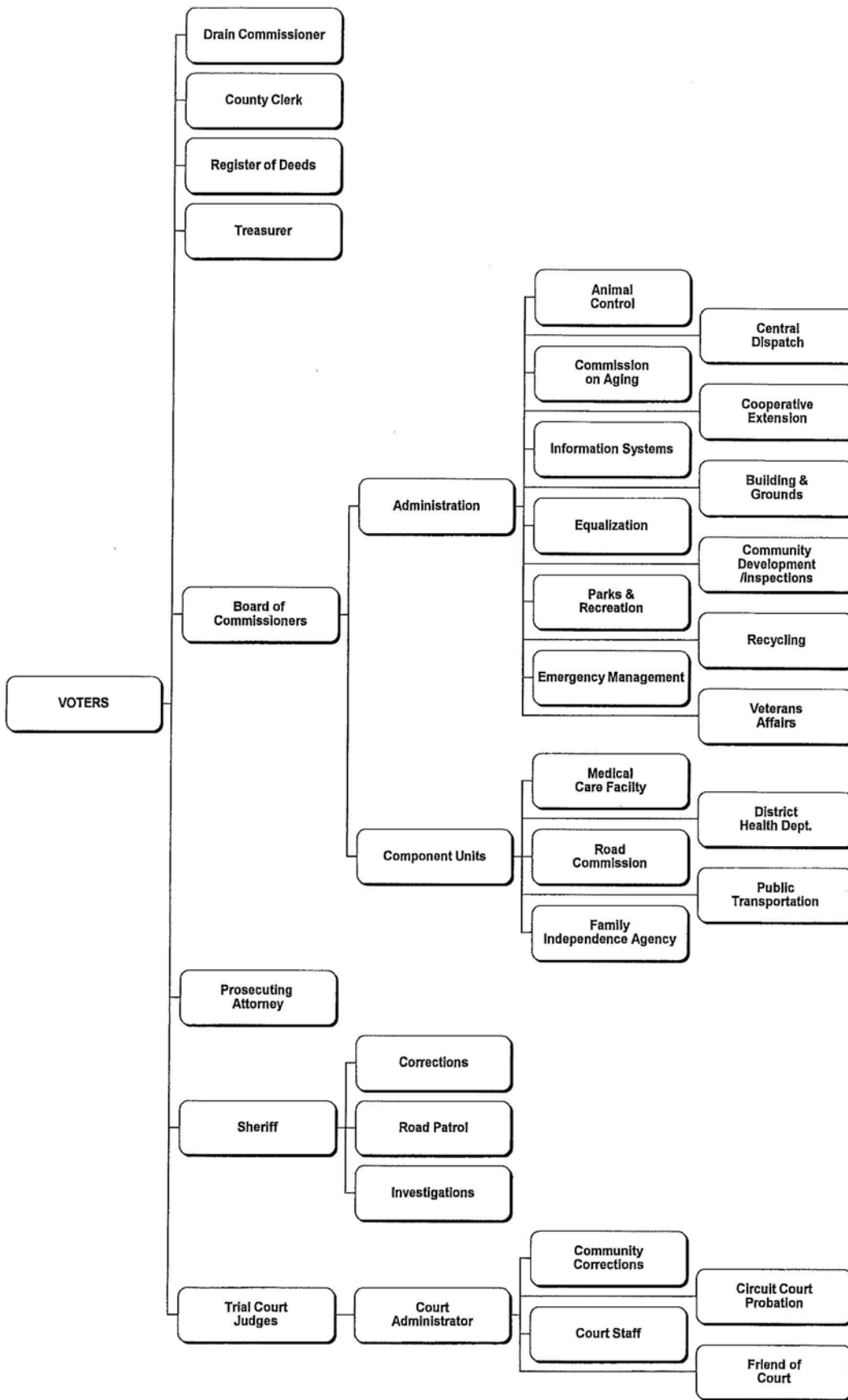
JOYCE SWAN	COUNTY CLERK
RICK JAKUBIEC	DRAIN COMMISSIONER
SHARON BROWN	REGISTER OF DEEDS
STEVEN PICKENS	COUNTY TREASURER
LARRY BURDICK	PROSECUTING ATTORNEY
LEO MIODUSZEWSKI	COUNTY SHERIFF

COUNTY CONTROLLER/ADMINISTRATOR

TIMOTHY J. DOLEHANTY, ICMA-CM, AICP

DIRECTOR OF ACCOUNTING SERVICES

DONNA J. BARKER, CPA



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Isabella County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Principals

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



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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Isabella County
Mt. Pleasant, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isabella County, Michigan, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Isabella County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Isabella County Road Commission, which represents 66% and 35%, respectively of the total assets and revenues of the component units and the Medical Care Facility which represents 63% and 82%, respectively of the total assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Road Commission and Medical Care Facility, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isabella County, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2012, on our consideration of Isabella County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

As discussed in Note N, during the year the County implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result of this implementation, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB Statement No. 54.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 12, 2012

Management's Discussion and Analysis

As management of *Isabella County, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Isabella County for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$49,969,899. Of this amount, \$27,162,320 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,780,312. This increase resulted mainly from net income of approximately \$536,996 from the County Medical Care Facility, net income of \$280,111 from the Delinquent Tax Fund in the Business-type Activities and an increase in the governmental activities of \$512,265.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,676,784, an increase of \$924,742 in comparison with the prior year. Approximately 34 percent of this amount, or \$4,697,759 is available for spending at the government's discretion (*unassigned fund balance*).
- "**Fund balance**" describes the net assets of a government fund calculated on a budgetary basis. It is intended to serve as a measure of financial resources available in a government fund (GFOA, 2009). Officials often treat fund balance like a "rainy day" fund or savings account. "**Restricted**" and "**committed**" fund balance refers to monies set aside for a specific purpose and not available for appropriation, while "**unassigned**" fund balance represents resources held in reserve, but available for appropriation. The Government Finance Officers Association (GFOA) advises governments to maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are also a crucial consideration in long-term financial planning. GFOA recommends, at a minimum, that general-purpose governments maintain an unrestricted fund balance in their general funds of no less than two months (16.6%) of regular operating expenditures (GFOA, 2009). However, a 2007 state-mandated shift in annual property tax collection dates created a significant cash flow challenge for Isabella County. This change resulted in a six-month delay in property tax payments made to the County. Therefore, the County must maintain an unassigned fund balance greater than the GFOA minimum in order to assure adequate reserves and cash on hand. At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,697,759 or 28 percent of total general fund expenditures and transfers out.
- The County's total bonded debt decreased by \$1,180,000 during the current fiscal year. This decrease was due to the normal pay-off of principal on general obligation bonds.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety (including the jail), public works, health and welfare, community and economic development, and culture and recreation. The business-type activities of the County include the delinquent tax collections, recycling facility, building inspections, concessions, and a Medical Care Facility.

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

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

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

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

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

The County maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Tribal Contribution, and Building Authority Bond Funds, each of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the medical care facility and delinquent tax revolving activity, both of which are considered to be major funds. Individual fund data for non-major enterprise funds are provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 53-100 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Isabella County, assets exceeded liabilities by \$49,969,899 at the close of the most recent fiscal year.

One of the largest portions of the County's net assets (35 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Isabella County Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$22,196,675	\$22,379,407	\$16,776,226	\$18,227,932	\$38,972,901	\$40,607,339
Capital assets, net	18,213,817	17,177,409	11,969,176	11,607,004	30,182,993	28,784,413
Total assets	40,410,492	\$39,556,816	28,745,402	\$29,834,936	\$69,155,894	\$69,391,752
Long-term liabilities outstanding	6,939,190	6,119,835	5,690,613	5,326,850	12,629,803	11,446,685
Other liabilities	7,529,392	6,126,769	1,663,149	1,848,399	9,192,541	7,975,168
Total liabilities	14,468,582	12,246,604	7,353,762	7,175,249	21,822,344	19,421,853
Net Assets						
Invested in capital assets, net of related debt	11,656,812	11,424,516	6,120,965	6,125,310	17,777,777	17,549,826
Restricted	449,996	4,652,196	597,232	605,557	1,047,228	5,257,753
Unrestricted	13,835,102	11,233,500	14,673,443	15,928,820	28,508,545	27,162,320
Total net assets	\$25,941,910	\$27,310,212	\$21,391,640	\$22,659,687	\$47,333,550	\$49,969,899

An additional portion of the County's net assets (11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (54 percent or \$27,162,320) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$1,780,312 during the current fiscal year. This increase was a combination of the net income of the Business-type Activities and the Governmental Activities.

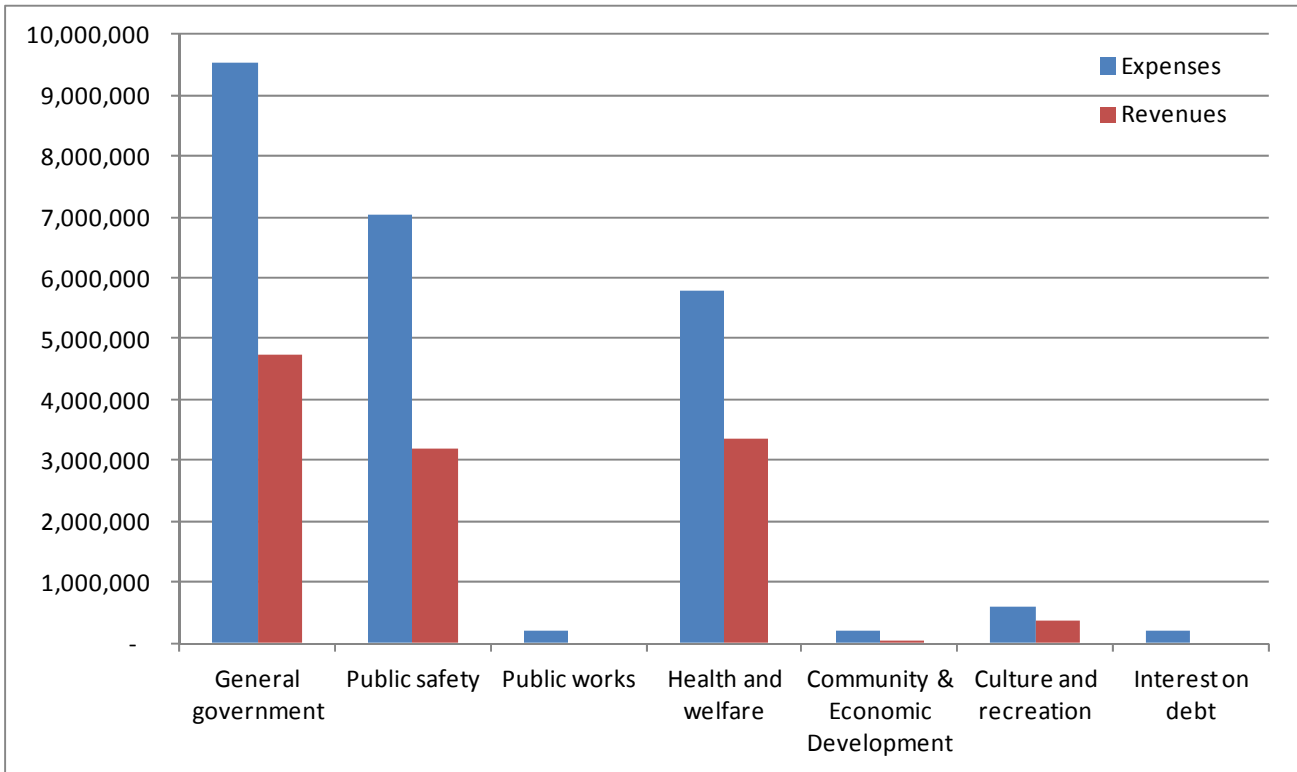
Isabella County Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program revenues:						
Charges for services	\$ 6,486,315	\$ 6,420,928	\$11,280,471	\$11,908,770	\$17,766,786	\$18,329,698
Operating grants and contributions	5,246,429	5,148,434	1,341,355	977,303	6,587,784	6,125,737
Capital grants and contributions	30,430	72,819	70,011	5,212	100,441	78,031
General revenues:						
Property taxes	11,681,218	11,689,532	1,287,847	1,090,229	12,969,065	12,779,761
Grants and contributions not restricted to specific programs	507,766	516,595	-	-	507,766	516,595
Unrestricted investment earnings	64,998	56,898	143,908	145,576	208,906	202,474
Miscellaneous revenue	93,987	141,178	95,313	110,838	189,300	252,016
Total revenues	24,111,143	24,046,384	14,218,905	14,237,928	38,330,048	38,284,312
Expenses						
General government	9,799,291	9,519,926	-	-	9,799,291	9,519,926
Public safety	6,841,410	7,043,762	-	-	6,841,410	7,043,762
Public works	225,971	209,533	-	-	225,971	209,533
Health and welfare	5,979,709	5,774,589	-	-	5,979,709	5,774,589
Community & Economic Development	205,914	214,605	-	-	205,914	214,605
Culture and recreation	746,056	604,405	-	-	746,056	604,405
Interest on debt	217,606	212,604	-	-	217,606	212,604
Delinquent property tax	-	-	160,524	205,902	160,524	205,902
Recycling facility	-	-	1,001,916	1,082,746	1,001,916	1,082,746
Building Inspections	-	-	212,858	236,522	212,858	236,522
Concessions	-	-	239,422	235,313	239,422	235,313
Medical care facility	-	-	10,614,196	11,164,093	10,614,196	11,164,093
Total expenses	24,015,957	23,579,424	12,228,916	12,924,576	36,244,873	36,504,000
Revenues over (under) expenses before transfers	95,186	466,960	1,989,989	1,313,352	2,085,175	1,780,312
Transfers - internal activities	-	45,305	-	(45,305)	-	-
Increase (decrease) in net assets	95,186	512,265	1,989,989	1,268,047	2,085,175	1,780,312
Restated net assets, beginning of year	25,846,724	26,797,947	19,401,651	21,391,640	45,248,375	48,189,587
Total net assets	\$25,941,910	\$27,310,212	\$21,391,640	\$22,659,687	\$47,333,550	\$49,969,899

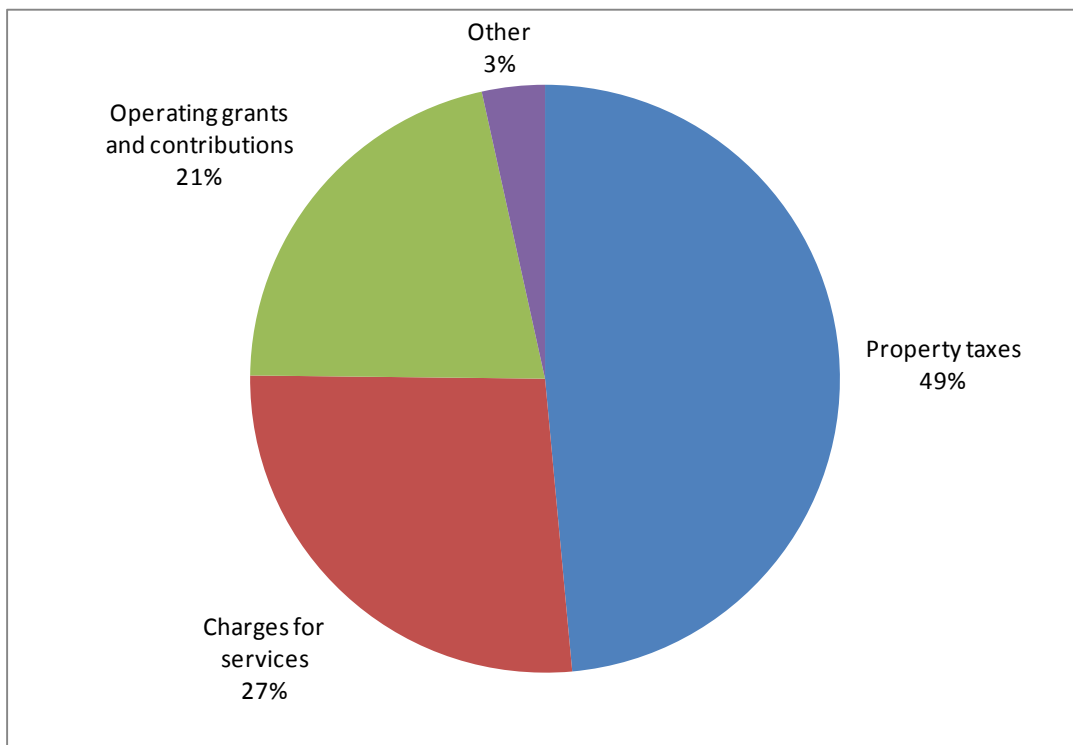
Governmental activities. Isabella County recorded an increase in governmental activity net assets totaling \$512,265 in FY 2011 despite a \$64,759 (0.2%) reduction in overall revenue. This increase was the result of a significant reduction in expenditures mostly occurring in three categories: general government (down \$279,365), health and welfare (reduced by \$205,120), and culture and recreation (down \$141,651).

Isabella County provided funds for operation of public libraries in Coe, Fremont, Rolland, and Sherman Townships in FY 2010 through a long-standing agreement with the Chippewa River District Library (CRDL). A County Library Board was established to oversee the agreement. The CRDL Board elected not to renew the library services agreement in FY 2011, opting instead to seek its own millage for library operations. With no other purpose, the County Library Board was subsequently disbanded. This single action resulted in a reduction of \$141,651 in the culture and recreation category.

Expenses and Program Revenues - Governmental Activities



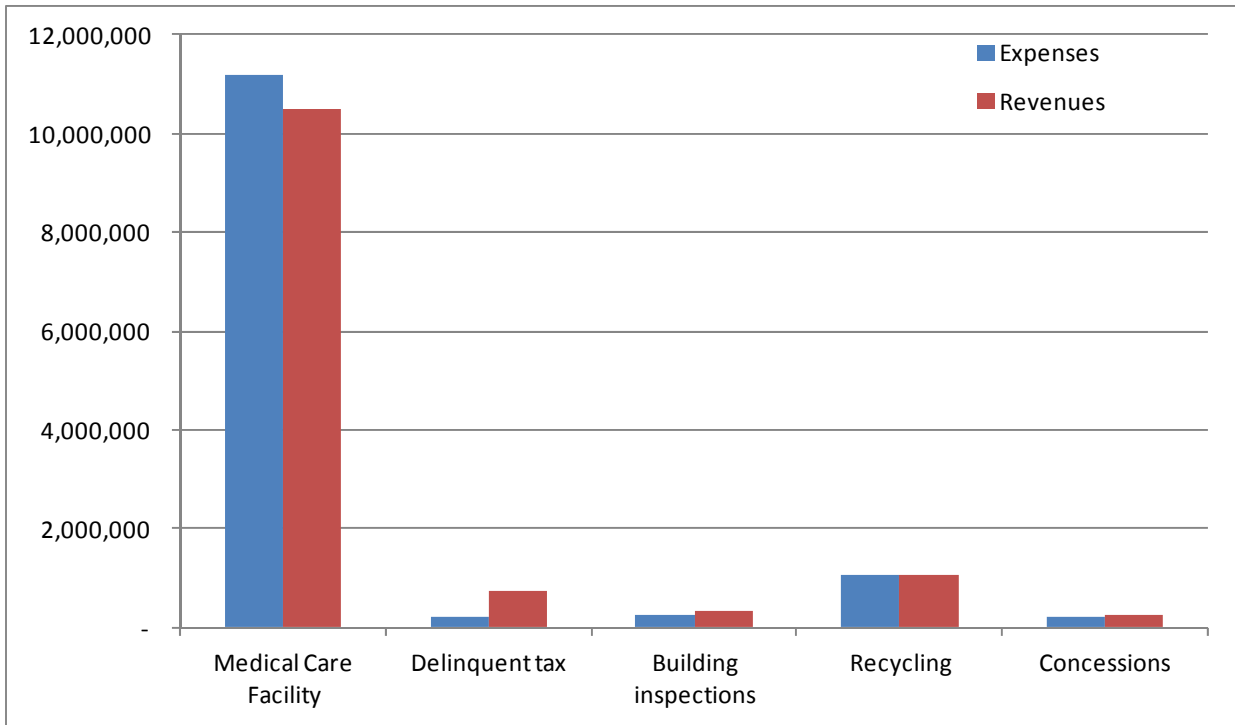
Revenues by Source - Governmental Activities



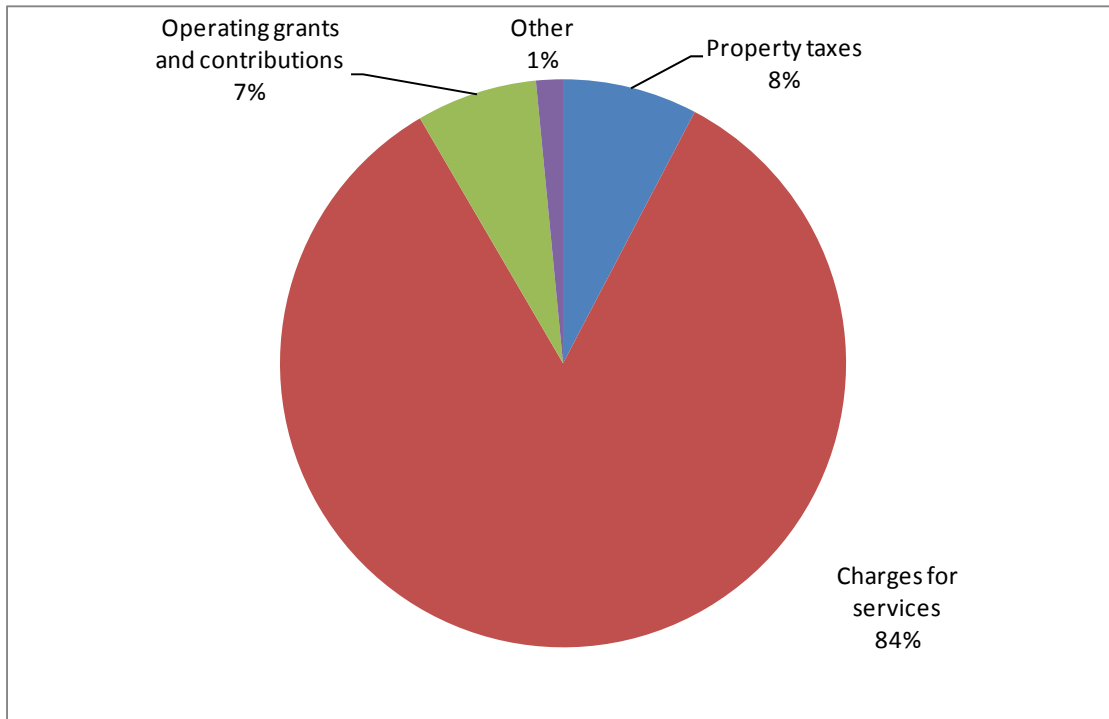
Business-type activities. Business-type activities increased the County's net assets by \$1,268,047, accounting for approximately 71% of the growth in the government's net assets for the current year. Key elements of these increases are as follows:

- The Medical Care Facility in the 2011 fiscal year reflects another full year of revenue with its expanded capacity. Net assets for the Medical Care Facility increased by \$536,996 in 2011, which represents 42% of the overall business-type activity increase for the year.
- The PA123 Restricted Tax fund had an increase in net assets of \$193,897 in 2011. This is the result of more tax foreclosures and subsequent tax sales.
- The Delinquent Tax Revolving fund had an increase in net assets of \$280,111 in 2011. This is the result of a downturn in the economy causing more taxes to be delinquent, and more interest and penalties being collected on delinquent amounts.

Expenses and Program Revenues - Business-type Activities



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



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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *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 \$13,676,784, an increase of \$924,742 in comparison with the prior year. Approximately 58 percent of this total amount (\$7,915,767) 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 debt service.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,697,759 while total fund balance was \$7,692,598. 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 28.0 percent of total general fund expenditures and transfers out.

Significant expenditure reductions in several activities brought about a general fund increase of \$861,824 in FY 2011. Of 34 general fund activities, 27 reported expenditures less than budgeted amounts. Eighteen of these reported spending between 90% and 95% of budgeted amounts, and 12 activities reported spending less than 90% of budgeted funds.

FY 2011 was the final year of the Revenue Sharing Reserve Fund. A final draw-down of \$493,808 was made consistent with the intended purpose of the fund when it was created by state mandate in FY 2005. Funding was generated through an accelerated property tax collection schedule over three years, with the extra tax deposited into the fund. These locally-collected dollars replaced State Revenue Sharing payments normally made to the County each year. The County was allowed to make distributions from the fund in amounts determined by the State.

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

General Fund Budgetary Highlights

The difference between the original and final amended budget for expenditures resulted in a decrease of \$2,033 in appropriations.

During the year, general fund revenues were greater than budgetary estimates by approximately \$33,896 and general fund expenditures were less than budgetary estimates by \$905,110. This resulted in an overall budget discrepancy of only \$939,006 on a general fund budget of almost \$18,000,000.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounted to \$28,784,413 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was 5 percent.

Capital asset events during the current fiscal year included the following:

- Large purchases during 2011 included: equipment and computer upgrades for Central Dispatch for \$57,705; vehicle purchases in inspections and concessions of \$18,693 and \$26,594 respectively; and \$117,165 of equipment purchases for the Medical Care Facility.
- The Drainage Districts added \$1,047,905 in construction in progress costs due to the start of five new drains and added \$332,489 to drain infrastructure with the completion of work on three drains.

Isabella County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 2,192,082	\$ 2,192,082	\$ 121,953	\$ 121,953	\$ 2,314,035	\$ 2,314,035
Construction in progress	-	-	-	37,149	-	37,149
Buildings and improvements	14,103,719	13,599,721	10,508,739	10,210,345	24,612,458	23,810,066
Equipment	1,483,693	1,078,280	1,264,235	1,151,480	2,747,928	2,229,760
Vehicles	211,488	136,538	74,249	86,077	285,737	222,615
Other	222,835	170,788	-	-	222,835	170,788
Total net assets	\$18,213,817	\$17,177,409	\$11,969,176	\$11,607,004	\$30,182,993	\$28,784,413

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

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$13,296,926. Of this amount, \$11,320,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents leases, post-closure landfill costs, long-term insurance claims, and compensated absences.

Isabella County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds	\$ 6,610,000	\$ 5,800,000	\$ 5,890,000	\$ 5,520,000	\$12,500,000	\$ 11,320,000
Postclosure landfill costs	820,614	784,665	-	-	820,614	784,665
Accrued compensated absences	826,300	800,785	444,665	476,889	1,270,965	1,277,674
Deferred charges	(52,995)	(47,107)	(41,789)	(38,306)	(94,784)	(85,413)
Total net debt	<u>\$ 8,203,919</u>	<u>\$ 7,338,343</u>	<u>\$ 6,292,876</u>	<u>\$ 5,958,583</u>	<u>\$14,496,795</u>	<u>\$ 13,296,926</u>

General Obligation Bonds - \$11,320,000

The County's total governmental activity debt decreased by \$865,576 (11 percent) during the current fiscal year.

The County's total business-type activity debt decreased by \$334,293 (5 percent) during the current fiscal year.

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

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

Additional information on the County's long-term debt can be found in Note G on pages 37-43 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- As the economy has slowed, there have been financial impacts to the county. Although property tax revenues remain stable, programs that rely on state and federal funding have suffered financial losses as these funds are reduced. A budget proposal submitted by Governor Snyder proposes another 24% reduction in revenue sharing dollars, along with new performance measures to qualify for remaining dollars. In addition, the legislature has proposed a new personal property tax structure that will result in losses of nearly \$400,000 in revenue used to provide county services. It is doubtful this revenue will be replaced.
- The September 2011 unemployment rate for Isabella County was 7.0%, which is a decrease from a rate of 8.1% a year earlier. This was less than the State's September 2011 average unemployment rate of 9.8% and also less than the national average rate of 9.1%.¹
- Two Michigan constitutional laws limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year reflects restrictions of these laws.

¹ Michigan Department of Labor and Economic Growth

- County fiscal resources will be subject to “capture” by Local Development Finance Authorities, Downtown Development Authorities, Tax Increment Finance Authorities, and Brownfield zones established by the City of Mount Pleasant and Union Township. Five such districts in the City will capture about \$175,000 otherwise intended for County services. The City does not capture all County funds available through these actions, and does refund dollars associated with bond payments for the Commission on Aging building. Union Township will capture more than \$500,000 in County revenue for DDA.
- Public Act 357 of 2004 (MCL 211.44a) created a funding mechanism to serve as a substitute to state revenue sharing payments. Isabella County completed a gradual shift its county operating property tax millage from a winter tax levy to a summer tax levy in 2009. Funds from a special revenue fund provided as a substitute for revenue sharing payments have since been expended. Unfortunately, State officials failed to uphold their promise to reinstate revenue sharing funds upon exhaustion of the reserve. Instead, state legislators and the Governor continue to reduce revenue sharing payments to counties at a rate that will completely eliminate this funding source by fiscal year 2015. Further restrictions proposed by the Governor will potentially impose even greater limits on use of these funds.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Isabella County, Michigan

STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 12,529,078	\$ 6,496,509	\$ 19,025,587	\$ 6,829,347
Investments	2,407,012	580,726	2,987,738	1,832,125
Receivables	2,818,292	4,514,370	7,332,662	6,717,868
Inventories	27,089	7,440	34,529	728,867
Due from other governmental units	995,293	31,329	1,026,622	1,343,234
Prepays	123,981	-	123,981	992,978
Other current assets	-	56,730	56,730	-
Current portion of lease receivable	390,000	-	390,000	445,000
Restricted cash and cash equivalents	-	5,275,483	5,275,483	-
Internal balances	(220,875)	220,875	-0-	-
Total current assets	19,069,870	17,183,462	36,253,332	18,889,419
Noncurrent assets				
Investments	-	1,044,470	1,044,470	-
Lease receivable	3,260,000	-	3,260,000	6,075,000
Unamortized bond issuance costs	49,537	-	49,537	57,271
Capital assets not being depreciated	2,192,082	159,102	2,351,184	25,510,004
Capital assets being depreciated, net	14,985,327	11,447,902	26,433,229	66,536,011
Total noncurrent assets	20,486,946	12,651,474	33,138,420	98,178,286
TOTAL ASSETS	39,556,816	29,834,936	69,391,752	117,067,705
LIABILITIES				
Current liabilities				
Accounts payable	561,966	660,877	1,222,843	885,019
Accrued wages	168,354	105,518	273,872	352,761
Other accrued liabilities	126,237	102,740	228,977	253,219
Due to other governmental units	632,782	39,388	672,170	320,516
Unearned revenue	3,418,922	308,143	3,727,065	358,158
Current portion of compensated absences	320,314	246,733	567,047	403,422
Current portion of long-term debt	898,194	385,000	1,283,194	1,461,224
Total current liabilities	6,126,769	1,848,399	7,975,168	4,034,319
Noncurrent liabilities				
Noncurrent portion of compensated absences	480,471	230,156	710,627	535,434
Noncurrent portion of long-term debt	5,639,364	5,096,694	10,736,058	10,071,513
Total noncurrent liabilities	6,119,835	5,326,850	11,446,685	10,606,947
TOTAL LIABILITIES	12,246,604	7,175,249	19,421,853	14,641,266
NET ASSETS				
Invested in capital assets, net of related debt	11,424,516	6,125,310	17,549,826	88,219,503
Restricted for:				
Legal restrictions	2,910,092	-	2,910,092	-
Grant programs	441,647	-	441,647	-
Debt service	1,162,413	-	1,162,413	-
Capital projects	138,044	-	138,044	-
Equipment replacement	-	306,767	306,767	-
Nonexpendable				
Drayton and Minnie Miley Trust	-	55,226	55,226	-
Expendable				
Drayton and Minnie Miley Trust	-	45,323	45,323	-
Patient Equipment Trust	-	198,241	198,241	-
Road Commission-County roads	-	-	-0-	3,362,631
Drainage Districts-Debt service	-	-	-0-	966,282
Unrestricted	11,233,500	15,928,820	27,162,320	9,878,023
TOTAL NET ASSETS	\$ 27,310,212	\$ 22,659,687	\$ 49,969,899	\$ 102,426,439

See accompanying notes to the financial statements.

Isabella County, Michigan

STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 9,519,926	\$ 3,043,776	\$ 1,676,661	\$ 6,500	\$ (4,792,989)	\$ -	\$ (4,792,989)	\$ -
Public safety	7,043,762	2,635,438	515,501	45,199	(3,847,624)	-	(3,847,624)	-
Public works	209,533	-	-	-	(209,533)	-	(209,533)	-
Health and welfare	5,774,589	398,781	2,956,272	-	(2,419,536)	-	(2,419,536)	-
Community and economic development	214,605	6,733	-	-	(207,872)	-	(207,872)	-
Recreation and cultural	604,405	336,200	-	21,120	(247,085)	-	(247,085)	-
Interest on long-term debt	212,604	-	-	-	(212,604)	-	(212,604)	-
Total governmental activities	23,579,424	6,420,928	5,148,434	72,819	(11,937,243)	-0-	(11,937,243)	-0-
Business-type activities								
Medical Care Facility	11,164,093	9,662,823	824,554	5,212	-	(671,504)	(671,504)	-
Delinquent tax	205,902	729,239	-	-	-	523,337	523,337	-
Building inspections	236,522	318,352	-	-	-	81,830	81,830	-
Recycling	1,082,746	931,803	152,749	-	-	1,806	1,806	-
Concessions	235,313	266,553	-	-	-	31,240	31,240	-
Total business-type activities	12,924,576	11,908,770	977,303	5,212	-0-	(33,291)	(33,291)	-0-
Total primary government	\$ 36,504,000	\$ 18,329,698	\$ 6,125,737	\$ 78,031	(11,937,243)	(33,291)	(11,970,534)	-0-
Component units								
Road Commission	\$ 7,940,257	\$ 40,091	\$ 4,962,708	\$ 4,152,850	-	-	-	1,215,392
Transportation Commission	5,259,347	674,377	2,738,985	-	-	-	-	(1,845,985)
Health Department	9,032,984	2,929,484	5,025,707	-	-	-	-	(1,077,793)
Drainage Districts	769,509	-	83,322	2,509,640	-	-	-	1,823,453
Board of Public Works	1,330,909	27,867	-	165,790	-	-	-	(1,137,252)
Total component units	\$ 24,333,006	\$ 3,671,819	\$ 12,810,722	\$ 6,828,280	-0-	-0-	-0-	(1,022,185)
General revenues								
Property taxes					11,689,532	1,090,229	12,779,761	2,581,866
Unrestricted grants and contributions					516,595	-	516,595	-
Investment earnings					56,898	145,576	202,474	32,606
Gain on disposal of capital assets					-	-	-0-	59,271
Other					141,178	110,838	252,016	30,046
Transfers					45,305	(45,305)	-0-	-
Total general revenues					12,449,508	1,301,338	13,750,846	2,703,789
Change in net assets					512,265	1,268,047	1,780,312	1,681,604
Restated net assets, beginning of the year					26,797,947	21,391,640	48,189,587	100,744,835
Net assets, end of the year					\$ 27,310,212	\$ 22,659,687	\$ 49,969,899	\$ 102,426,439

See accompanying notes to the financial statements.

Isabella County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2011

	General	Tribal Contribution	Building Authority Bonds
ASSETS			
Cash and cash equivalents	\$ 7,636,193	\$ 169,624	\$ 1,299,127
Investments	505,565	481,974	-
Accounts receivable	16,144	614,081	-
Taxes receivable	1,066,192	-	-
Lease receivable	-	-	3,650,000
Due from other governmental units			
Federal/State	347,265	-	-
Local	133,597	7,827	-
Inventories	11,874	-	-
Prepays	24,603	-	44,025
Due from other funds	168,083	-	-
	<u>9,909,516</u>	<u>1,273,506</u>	<u>4,993,152</u>
TOTAL ASSETS	\$ 9,909,516	\$ 1,273,506	\$ 4,993,152
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 393,079	\$ 7,418	\$ -
Accrued wages	114,803	3,167	-
Accrued liabilities	21,342	-	-
Due to other governmental units			
Federal/State	-	-	-
Local	32,104	586,380	-
Due to other funds	814,177	321,069	35,000
Deferred revenue	841,413	355,271	3,650,000
	<u>2,216,918</u>	<u>1,273,305</u>	<u>3,685,000</u>
TOTAL LIABILITIES	2,216,918	1,273,305	3,685,000
FUND BALANCES			
Nonspendable	36,477	-	44,025
Restricted	-	201	1,264,127
Committed	-	-	-
Assigned	2,958,362	-	-
Unassigned	4,697,759	-	-
	<u>7,692,598</u>	<u>201</u>	<u>1,308,152</u>
TOTAL FUND BALANCES	7,692,598	201	1,308,152
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,909,516	\$ 1,273,506	\$ 4,993,152

See accompanying notes to the financial statements.

Nonmajor Governmental Funds	Total
\$ 2,899,142	\$ 12,004,086
908,495	1,896,034
1,117,794	1,748,019
-	1,066,192
-	3,650,000
503,659	850,924
2,945	144,369
15,215	27,089
55,353	123,981
354,772	522,855
<u>\$ 5,857,375</u>	<u>\$ 22,033,549</u>
\$ 142,719	\$ 543,216
50,384	168,354
3,181	24,523
14,298	14,298
-	618,484
161,788	1,332,034
809,172	5,655,856
<u>1,181,542</u>	<u>8,356,765</u>
926,605	1,007,107
3,489,582	4,753,910
259,646	259,646
-	2,958,362
-	4,697,759
<u>4,675,833</u>	<u>13,676,784</u>
<u>\$ 5,857,375</u>	<u>\$ 22,033,549</u>

Isabella County, Michigan

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

September 30, 2011

Total fund balance - governmental funds \$ 13,676,784

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

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

The cost of capital assets is	\$ 33,801,758	
Accumulated depreciation is	<u>(16,624,349)</u>	
Capital assets, net		17,177,409

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

Property taxes	836,934	
Lease receivable	3,650,000	
Less: lease receivable from other County funds	<u>(2,250,000)</u>	
		2,236,934

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

Unamortized bond issuance costs		49,537
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Net assets of governmental activities accounted for in Internal Service Funds		1,609,605
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities at year-end consist of:

Direct County obligations	(6,537,558)	
Accrued interest payable	(101,714)	
Compensated absences	<u>(800,785)</u>	
		<u>(7,440,057)</u>

Net assets of governmental activities \$ 27,310,212

Isabella County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	General	Tribal Contribution	Building Authority Bonds
REVENUES			
Taxes	\$ 10,425,312	\$ -	\$ 577,245
Licenses and permits	82,647	-	-
Intergovernmental	1,912,898	373,007	-
Charges for services	3,745,696	-	-
Fines and forfeits	282,570	-	-
Interest and rents	387,500	-	257,468
Contributions	-	-	-
Other	118,215	-	-
TOTAL REVENUES	16,954,838	373,007	834,713
EXPENDITURES			
Current			
General government	7,755,646	244,837	-
Public safety	5,139,349	123,050	-
Public works	200,959	-	-
Health and welfare	958,837	-	-
Community and economic development	209,018	-	-
Recreation and cultural	1,272	5,120	-
Other	579,281	-	-
Debt service	-	-	1,060,025
Capital outlay	-	-	-
TOTAL EXPENDITURES	14,844,362	373,007	1,060,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,110,476	-0-	(225,312)
OTHER FINANCING SOURCES (USES)			
Transfers in	652,459	-	300,163
Transfers out	(1,901,111)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,248,652)	-0-	300,163
NET CHANGE IN FUND BALANCES	861,824	-0-	74,851
Restated fund balances, beginning of year	6,830,774	201	1,233,301
Fund balances, end of year	<u>\$ 7,692,598</u>	<u>\$ 201</u>	<u>\$ 1,308,152</u>

See accompanying notes to the financial statements.

Nonmajor Governmental Funds	Total
\$ 581,709	\$ 11,584,266
336,200	418,847
3,271,495	5,557,400
1,450,700	5,196,396
10,695	293,265
4,070	649,038
443,155	443,155
53,124	171,339
<u>6,151,148</u>	<u>24,313,706</u>
859,502	8,859,985
1,157,688	6,420,087
-	200,959
4,587,426	5,546,263
-	209,018
546,977	553,369
-	579,281
-	1,060,025
5,282	5,282
<u>7,156,875</u>	<u>23,434,269</u>
(1,005,727)	879,437
1,517,602	2,470,224
<u>(523,808)</u>	<u>(2,424,919)</u>
<u>993,794</u>	<u>45,305</u>
(11,933)	924,742
<u>4,687,766</u>	<u>12,752,042</u>
<u>\$ 4,675,833</u>	<u>\$ 13,676,784</u>

Isabella County, Michigan

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

Year Ended September 30, 2011

Net change in fund balances - total governmental funds \$ 924,742

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

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

Capital outlay	\$ 57,705	
Depreciation expense	<u>(1,094,113)</u>	
Excess of depreciation expense over capital outlay		(1,036,408)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (271,665)

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

Net operating income from governmental activities accounted for in internal service fund	18,316	
Add: Interest revenue	<u>4,344</u>	
		22,660

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

Repayment of long-term debt	810,000	
Net effect of bond refunding and related items	(12,080)	
Decrease in long-term liability for environmental remediation	<u>35,949</u>	
		833,869

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

Decrease in accrued interest payable	13,552	
Decrease in compensated absences	<u>25,515</u>	
		<u>39,067</u>

Change in net assets of governmental activities \$ 512,265

See accompanying notes to the financial statements.

Isabella County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

September 30, 2011

	Business-type Activities				Governmental
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,615,702	\$ 2,015,136	\$ 2,690,674	\$ 6,321,512	\$ 699,989
Investments	-	-	410,400	410,400	681,304
Receivables					
Accounts	1,692,116	-	104,872	1,796,988	5,441
Delinquent taxes	5,707	2,710,315	-	2,716,022	-
Due from other governmental units	31,329	-	-	31,329	-
Due from other funds	-	-	26,408	26,408	784,405
Inventories	-	-	7,440	7,440	-
Other current assets	56,730	-	-	56,730	-
Restricted cash and cash equivalents	5,275,483	-	-	5,275,483	-
Total current assets	8,677,067	4,725,451	3,239,794	16,642,312	2,171,139
Noncurrent assets					
Investments	-	1,044,470	-	1,044,470	-
Capital assets not being depreciated	37,149	-	121,953	159,102	-
Capital assets being depreciated, net	10,077,933	-	1,369,969	11,447,902	-
Total noncurrent assets	10,115,082	1,044,470	1,491,922	12,651,474	-0-
TOTAL ASSETS	18,792,149	5,769,921	4,731,716	29,293,786	2,171,139
LIABILITIES					
Current liabilities					
Accounts payable	610,708	-	43,919	654,627	25,000
Accrued wages	88,158	1,345	16,015	105,518	-
Other accrued liabilities	3,913	-	-	3,913	-
Due to other governmental units	-	-	39,388	39,388	-
Due to other funds	-	1,626	8	1,634	-
Interest payable	98,827	-	-	98,827	-
Current portion of compensated absences	234,179	385	12,169	246,733	-
Current portion of capital lease payable	385,000	-	-	385,000	-
Unearned revenue	196,680	-	111,463	308,143	-
Total current liabilities	1,617,465	3,356	222,962	1,843,783	25,000
Noncurrent liabilities					
Noncurrent portion of compensated absences	211,324	579	18,253	230,156	-
Noncurrent portion of capital lease payable	5,096,694	-	-	5,096,694	-
Total noncurrent liabilities	5,308,018	579	18,253	5,326,850	-0-
TOTAL LIABILITIES	6,925,483	3,935	241,215	7,170,633	25,000
NET ASSETS					
Invested in capital assets, net of related debt	4,633,388	-	1,491,922	6,125,310	-
Restricted for:					
Equipment replacement	-	-	306,767	306,767	-
Nonexpendable					
Drayton and Millie Miley Trust	55,226	-	-	55,226	-
Expendable					
Drayton and Millie Miley Trust	45,323	-	-	45,323	-
Patient Equipment Trust	198,241	-	-	198,241	-
Unrestricted	6,934,488	5,765,986	2,691,812	15,392,286	2,146,139
TOTAL NET ASSETS	\$ 11,866,666	\$ 5,765,986	\$ 4,490,501	\$ 22,123,153	\$ 2,146,139

See accompanying notes to the financial statements.

Isabella County, Michigan

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

September 30, 2011

Total net assets - enterprise funds \$ 22,123,153

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

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

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

536,534

Net assets of business-type activities

\$ 22,659,687

Isabella County, Michigan

Proprietary Funds

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

Year Ended September 30, 2011

	Business-type Activities			Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds		Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 10,487,377	\$ 165,750	\$ 798,954	\$ 11,452,081	\$ 2,765,086
Sales	-	-	914,646	914,646	-
Reimbursements	-	-	-	-0-	24,226
Interest and penalties on delinquent taxes	-	366,597	-	366,597	-
TOTAL OPERATING REVENUES	10,487,377	532,347	1,713,600	12,733,324	2,789,312
OPERATING EXPENSES					
Personnel services	6,052,081	111,634	780,190	6,943,905	-
Supplies	-	-	58,749	58,749	-
Contractual services	-	-	43,153	43,153	-
Other services and charges	4,439,227	-	471,624	4,910,851	-
Cost of goods sold	-	-	145,853	145,853	-
Health insurance benefits, premiums, and fees	-	-	-	-0-	2,763,444
Depreciation	419,042	-	155,332	574,374	-
TOTAL OPERATING EXPENSES	10,910,350	111,634	1,654,901	12,676,885	2,763,444
OPERATING INCOME (LOSS)	(422,973)	420,713	58,699	56,439	25,868
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
Local	-	-	152,749	152,749	-
Property taxes	1,090,229	-	-	1,090,229	-
Interest revenue	22,946	18,049	104,581	145,576	4,344
Other	-	-	15,513	15,513	-
Rental income	95,325	-	-	95,325	-
Interest expense	(249,011)	-	-	(249,011)	-
Loss on asset disposal	(4,732)	-	(1,500)	(6,232)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	954,757	18,049	271,343	1,244,149	4,344
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	531,784	438,762	330,042	1,300,588	30,212
TRANSFERS IN	-	-	113,346	113,346	-
TRANSFERS OUT	-	(158,651)	-	(158,651)	-
CAPITAL CONTRIBUTIONS	5,212	-	-	5,212	-
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	5,212	(158,651)	113,346	(40,093)	-0-
CHANGE IN NET ASSETS	536,996	280,111	443,388	1,260,495	30,212
Net assets, beginning of year	11,329,670	5,485,875	4,047,113	20,862,658	2,115,927
Net assets, end of year	<u>\$ 11,866,666</u>	<u>\$ 5,765,986</u>	<u>\$ 4,490,501</u>	<u>\$ 22,123,153</u>	<u>\$ 2,146,139</u>

See accompanying notes to the financial statements.

Isabella County, Michigan

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

Year Ended September 30, 2011

Change in net assets - total enterprise funds \$ 1,260,495

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

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

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

7,552

Change in net assets of business-type activities

\$ 1,268,047

Isabella County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2011

	Business-type Activities			Governmental	
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 10,570,400	\$ 165,750	\$ 1,707,174	\$ 12,443,324	\$ 2,790,880
Cash paid to suppliers	(4,244,717)	-	(711,620)	(4,956,337)	(2,620,022)
Cash paid for employee services and benefits	(5,956,582)	(111,384)	(801,377)	(6,869,343)	-
Interest on delinquent taxes	-	546,738	-	546,738	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	369,101	601,104	194,177	1,164,382	170,858
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State/Federal grants	-	-	152,749	152,749	-
Transfers in	-	-	113,346	113,346	-
Transfers out	-	(158,651)	-	(158,651)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-0-	(158,651)	266,095	107,444	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Property tax collections	1,091,480	-	-	1,091,480	-
Principal payments on capital debt	(370,000)	-	-	(370,000)	-
Interest payments on capital debt	(251,503)	-	-	(251,503)	-
Acquisition and construction of capital assets	(173,148)	-	(45,287)	(218,435)	-
Capital contributions	5,212	-	-	5,212	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	302,041	-0-	(45,287)	256,754	-0-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(1,044,470)	-	(1,044,470)	(681,304)
Maturity of investments	-	458,121	(4,277)	453,844	676,335
Interest revenue	28,779	18,049	104,581	151,409	4,344
Other revenue	-	-	15,513	15,513	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	28,779	(568,300)	115,817	(423,704)	(625)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	699,921	(125,847)	530,802	1,104,876	170,233
Cash and cash equivalents, beginning of year	6,191,264	2,140,983	2,159,872	10,492,119	529,756
Cash and cash equivalents, end of year	<u>\$ 6,891,185</u>	<u>\$ 2,015,136</u>	<u>\$ 2,690,674</u>	<u>\$ 11,596,995</u>	<u>\$ 699,989</u>

See accompanying notes to the financial statements.

Isabella County, Michigan

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended September 30, 2011

	Business-type Activities			Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise Funds		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (422,973)	\$ 420,713	\$ 58,699	\$ 56,439	\$ 25,868
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	419,042	-	155,332	574,374	-
Non-operating income	95,325	-	-	95,325	-
(Increase) Decrease in:					
Receivables	(24,455)	180,740	(6,426)	149,859	1,568
Other current assets	35,960	-	-	35,960	183,422
Inventory	-	-	185	185	-
Due from other funds	-	-	55,599	55,599	-
Increase (Decrease) in:					
Accounts payable	197,421	-	(32,300)	165,121	(40,000)
Due to other governmental units	-	-	(9,980)	(9,980)	-
Accrued liabilities	57,620	250	(21,187)	36,683	-
Due to other funds	-	(599)	(5,745)	(6,344)	-
Deferred revenue	11,161	-	-	11,161	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 369,101	\$ 601,104	\$ 194,177	\$ 1,164,382	\$ 170,858

Isabella County, Michigan

Fiduciary Funds

STATEMENT OF ASSETS AND LIABILITIES

Year Ended September 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 3,035,286</u>
LIABILITIES	
Due to other governmental units	
Federal/State	\$ 133,612
Local	2,390,012
Due to individuals and agencies	<u>511,662</u>
TOTAL LIABILITIES	<u>\$ 3,035,286</u>

See accompanying notes to the financial statements.

Isabella County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

September 30, 2011

	Road Commission	Isabella County Transportation Commission	Central Michigan District Health Department
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,499,943	\$ 1,331,496	\$ 672,571
Investments	-	-	-
Receivables	2,351,835	17,542	588,908
Due from other governmental units	-	226,420	1,040,184
Inventories	250,115	98,601	351,008
Prepays	227,340	135,909	94,939
Current portion of lease receivable	-	-	-
Total current assets	<u>4,329,233</u>	<u>1,809,968</u>	<u>2,747,610</u>
Noncurrent assets			
Lease receivable	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets, not being depreciated	23,831,599	54,004	-
Capital assets, net of accumulated depreciation	<u>49,367,656</u>	<u>3,193,611</u>	<u>406,576</u>
Total noncurrent assets	<u>73,199,255</u>	<u>3,247,615</u>	<u>406,576</u>
TOTAL ASSETS	<u>77,528,488</u>	<u>5,057,583</u>	<u>3,154,186</u>
LIABILITIES			
Current liabilities			
Accounts payable	621,383	26,396	151,236
Accrued wages	-	85,326	267,435
Due to other governmental units	69,464	62,627	188,425
Accrued interest payable	-	-	7,637
Other accrued liabilities	27,815	17,766	92,285
Unearned revenue	6,119	56,616	295,423
Current portion of compensated absences	-	97,825	305,597
Current portion of long-term debt	<u>18,893</u>	<u>-</u>	<u>101,252</u>
Total current liabilities	<u>743,674</u>	<u>346,556</u>	<u>1,409,290</u>
Noncurrent liabilities			
Noncurrent portion of compensated absences	241,821	-	293,613
Noncurrent portion of long-term debt	<u>166,183</u>	<u>-</u>	<u>472,500</u>
Total noncurrent liabilities	<u>408,004</u>	<u>-0-</u>	<u>766,113</u>
TOTAL LIABILITIES	<u>1,151,678</u>	<u>346,556</u>	<u>2,175,403</u>
NET ASSETS			
Invested in capital assets, net of related debt	73,014,179	3,247,615	(167,176)
Restricted	3,362,631	-	-
Unrestricted	<u>-</u>	<u>1,463,412</u>	<u>1,145,959</u>
TOTAL NET ASSETS	<u>\$ 76,376,810</u>	<u>\$ 4,711,027</u>	<u>\$ 978,783</u>

See accompanying notes to the financial statements.

Drainage Districts	Board of Public Works	Total
\$ 3,129,971	\$ 195,366	\$ 6,829,347
1,832,125	-	1,832,125
3,751,157	8,426	6,717,868
76,630	-	1,343,234
29,143	-	728,867
2,563	532,227	992,978
-	445,000	445,000
<u>8,821,589</u>	<u>1,181,019</u>	<u>18,889,419</u>
-	6,075,000	6,075,000
-	57,271	57,271
1,608,401	16,000	25,510,004
<u>13,535,755</u>	<u>32,413</u>	<u>66,536,011</u>
<u>15,144,156</u>	<u>6,180,684</u>	<u>98,178,286</u>
23,965,745	7,361,703	117,067,705
3,847	82,157	885,019
-	-	352,761
-	-	320,516
69,258	38,458	115,353
-	-	137,866
-	-	358,158
-	-	403,422
<u>723,991</u>	<u>617,088</u>	<u>1,461,224</u>
797,096	737,703	4,034,319
-	-	535,434
<u>3,529,413</u>	<u>5,903,417</u>	<u>10,071,513</u>
<u>3,529,413</u>	<u>5,903,417</u>	<u>10,606,947</u>
<u>4,326,509</u>	<u>6,641,120</u>	<u>14,641,266</u>
12,076,472	48,413	88,219,503
966,282	-	4,328,913
<u>6,596,482</u>	<u>672,170</u>	<u>9,878,023</u>
<u>\$ 19,639,236</u>	<u>\$ 720,583</u>	<u>\$ 102,426,439</u>

Isabella County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Transportation Commission	Health Department	Drainage Districts	Board of Public Works	Total
Governmental activities										
Road Commission	\$ 7,940,257	\$ 40,091	\$ 4,962,708	\$ 4,152,850	\$ 1,215,392	\$ -	\$ -	\$ -	\$ -	\$ 1,215,392
Transportation Commission	5,259,347	674,377	2,738,985	-	-	(1,845,985)	-	-	-	(1,845,985)
Health Department	9,032,984	2,929,484	5,025,707	-	-	-	(1,077,793)	-	-	(1,077,793)
Drainage Districts	769,509	-	83,322	2,509,640	-	-	-	1,823,453	-	1,823,453
Board of Public Works	1,330,909	27,867	-	165,790	-	-	-	-	(1,137,252)	(1,137,252)
TOTALS	\$ 24,333,006	\$ 3,671,819	\$ 12,810,722	\$ 6,828,280	1,215,392	(1,845,985)	(1,077,793)	1,823,453	(1,137,252)	(1,022,185)
General revenues										
Property taxes	-	-	-	-	-	1,331,269	1,250,597	-	-	2,581,866
Investment earnings	-	-	-	-	-	10,785	640	19,515	1,666	32,606
Gain on disposal of capital assets	-	-	-	-	59,271	-	-	-	-	59,271
Other	-	-	-	-	-	-	70	29,976	-	30,046
Total general revenues					59,271	1,342,054	1,251,307	49,491	1,666	2,703,789
CHANGE IN NET ASSETS					1,274,663	(503,931)	173,514	1,872,944	(1,135,586)	1,681,604
Restated net assets, beginning of year					75,102,147	5,214,958	805,269	17,766,292	1,856,169	100,744,835
Net assets, end of year					\$ 76,376,810	\$ 4,711,027	\$ 978,783	\$ 19,639,236	\$ 720,583	\$ 102,426,439

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 4*, these financial statements present the financial activities of Isabella County (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Unit

Building Authority

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

3. Discretely Presented Component Units

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

Isabella County Transportation Commission

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - Concluded

Isabella County Road Commission

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

Isabella County Drainage Districts

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

Isabella County Board of Public Works

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

Central Michigan District Health Department

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Jointly Governed Organizations

Central Michigan Mental Health Facilities Board

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

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

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

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

Central Michigan Community Mental Health Services Board

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

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

5. Related Organization

Economic Development Corporation

The Isabella County Economic Development Corporation (EDC) was established to provide community and economic development services. The County's officials are responsible for appointing the members of the Board of the Economic Development Corporation. The County's responsibility for this organization does not extend beyond making the board appointments. In 2011, the County did not provide any operating assistance to this organization.

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - Concluded

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONCLUDED

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

FUND FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. The Tribal Contribution Fund accounts for the funding provided from the Saginaw Chippewa Tribe and the related uses of those funds.
- c. The Building Authority Bonds Fund accounts for the debt service on the bonds issued by the building authority.
 - The State Police Building Authority \$1,200,000 bond issue dated May 18, 1998.
 - The Commission on Aging Building Authority \$3,500,000 bond issue dated November 1, 2007.
 - The Building Authority Refunding \$4,620,000 bond issue dated August 19, 2009.

The County reports the following major enterprise funds:

- a. The Delinquent Tax Revolving Fund accounts for the activities of the government's purchase and collection of delinquent property taxes.
- b. The Medical Care Facility Fund accounts for the activities of the government's in-patient medical care.

7. Measurement Focus

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting

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

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

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

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

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

9. Budgets and Budgetary Accounting

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. Management is authorized to amend the budget within departments at a line item level without board approval. The County employs the following procedures in establishing budgets:

- a. The County departments submit their budgetary estimates to the Administrator who will review the estimates and assemble and submit a recommended budget to each department, which is then submitted to the appropriate standing committees. The operating budgets include proposed expenditures and resources to finance them.
- b. The appropriate standing committees will then convey the proposed budgets to the Board of Commissioners in a public hearing.
- c. The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end, unless specifically re-appropriated by Board action.

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Budgets and Budgetary Accounting - Concluded

d. Applicable budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

10. Cash and Cash Equivalents

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

11. Investments

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

12. Restricted Assets

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

13. Receivables

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

14. Capitalized Lease Receivable

PRIMARY GOVERNMENT

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Capitalized Lease Receivable - Concluded

COMPONENT UNITS

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

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

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

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 Water and Sewer System improvement project and the financing of the same by the Board of Public Works through the issuance of a \$2,105,000 bond issue.

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

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

15. Inventories

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

16. Prepays

Prepays consist of amounts paid in the current year that pertain to the following fiscal year and are accounted for using the consumption method. Nonspendable fund balances have been recorded in the applicable funds to indicate that prepaids are not currently available, spendable components of fund balance.

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Compensated Absences

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

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

18. Deferred/Unearned Revenue

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

19. Interfund Transactions

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

20. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

20. Capital Assets - Concluded

ROAD COMMISSION - COMPONENT UNIT

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

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

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

21. Long-Term Obligations

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

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

22. Internal Service Fund

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

23. Fiduciary Funds

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

24. Federal Programs

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

25. Comparative Data

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately 67 funds. The County's pooled cash and investments consist of a common checking account.

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

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

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

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

Deposits

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

Carrying Amount	
PRIMARY GOVERNMENT	
Cash and cash equivalents	\$ 19,025,587
Investments	4,032,208
Restricted cash and investments	<u>5,275,483</u>
Total primary government	28,333,278
FIDUCIARY FUNDS	
Cash and cash equivalents	3,035,286

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

Deposits - Concluded

Carrying Amount - Concluded

COMPONENT UNITS	
Cash and cash equivalents	\$ 6,829,347
Investments	<u>1,832,125</u>
Total component units	<u>8,661,472</u>
TOTAL REPORTING ENTITY	<u><u>\$ 40,030,036</u></u>

Deposits and Investments

Bank deposits (checking accounts, savings accounts, money market accounts, and certificates of deposit)	\$ 40,024,310
Cash on hand	<u>5,726</u>
	<u><u>\$ 40,030,036</u></u>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of September 30, 2011, the primary government, component units, and fiduciary fund accounts were insured by the FDIC, FSLIC or NCUA for \$2,231,705 and the amount of \$30,923,637 was uninsured and uncollateralized.

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

Credit risk

In accordance with Michigan Compiled Laws and the County's investment policy, certain types of investments must be rated prime or better by a nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2011, rating information on the County's investments is presented above as applicable.

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk

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

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE C: INTERFUND TRANSFERS

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

Transfers to General Fund from:	
Nonmajor governmental funds	\$ 493,808
Delinquent Tax Revolving Fund	<u>158,651</u>
	<u>\$ 652,459</u>
Transfers to Building Authority Bonds Fund from:	
General Fund	<u>\$ 300,163</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 1,487,602
Nonmajor governmental funds	<u>30,000</u>
	<u>\$ 1,517,602</u>
Transfers to nonmajor enterprise fund from:	
General Fund	<u>\$ 113,346</u>
Transfers to Drainage Districts from:	
Drainage Districts	<u>\$ 47,977</u>

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

Isabella County transferred funds from the General Fund to various nonmajor governmental and nonmajor enterprise funds in order to supplement funding for the activities that are accounted for in those funds. Funds were transferred from the Nonmajor governmental funds to the General Fund to close the Revenue Sharing Reserve Fund. Funds were transferred from the General Fund to the Building Authority Bonds Fund to cover shortfalls in current tax collections.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

PRIMARY GOVERNMENT

Due to General Fund from:	
Tribal Contribution Fund	\$ 36,287
Nonmajor governmental funds	131,788
Nonmajor enterprise funds	<u>8</u>
	<u>\$ 168,083</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Due to nonmajor governmental funds from:	
General Fund	\$ 29,772
Tribal Contribution Fund	260,000
Building Authority Bonds Fund	35,000
Nonmajor governmental funds	<u>30,000</u>
	<u>\$ 354,772</u>
Due to nonmajor enterprise funds from:	
Tribal Contribution Fund	\$ 24,782
Delinquent Tax Revolving Fund	<u>1,626</u>
	<u>\$ 26,408</u>
Due to Internal Service Fund from:	
General Fund	<u>\$ 784,405</u>

COMPONENT UNITS

Due to Drainage District funds from:	
Drainage District funds	<u>\$ 111,410</u>
Due to Board of Public Works funds from:	
Board of Public Works funds	<u>\$ 37,040</u>

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

NOTE E: LEASES

The Central Michigan District Health Department leases an office facility under a long-term noncancelable operating lease agreement. Rent expense for the year ended September 30, 2011 amounted to \$81,238. The following is a schedule of future minimum rental payments required under this lease, as of September 30, 2011:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2012	\$ 81,238
2013	81,238
2014	81,238
2015	<u>81,238</u>
Total minimum lease-rental payments required	<u>\$ 324,952</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE E: LEASES - CONCLUDED

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

The Road Commission executed an operating lease for 24 months in February 2011 for property adjacent to the main garage facility. Terms require a pre-payment of \$100,000, expiring in February 2013. Lease expiration amounts are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2012	\$ 50,000
2013	20,833
	<u>\$ 70,833</u>

NOTE F: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

Primary Government

	<u>Balance Oct. 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2011</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,192,082	\$ -	\$ -	\$ 2,192,082
Capital assets, being depreciated:				
Buildings and improvements	24,341,060	-	-	24,341,060
Equipment	5,834,037	57,705	-	5,891,742
Vehicles	845,970	-	-	845,970
Other	530,904	-	-	530,904
Total capital assets being depreciated	31,551,971	57,705	-0-	31,609,676
Less accumulated depreciation for:				
Buildings and improvements	(10,237,341)	(503,998)	-	(10,741,339)
Equipment	(4,350,344)	(463,118)	-	(4,813,462)
Vehicles	(634,482)	(74,950)	-	(709,432)
Other	(308,069)	(52,047)	-	(360,116)
Total accumulated depreciation	(15,530,236)	(1,094,113)	-0-	(16,624,349)
Total capital assets being depreciated, net	16,021,735	(1,036,408)	-0-	14,985,327
Governmental activities capital assets, net	<u>\$ 18,213,817</u>	<u>\$ (1,036,408)</u>	<u>\$ -0-</u>	<u>\$ 17,177,409</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F: CAPITAL ASSETS - CONTINUED

Primary Government - Concluded

Depreciation expense was charged to governmental activities as follows:

Governmental activities	
General government	\$ 480,377
Public safety	481,462
Public works	3,571
Health and welfare	89,845
Recreational and cultural	216
Community and economic development	<u>38,642</u>
Total governmental activities	<u><u>\$ 1,094,113</u></u>

	<u>Balance</u> <u>Oct. 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2011</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 121,953	\$ -	\$ -	\$ 121,953
Construction in progress	<u>-</u>	<u>37,149</u>	<u>-</u>	<u>37,149</u>
Subtotal	121,953	37,149	-0-	159,102
Capital assets, being depreciated:				
Buildings and improvements	14,119,145	18,833	-	14,137,978
Equipment	3,951,639	117,165	(58,556)	4,010,248
Vehicles	<u>380,911</u>	<u>45,287</u>	<u>(14,987)</u>	<u>411,211</u>
Total capital assets being depreciated	18,451,695	181,285	(73,543)	18,559,437
Less accumulated depreciation for:				
Buildings and improvements	(3,610,406)	(317,227)	-	(3,927,633)
Equipment	(2,687,404)	(225,188)	53,824	(2,858,768)
Vehicles	<u>(306,662)</u>	<u>(31,959)</u>	<u>13,487</u>	<u>(325,134)</u>
Total accumulated depreciation	<u>(6,604,472)</u>	<u>(574,374)</u>	<u>67,311</u>	<u>(7,111,535)</u>
Total capital assets being depreciated, net	<u>11,847,223</u>	<u>(393,089)</u>	<u>(6,232)</u>	<u>11,447,902</u>
Business-type activities capital assets, net	<u><u>\$ 11,969,176</u></u>	<u><u>\$ (355,940)</u></u>	<u><u>\$ (6,232)</u></u>	<u><u>\$ 11,607,004</u></u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F: CAPITAL ASSETS - CONTINUED

Discretely Presented Component Units

	Balance Oct. 1, 2010	Additions	Deletions	Balance Sept. 30, 2011
Component Unit - Drainage Districts				
Capital assets not being depreciated:				
Construction in progress	\$ 892,985	\$ 1,047,905	\$ (332,489)	\$ 1,608,401
Capital assets, being depreciated:				
Infrastructure - drains	17,455,910	332,489	-	17,788,399
Less accumulated depreciation for:				
Infrastructure - drains	<u>(3,886,568)</u>	<u>(366,076)</u>	<u>-</u>	<u>(4,252,644)</u>
Total capital assets being depreciated, net	<u>13,569,342</u>	<u>(33,587)</u>	<u>-0-</u>	<u>13,535,755</u>
Drainage Districts capital assets, net	<u>\$ 14,462,327</u>	<u>\$ 1,014,318</u>	<u>\$ (332,489)</u>	<u>\$ 15,144,156</u>
Component Unit - Board of Public Works				
Capital assets not being depreciated:				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Capital assets, being depreciated:				
Buildings	12,856	-	-	12,856
Equipment	26,521	-	-	26,521
Infrastructure - water supply	<u>216,425</u>	<u>-</u>	<u>-</u>	<u>216,425</u>
Total capital assets being depreciated	255,802	-0-	-0-	255,802
Less accumulated depreciation for:				
Buildings and improvements	(12,856)	-	-	(12,856)
Equipment	(13,629)	(1,432)	-	(15,061)
Infrastructure - water supply	<u>(189,581)</u>	<u>(5,891)</u>	<u>-</u>	<u>(195,472)</u>
Total accumulated depreciation	<u>(216,066)</u>	<u>(7,323)</u>	<u>-0-</u>	<u>(223,389)</u>
Total capital assets being depreciated, net	<u>39,736</u>	<u>(7,323)</u>	<u>-0-</u>	<u>32,413</u>
Board of Public Works capital assets, net	<u>\$ 55,736</u>	<u>\$ (7,323)</u>	<u>\$ -0-</u>	<u>\$ 48,413</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F: CAPITAL ASSETS - CONTINUED

Discretely Presented Component Units - Continued

	Balance Oct. 1, 2010	Additions	Deletions	Balance Sept. 30, 2011
Component Unit - Road Commission				
Capital assets not being depreciated:				
Land	\$ 225,882	\$ -	\$ -	\$ 225,882
Land improvements	230,168	-	-	230,168
Land - infrastructure	22,995,586	58,838	321,125	23,375,549
	23,451,636	58,838	321,125	23,831,599
Capital assets, being depreciated:				
Land improvements	2,948	-	-	2,948
Buildings	943,535	8,477	-	952,012
Equipment	6,789,654	347,729	(339,025)	6,798,358
Infrastructure - Bridges	18,431,033	887,446	(223,832)	19,094,647
Infrastructure - Roads	61,071,925	3,206,566	(1,881,562)	62,396,929
Total capital assets being depreciated	87,239,095	4,450,218	(2,444,419)	89,244,894
Less accumulated depreciation for:				
Land improvements	(282)	(148)	-	(430)
Buildings	(497,400)	(21,488)	-	(518,888)
Equipment	(5,364,971)	(460,009)	334,472	(5,490,508)
Infrastructure - Bridges	(5,543,710)	(360,522)	41,008	(5,863,224)
Infrastructure - Roads	(26,643,202)	(3,104,247)	1,743,261	(28,004,188)
Total accumulated depreciation	(38,049,565)	(3,946,414)	2,118,741	(39,877,238)
Total capital assets being depreciated, net	49,189,530	503,804	(325,678)	49,367,656
Road Commission capital assets, net	<u>\$ 72,641,166</u>	<u>\$ 562,642</u>	<u>\$ (4,553)</u>	<u>\$ 73,199,255</u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F: CAPITAL ASSETS - CONCLUDED

Discretely Presented Component Units - Concluded

	Balance Oct. 1, 2010	Additions	Deletions	Balance Sept. 30, 2011
Component Unit - Central Michigan District Health Department				
Capital assets, being depreciated:				
Buildings under capital leases	\$ 2,621,266	\$ -	\$ -	\$ 2,621,266
Furniture and equipment	187,383	-	-	187,383
Buses and vehicles	5,710	-	-	5,710
Total capital assets being depreciated	2,814,359	-0-	-0-	2,814,359
Less accumulated depreciation for:				
Buildings under capital leases	(2,067,044)	(147,646)	-	(2,214,690)
Furniture and equipment	(187,383)	-	-	(187,383)
Buses and vehicles	(5,710)	-	-	(5,710)
Total accumulated depreciation	(2,260,137)	(147,646)	-0-	(2,407,783)
Central Michigan District Health Department capital assets, net	\$ 554,222	\$ (147,646)	\$ -0-	\$ 406,576
Component Unit - Transportation Commission				
Capital assets not being depreciated:				
Land	\$ 54,004	\$ -	\$ -	\$ 54,004
Capital assets, being depreciated:				
Buildings	2,843,713	-	-	2,843,713
Equipment	818,462	1,086	(1,478)	818,070
Buses	4,859,542	23,078	(300,714)	4,581,906
Total capital assets being depreciated	8,521,717	24,164	(302,192)	8,243,689
Less accumulated depreciation for:				
Buildings	(1,337,927)	(144,078)	-	(1,482,005)
Equipment	(495,169)	(93,439)	162	(588,446)
Buses	(2,838,744)	(433,769)	292,886	(2,979,627)
Total accumulated depreciation	(4,671,840)	(671,286)	293,048	(5,050,078)
Total capital assets being depreciated, net	3,849,877	(647,122)	(9,144)	3,193,611
Transportation Commission capital assets, net	\$ 3,903,881	\$ (647,122)	\$ (9,144)	\$ 3,247,615

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended September 30, 2011:

PRIMARY GOVERNMENT

	Balance Oct. 1, 2010	Additions	Deletions	Balance Sept. 30, 2011	Amounts Due Within One Year
Governmental activities					
2007 Building Authority Bonds	\$ 2,600,000	\$ -	\$ (400,000)	\$ 2,200,000	\$ 400,000
2008 Building Authority Refunding Bonds	4,010,000	-	(410,000)	3,600,000	415,000
Postclosure landfill costs	820,614	-	(35,949)	784,665	89,082
Compensated absences	826,300	881,555	(907,070)	800,785	320,314
	8,256,914	881,555	(1,753,019)	7,385,450	1,224,396
Less: deferred amounts on refunding	(52,995)	-	5,888	(47,107)	(5,888)
Total governmental activities	8,203,919	881,555	(1,747,131)	7,338,343	1,218,508
Business-type activities					
Building Authority Bond	5,890,000	-	(370,000)	5,520,000	385,000
Less deferred issuance discount	(41,789)	-	3,483	(38,306)	-
Compensated absences	444,665	524,398	(492,174)	476,889	246,733
Total business-type activities	6,292,876	524,398	(858,691)	5,958,583	631,733
TOTAL PRIMARY GOVERNMENT	<u>\$ 14,496,795</u>	<u>\$ 1,405,953</u>	<u>\$ (2,605,822)</u>	<u>\$ 13,296,926</u>	<u>\$ 1,850,241</u>

COMPONENT UNITS

Road Commission					
Notes payable	\$ 318,773	\$ -	\$ (133,697)	\$ 185,076	\$ 18,893
Accumulated sick and vacation	238,927	-	(6,963)	231,964	-
Total Road Commission	557,700	-0-	(140,660)	417,040	18,893
Board of Public Works					
1998 City of Clare water and sewer system improvement bonds	185,000	-	(60,000)	125,000	60,000
1999 Shepherd sanitary sewer/storm water separation	780,000	-	(190,000)	590,000	190,000
2009 Wastewater refunding bonds	4,130,000	-	(295,000)	3,835,000	310,000
2010 Union Township water supply bonds	2,105,000	-	-	2,105,000	65,000
	7,200,000	-0-	(545,000)	6,655,000	625,000
Less: deferred amounts on refunding	(142,407)	-	7,912	(134,495)	(7,912)
Total Board of Public Works	7,057,593	-0-	(537,088)	6,520,505	617,088

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNITS - CONCLUDED

	Balance Oct. 1, 2010	Additions	Deletions	Balance Sept. 30, 2011	Amounts Due Within One Year
Drainage Districts					
Drain notes					
Potter and Brodie #522	\$ 128,568	\$ -	\$ (42,858)	\$ 85,710	\$ 42,858
Wagner #627	30,000	-	(30,000)	-0-	-
Recker #530	140,000	-	(70,000)	70,000	70,000
Saunders #550	481,500	-	(53,500)	428,000	53,500
Childs Creek Dubois	329,000	-	(47,000)	282,000	47,000
Lamphere #852	83,334	-	(20,833)	62,501	20,833
Huber #377	88,000	-	(11,000)	77,000	11,000
Woodin #667	-	101,000	-	101,000	10,100
West #652	-	130,000	-	130,000	13,000
Dutt & Hart Intercounty	-	610,000	-	610,000	61,000
Subtotal	1,280,402	841,000	(275,191)	1,846,211	329,291
Drain bonds					
Little Salt intercounty drain bonds	193,050	-	(29,250)	163,800	29,250
Paisley drain bonds	336,000	-	(56,000)	280,000	56,000
2001 Hance main branches	320,000	-	(85,000)	235,000	85,000
2002 Salt River drain	245,000	-	(120,000)	125,000	125,000
Beltinck drain	577,843	-	(44,450)	533,393	44,450
Bachelor improvement bond	-	1,070,000	-	1,070,000	55,000
Subtotal	1,671,893	1,070,000	(334,700)	2,407,193	394,700
Total Drainage Districts	2,952,295	1,911,000	(609,891)	4,253,404	723,991
Central Michigan District					
Health Department					
Capital leases payable	786,252	-	(212,500)	573,752	101,252
Installment purchase agreement	29,488	-	(29,488)	-0-	-
Compensated absences	694,234	491,034	(586,058)	599,210	305,597
Total Central Michigan District Health Department	1,509,974	491,034	(828,046)	1,172,962	406,849
TOTAL COMPONENT UNITS	12,077,562	2,402,034	(2,115,685)	12,363,911	1,766,821
TOTAL REPORTING ENTITY	\$ 26,574,357	\$ 3,807,987	\$ (4,721,507)	\$ 25,660,837	\$ 3,617,062

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT

General Long-Term Debt Bonds

Bonds payable at September 30, 2011, is as follows:

\$3,500,000 2007 Building Authority Bonds dated November 1, 2007 due in annual principal installments ranging from \$400,000 to \$500,000 through April 1, 2015, with interest of 4.00 percent, payable semi-annually. \$ 2,200,000

\$4,620,000 2008 Building Authority Refunding Bonds dated August 19, 2008 due in annual principal installments ranging \$250,000 to \$500,000 through November 1, 2019, with interest ranging from 3.50 to 4.25 percent, payable semi-annually. 3,600,000

\$ 5,800,000

Postclosure Landfill Costs

The County owns a solid waste landfill located in Deerfield Township, Isabella County, Michigan. The County stopped accepting waste at this site on June 15, 1987, and completed the capping off of the site on July 21, 1989. See Note H for full details. The landfill postclosure liability is:

\$ 784,665

Advance Refunding - Prior

On August 19, 2008, the County defeased the 1996 Building Authority Bonds and a portion of the 1998 and 1999 Building Authority Bonds, which were due and payable through May 1, 2016, January 1, 2019, and November 1, 2019, respectively. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2008 Building Authority Refunding Bonds in the amount of \$4,620,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2011, bonds due and payable through May 1, 2016 for the 1996 Building Authority Bonds, January 1, 2019 for the 1998 Building Authority Bonds, and November 1, 2019 for the 1999 Building Authority Bonds in the amount of \$3,600,000 are considered defeased.

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$800,785 for governmental activities and \$476,889 for business-type activities for vacation and sick at September 30, 2011. Of these amounts, \$320,314 and \$246,733 have been recorded as current liabilities, and \$480,471 and \$230,156 have been recorded as noncurrent liabilities respectively. Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

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

\$8,000,000 Building Authority - Medical Care Facility Bonds, dated December 15, 2002, due in annual principal installments ranging from \$385,000 to \$635,000 through May 1, 2022, with interest ranging from 3.00 to 4.60 percent semi-annually. \$ 5,520,000

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION

Notes Payable

Note payable dated in 2009, due in installments of \$2,273 through 2014, with interest of 4.75 percent, payable monthly. \$ 185,076

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Water Supply and Sewage Disposal System Bonds

\$700,000 City of Clare Water and Sewer System Improvement Bonds dated April 1, 1998, due in annual principal installments of ranging from \$60,000 to \$65,000 through October 1, 2012, with interest of 5.10 percent, payable semi-annually. \$ 125,000

\$2,460,000 Shepherd Sanitary Sewer/Storm Water Separation Bonds dated April 1, 1999, due in annual principal installments ranging from \$190,000 to \$210,000 through March 1, 2014, with interest ranging from 4.50 to 4.60 percent, payable semi-annually. 590,000

\$4,130,000 Wastewater Treatment Refunding Bonds dated August 27, 2009, due in annual principal installments ranging from \$310,000 to \$405,000 through October 1, 2021 with interest ranging from 1.50 to 4.00 percent, payable semi-annually. 3,835,000

\$2,105,000 Union Township Water Supply Bonds dated July 21, 2010 due in annual principal installments ranging from \$65,000 to \$155,000 through October 1, 2030 with interest ranging from 2.50 to 4.40 percent, payable semi-annually. 2,105,000

\$ 6,655,000

Advance Refunding - Prior

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, 2011, bonds due and payable through October 1, 2021 for the 2001 Union Wastewater Treatment Refunding Bonds, in the amount of \$5,175,000 are considered defeased.

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Notes

\$300,000 Potter and Brodie Tile Drain Note dated June 15, 2006, due in annual principal installments of \$42,858 through May 1, 2013, with interest of 4.90 percent, payable annually. \$ 85,710

Isabella County, Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Drain Notes - Concluded

\$730,000 Recker Drain Note dated July 15, 2002, due in an annual installment of \$70,000 on July 15, 2012, with interest of 3.783 percent.	\$ 70,000
\$642,000 Saunders Drain Note dated June 22, 2007, due in annual installments of \$53,500 through June 1, 2019, with interest of 4.525 percent, payable annually.	428,000
\$470,000 Childs Creek Dubois Drain Note dated August 15, 2007, due in annual installments of \$47,000 through June 1, 2017, with interest of 4.37 percent, payable annually.	282,000
\$125,000 Lamphere Drain Note dated November 1, 2007, due in annual installments of \$20,833 through June 1, 2014, with interest of 4.27 percent, payable annually.	62,501
\$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.	77,000
\$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.	101,000
\$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.	130,000
\$610,000 Dutt & Hart Drain Note dated September 16, 2011, due in annual installments of \$61,000 through June 1, 2021, with interest of 2.69 percent, payable annually.	610,000
	610,000
	\$ 1,846,211

Drain Bonds

\$310,050 Little Salt Intercounty Drain Bonds dated July 21, 2006, due in annual principal installments ranging from \$29,250 to \$34,125 through June 1, 2016, with interest of 6.40 percent, payable semi-annually.	\$ 163,800
\$560,000 Paisley Drain Bonds dated August 7, 2006, due in annual principal installments of \$56,000 through July 1, 2016, with interest of 4.70 percent, payable annually.	280,000
\$1,260,000 Hance Main Branches Drain Bonds dated July 24, 2001 due in annual principal installments ranging from \$70,000 to \$85,000 through May 1, 2014, with interest ranging from 4.50 to 4.70 percent, payable semi-annually.	235,000

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONCLUDED

Drain Bonds - Concluded

\$1,075,000 Salt River Drain Bond dated June 27, 2002 due in an annual principal installment of \$125,000 on April 1, 2012, with interest of 4.10 percent.	\$ 125,000
\$666,743 Beltinck Debt Revolving Drain Bond dated November 21, 2007, due annual principal installments of \$44,450 through June 1, 2023, with interest of 4.11 percent, payable annually.	533,393
\$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 3.20 to 5.20 percent, payable annually.	<u>1,070,000</u>
	<u><u>\$ 2,407,193</u></u>

COMPONENT UNIT - CENTRAL MICHIGAN DISTRICT HEALTH DEPARTMENT

Capital Leases

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

\$2,135,000 Isabella County building capital lease payable dated May 1, 1996, due in annual installments ranging from \$101,252 to \$127,500 through May 1, 2016 with interest ranging from 5.300 to 5.625 percent, payable semi-annually.	<u><u>\$ 573,752</u></u>
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The annual requirements to pay the debt principal and interest outstanding for the above Bonds and Notes are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 815,000	\$ 219,250	\$ 385,000	\$ 237,185
2013	850,000	188,113	405,000	222,266
2014	910,000	155,900	430,000	206,471
2015	925,000	120,656	450,000	189,271
2016	1,000,000	84,062	475,000	170,822
2017-2021	1,300,000	101,938	2,740,000	528,814
	<u>-</u>	<u>-</u>	<u>635,000</u>	<u>29,210</u>
	<u><u>\$ 5,800,000</u></u>	<u><u>\$ 869,919</u></u>	<u><u>\$ 5,520,000</u></u>	<u><u>\$ 1,584,039</u></u>

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G: LONG-TERM DEBT - CONCLUDED

Year Ending September 30,	Component Units					
	Road Commission		Board of Public Works Water and Sewer Bonds		Drainage Districts Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 18,893	\$ 8,388	\$ 625,000	\$ 212,285	\$ 329,291	\$ 64,679
2013	19,811	7,470	640,000	193,636	259,285	56,256
2014	146,372	3,917	605,000	174,788	216,435	45,832
2015	-	-	400,000	160,823	195,600	37,511
2016	-	-	415,000	150,463	195,600	30,124
2017-2021	-	-	2,280,000	547,078	650,000	55,111
2022-2026	-	-	980,000	214,753	-	-
2027-2031	-	-	710,000	78,867	-	-
	<u>\$ 185,076</u>	<u>\$ 19,775</u>	<u>\$ 6,655,000</u>	<u>\$ 1,732,693</u>	<u>\$ 1,846,211</u>	<u>\$ 289,513</u>

Year Ending September 30,	Component Units			
	Drainage District Drain Bonds		Central Michigan District Health Department	
	Principal	Interest	Principal	Interest
2012	\$ 394,700	\$ 131,164	\$ 101,252	\$ 36,654
2013	267,625	112,026	108,752	26,998
2014	254,574	98,213	116,248	20,885
2015	189,575	84,665	120,000	18,094
2016	189,575	74,151	127,500	11,132
2017-2021	487,247	251,208	-	-
2022-2026	353,897	112,796	-	-
2027-2031	270,000	41,585	-	-
	<u>\$ 2,407,193</u>	<u>\$ 905,808</u>	<u>\$ 573,752</u>	<u>\$ 113,763</u>

NOTE H: POSTCLOSURE LANDFILL COSTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H: POSTCLOSURE LANDFILL COSTS - CONCLUDED

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

For the year ended September 30, 2011, the County incurred postclosure care expenditures of \$35,949.

The landfill postclosure care liability as reported in Long-Term Debt of the governmental activities at September 30, 2011, is \$784,665.

All amounts recognized are based on the estimated cost to perform postclosure care at September 30, 2011. Actual costs may be higher due to inflation, changes in technology or applicable laws and regulations. The amount recognized is based on estimates developed by solid waste management engineering consultants used by the County to develop the County remedial action plan. These estimates are considered sufficient and reasonable by Management. The postclosure care costs are to be budgeted within the General Fund on an annual basis.

NOTE I: EMPLOYEE RETIREMENT SYSTEM

PRIMARY GOVERNMENT

Defined Benefit Pension Plan

Plan Description

The County participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the County hired before January 1, 2002, with the exception of certain bargaining units. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

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

Annual Pension Cost

For year ended September 30, 2011 the County's annual pension cost of \$1,086,493 for the plan was equal to the County's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age normal cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 8.4% per year depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years on an open basis.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Defined Benefit Pension Plan - Concluded

Three (3) year trend information

	Year Ended December 31,		
	2008	2009	2010
Actuarial value of assets	\$ 30,471,268	\$ 32,927,288	\$ 34,699,232
Actuarial accrued liability (AAL) (entry age)	41,519,393	42,926,606	44,830,976
Unfunded AAL	11,048,125	9,999,318	10,131,744
Funded ratio	73%	77%	77%
Covered payroll	8,501,258	8,517,248	8,170,643
UAAL as a percentage of covered payroll	130%	117%	124%

	Year Ended September 30,		
	2009	2010	2011
Annual pension cost	\$ 1,019,758	\$ 1,008,379	\$ 1,086,493
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

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

Defined Contribution Pension Plan

The Isabella County Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 1, 2002, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County's Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County's contributions completely after five years.

As September 30, 2011, there were 59 plan members. Plan members are required to contribute 2% of their annual salary to the Plan. The County is required to contribute 7% of the employees' annual salary. Authority for establishing and amending the Plan's provisions rests with the County Board of Commissioners.

Employer contributions to the Plan for the year ended September 30, 2011 amounted to \$161,145 and employee contributions were \$49,489.

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

COMPONENT UNITS

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

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE J: POST-EMPLOYMENT BENEFITS (ROAD COMMISSION)

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

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

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

Funding Policy. Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2011, the Commission contributed \$16,200 to the plan. Total member contributions were \$19,450.

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

Annual required contribution	\$ 26,057
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	26,057
Contributions made	<u>(16,200)</u>
Increase in net OPEB obligation	9,857
Net OPEB obligation - beginning of year	<u>-0-</u>
Net OPEB obligation - end of year	<u><u>\$ 9,857</u></u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three (3) fiscal years is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 23,774	86%	\$ 3,388
2010	26,453	100%	-
2011	26,057	62%	9,857

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

Funded Status and Funding Progress. As of September 30, 2008 and September 30, 2011, the funded status and funding progress of the plan is:

Actuarial Valuation Date	Value of Assets (a)	Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll [(b-a)/c]
2008	\$ 5,415	\$ 274,852	\$ 269,437	2.0%	\$ 1,482,911	18%
2011	5,214	297,692	292,478	2.0%	1,480,197	20%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Assumptions About Healthcare Costs: The 2011 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums used the rates published by the National Institute on Health expenditure projections.

Other Assumptions and Methods: The inflation rate was assumed to be 2.0 percent. Based on expected returns of the investments, the investment rate of return was assumed to be 7.0 percent. The value of the Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

NOTE K: RISK MANAGEMENT

PRIMARY GOVERNMENT

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE K: RISK MANAGEMENT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

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

Employee Health Benefits

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

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

Certain benefits (e.g., dental and prescription drug) are not covered by the co-insurance policy, but are covered by supplemental policies funded by the Plan. Prior to 1997, the Fund was insured against losses greater than \$100,000 per occurrence. There is no coverage for aggregate losses under the current agreement. In the current year, the stop-loss coverage is \$75,000 per occurrence. The co-insurance arrangements will be renegotiated annually with Blue Cross and Blue Shield of Michigan.

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

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

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

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

	<u>2010</u>	<u>2011</u>
Unpaid Claims, beginning of year	\$ 65,000	\$ 65,000
Incurred Claims, (including IBNR)	2,581,583	2,763,444
Claims Paid	<u>(2,581,583)</u>	<u>(2,803,444)</u>
Unpaid Claims	<u>\$ 65,000</u>	<u>\$ 25,000</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE K: RISK MANAGEMENT - CONCLUDED

COMPONENT UNITS

Transportation Commission

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

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

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

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

Road Commission

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

NOTE L: 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, 2010, and July 1, 2011. 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 2011 taxable value of Isabella County amounted to \$1,627,829,213 on which ad valorem taxes levied for the County general operating purposes was 6.6100 mills. For the year ended September 30, 2011, the County levied 0.7500 mills for Senior Services, 0.7000 mills for the Medical Care Facilities. The Isabella County Transportation Commission levied 0.8620 mills for transportation services.

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE M: FEDERAL FINANCIAL ASSISTANCE

COMPONENT UNIT - ROAD COMMISSION

It is required by the Michigan Department of Transportation that Road Commissioners report total federal financial assistance for Highway Research, Planning and construction pertaining to their County. During the year ended September 30, 2011 the federal aid received and expended by the Road Commission was \$1,189,414 for contracted projects.

NOTE N: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved have been replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the County's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is the adoption of a Board resolution.

For assigned fund balance, the Board of Commissioners has not approved a policy indicating anyone who is authorized to assign amounts to a specific purpose. As a result this authority is retained by the Board of Commissioners.

Isabella County, Michigan has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned.

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE N: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS - CONCLUDED

Details of fund balance classification as of September 30, 2011 are as follows:

	General Fund	Tribal Fund	Building Authority Bonds	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable:					
Inventory	\$ 11,874	\$ -	\$ -	\$ 15,215	\$ 27,089
Prepays	24,603	-	44,025	55,353	123,981
Long-term receivables	-	-	-	856,037	856,037
Restricted:					
Tribal Contribution	-	201	-	-	201
Building Authority Bonds	-	-	1,264,127	-	1,264,127
Friend of the Court	-	-	-	423,899	423,899
Register of Deeds Automation	-	-	-	110,003	110,003
Drug Law Enforcement Activities	-	-	-	59,568	59,568
Public Act 511	-	-	-	4,021	4,021
CDBG Housing Assistance Grant	-	-	-	17,748	17,748
Commission on Aging Activities	-	-	-	81,546	81,546
Department of Human Services	-	-	-	75,302	75,302
Child Care	-	-	-	1,169,564	1,169,564
Veterans Activities	-	-	-	9,152	9,152
E-911	-	-	-	1,400,735	1,400,735
Capital improvement	-	-	-	227	227
Commission on Aging Building	-	-	-	121,817	121,817
Commission on Aging Walking Path	-	-	-	16,000	16,000
Committed:					
Geographical Information System	-	-	-	18,903	18,903
Sesquicentennial Fund	-	-	-	1,916	1,916
Parks and recreation	-	-	-	230,057	230,057
Community Alternatives	-	-	-	8,770	8,770
Assigned:					
Working capital	2,000,000	-	-	-	2,000,000
Vested benefits	594,414	-	-	-	594,414
District health capital	6,418	-	-	-	6,418
Central dispatch capital	3,370	-	-	-	3,370
Claims liability	90,539	-	-	-	90,539
Agriculture board	59,042	-	-	-	59,042
Court technology	198,540	-	-	-	198,540
Library Board	339	-	-	-	339
Link Michigan Grant	5,700	-	-	-	5,700
Unassigned:	4,697,759	-	-	-	4,697,759
TOTAL FUND BALANCES	<u>\$ 7,692,598</u>	<u>\$ 201</u>	<u>\$ 1,308,152</u>	<u>\$ 4,675,833</u>	<u>\$ 13,676,784</u>

NOTE O: CONTINGENT LIABILITIES

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

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

Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE P: RESTATEMENT OF FUND BALANCES/NET ASSETS

Beginning fund balance for the General Fund has been restated to reflect a change in accounting standards as a result of the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The General Fund's beginning fund balance was increased \$6,039 to account for this change in accounting standards while the Link Michigan Grant Fund, and Library Board Funds beginning fund balances were reduced by \$5,700, and \$339 respectively. These funds did not meet the definition of a Special Revenue fund for external accounting reporting principles under GASB No. 54.

Beginning fund balance for the CDBG Housing Assistance Grant fund and beginning net assets of governmental activities were increased by \$856,037 to reflect a change in accounting principles as a result of implementation of GASB Statement No. 54. Long-term receivables in this fund were previously reported as deferred revenue.

NOTE Q: RESTRICTED NET ASSETS

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of September 30, 2011:

Governmental Activities	
Legal restrictions	
Tribal Contribution	\$ 201
Register of Deeds Automation	110,003
Drug Law Enforcement Activities	59,568
Public Act 511	4,021
Commission on Aging Activities	81,546
Department of Human Services	75,302
Child Care	1,169,564
Veterans Activities	9,152
E-911	<u>1,400,735</u>
Total restricted for legal restrictions	<u>\$ 2,910,092</u>
Grant programs	
Friend of the Court	\$ 423,899
CDBG Housing Assistance Grant	<u>17,748</u>
Total restricted for grant programs	<u>\$ 441,647</u>
Debt service	
Building Authority Bonds	<u>\$ 1,162,413</u>
Capital projects	
Capital improvement	\$ 227
Commission on Aging Building	121,817
Commission on Aging Walking Path	<u>16,000</u>
Total restricted for capital projects	<u>\$ 138,044</u>

REQUIRED SUPPLEMENTARY INFORMATION

Isabella County, Michigan

BUDGETARY COMPARISON SCHEDULES

Fund Descriptions

GENERAL FUND

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

TRIBAL CONTRIBUTION FUND

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

Isabella County, Michigan

BUDGETARY COMPARISON SCHEDULE -
REVENUES AND OTHER FINANCING SOURCES

Year Ended September 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 10,109,000	\$ 10,109,000	\$ 10,300,275	\$ 191,275
Payments in lieu of taxes	90,000	90,000	111,385	21,385
Mobile home park taxes	5,600	5,600	4,310	(1,290)
Administrative fees	9,000	9,000	9,342	342
Total taxes	10,213,600	10,213,600	10,425,312	211,712
Licenses and permits				
Dog licenses	56,000	56,000	48,981	(7,019)
Marriage license fees	15,300	15,300	19,135	3,835
Soil and erosion permits	7,000	7,000	7,773	773
Zoning permits	3,500	3,500	6,733	3,233
Other permits	25	25	25	-0-
Total licenses and permits	81,825	81,825	82,647	822
Intergovernmental - Federal/State				
Revenue sharing	616,704	616,704	376,930	(239,774)
Homeland security	23,300	23,300	43,980	20,680
B.A.Y.A.N.E.T.	50,000	50,000	25,633	(24,367)
Michigan justice training	5,500	5,500	4,522	(978)
Remonumentation	59,276	59,276	60,167	891
Youth grant	50,000	50,000	50,017	17
SCAO grant	40,000	40,000	40,000	-0-
Secondary road patrol	78,200	78,200	78,200	-0-
Sheriff grant	-	-	7,065	7,065
Prosecutor - CRP	30,000	30,000	25,791	(4,209)
Prosecutor - FIA reimbursement	10,000	10,000	20,074	10,074
Prosecutor - Diversion	10,000	10,000	9,600	(400)
Caseflow assistance grant	4,000	4,000	35,674	31,674
Victims' Rights	73,000	73,000	71,800	(1,200)
Probate court judge salary	213,000	213,000	215,026	2,026
Judges salary standardization	94,000	94,000	70,646	(23,354)
Court equity	310,000	310,000	297,858	(12,142)
Traffic enforcement	20,000	20,000	20,703	703
Convention facility tax	373,722	373,722	408,916	35,194
Juvenile officer grant	27,500	27,500	27,317	(183)
Cigarette tax	10,345	10,345	-	(10,345)
Liquor licenses	8,500	8,500	8,402	(98)
Marine safety grant	8,000	5,967	4,166	(1,801)
Other	34,000	34,000	10,000	(24,000)
Total intergovernmental - Federal/State	2,149,047	2,147,014	1,912,487	(234,527)
Intergovernmental - local				
Other	300	300	411	111

Isabella County, Michigan

BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONCLUDED

Year Ended September 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Charges for services				
Circuit Court costs	\$ 317,500	\$ 317,500	\$ 320,776	\$ 3,276
District Court costs	1,503,000	1,503,000	1,414,734	(88,266)
Probate Court costs	36,600	36,600	33,970	(2,630)
Juvenile Court costs	29,000	29,000	21,338	(7,662)
Prosecuting attorney	3,500	3,500	5,269	1,769
Treasurer	5,000	5,000	18,701	13,701
Clerk	111,300	111,300	114,346	3,046
Register of deeds	235,000	235,000	194,580	(40,420)
Drain commissioner	22,000	22,000	26,120	4,120
Sheriff department	73,150	73,150	64,417	(8,733)
Jail	1,295,100	1,295,100	1,397,561	102,461
Equalization	6,700	6,700	7,106	406
Animal control	33,000	33,000	27,501	(5,499)
Real estate transfer tax	125,000	125,000	99,277	(25,723)
Miscellaneous services	100	100	-	(100)
Total charges for services	3,795,950	3,795,950	3,745,696	(50,254)
Fines and forfeits				
Circuit Court	-	-	5,000	5,000
District Court	30,000	30,000	16,008	(13,992)
Ordinance fines	172,950	172,950	258,963	86,013
Probate Court	1,500	1,500	2,599	1,099
Total fines and forfeits	204,450	204,450	282,570	78,120
Interest and rents				
Investment earnings	50,000	50,000	46,329	(3,671)
Rental fees	347,184	347,184	341,171	(6,013)
Total interest and rents	397,184	397,184	387,500	(9,684)
Other				
Reimbursements	57,100	57,100	104,928	47,828
Donations - general	24,200	24,200	3,435	(20,765)
Miscellaneous revenue	6,000	6,000	9,852	3,852
Total other	87,300	87,300	118,215	30,915
TOTAL REVENUES	16,929,656	16,927,623	16,954,838	27,215
OTHER FINANCING SOURCES				
Transfers in	645,778	645,778	652,459	6,681
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 17,575,434	\$ 17,573,401	\$ 17,607,297	\$ 33,896

Isabella County, Michigan

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY

Year Ended September 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Board of Commissioners	\$ 151,036	\$ 151,036	\$ 148,365	\$ 2,671
Administration	523,601	523,601	490,653	32,948
Elections	76,500	76,500	4,403	72,097
Clerk	397,613	402,613	377,491	25,122
Equalization	325,974	325,974	307,699	18,275
Prosecuting attorney	883,065	883,065	853,092	29,973
Register of Deeds	323,545	323,545	293,694	29,851
Human resources	71,850	71,850	99,168	(27,318)
Public defender	520,200	520,200	436,170	84,030
Remonumentation	78,676	78,676	63,233	15,443
Treasurer	184,028	184,028	181,054	2,974
MSU cooperative extension service	169,553	169,553	154,596	14,957
Data processing	176,452	176,452	171,246	5,206
Building authority	257,500	257,500	255,813	1,687
Courthouse and grounds	724,862	724,862	615,941	108,921
Drain commissioner	267,987	267,987	266,950	1,037
Trial Court	3,027,384	3,027,384	2,858,608	168,776
Adult Drug Court	99,896	99,896	77,895	22,001
Juvenile Drug Court	71,617	71,617	74,011	(2,394)
Family Court	48,553	48,553	23,844	24,709
Jury board	2,200	2,200	1,720	480
Total general government	8,382,092	8,387,092	7,755,646	631,446
Public safety				
Sheriff	2,014,000	2,014,000	2,019,733	(5,733)
Road patrol	160,698	160,698	144,579	16,119
Marine safety	8,000	5,967	4,093	1,874
Corrections	2,586,560	2,586,560	2,318,806	267,754
Traffic enforcement	16,939	16,939	19,997	(3,058)
Emergency management	104,822	104,822	100,560	4,262
B.A.Y.A.N.E.T.	80,515	80,515	83,518	(3,003)
Michigan Justice Training Act	5,500	5,500	5,464	36
Youth grant	13,039	13,039	50,023	(36,984)
Animal control	362,966	362,966	392,576	(29,610)
Total public safety	5,353,039	5,351,006	5,139,349	211,657
Public works				
Board of public works	1,200	1,200	480	720
Drain at large	165,000	165,000	164,530	470
Well monitoring - landfill	130,096	130,096	35,949	94,147
Total public works	296,296	296,296	200,959	95,337

Isabella County, Michigan

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

Year Ended September 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONCLUDED				
Health and welfare				
Substance abuse counseling	\$ 186,861	\$ 186,861	\$ 204,458	\$ (17,597)
Medical examiner	91,150	91,150	116,665	(25,515)
Public health	352,000	352,000	346,845	5,155
Mental health services	216,300	216,300	216,300	-0-
Child protection council	5,000	5,000	5,000	-0-
Veteran's affairs	70,896	70,896	63,934	6,962
Disabilities advisory commission	6,250	6,250	5,635	615
Total health and welfare	928,457	928,457	958,837	(30,380)
Community economic and development				
Community development	223,595	223,595	209,018	14,577
Recreation and cultural				
Parks board	1,500	1,500	1,272	228
Other				
Contingency	50,000	45,000	-	45,000
Insurance and bonds	250,000	250,000	335,144	(85,144)
Other	253,000	253,000	244,137	8,863
Total other	553,000	548,000	579,281	(31,281)
TOTAL EXPENDITURES	15,737,979	15,735,946	14,844,362	891,584
OTHER FINANCING USES				
Transfers out	1,914,637	1,914,637	1,901,111	13,526
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 17,652,616	\$ 17,650,583	\$ 16,745,473	\$ 905,110

Isabella County, Michigan

Tribal Contribution Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended September 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental - local	\$ 380,839	\$ 380,839	\$ 373,007	\$ (7,832)
EXPENDITURES				
Current				
General government	247,413	247,413	244,837	2,576
Public safety	133,627	133,627	123,050	10,577
Recreation and cultural	-	-	5,120	(5,120)
TOTAL EXPENDITURES	381,040	381,040	373,007	8,033
NET CHANGE IN FUND BALANCE	(201)	(201)	-0-	201
Fund balance, beginning of year	201	201	201	-0-
Fund balance, end of year	\$ -0-	\$ -0-	\$ 201	\$ 201

Isabella County, Michigan

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2011

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

PRIMARY GOVERNMENT

In the budgetary comparison schedules and other supplementary information section, the County's budgeted expenditures in the General Fund and Special Revenue Funds have been shown at the functional classification (department) level. The approved budgets of the County have been adopted at the department level for the General Fund and the fund level for Special Revenue Funds. The General and Special Revenue Funds' budgets shown as required and other supplementary information were prepared on the same modified accrual basis used to reflect actual results.

During the year ended September 30, 2011, the County incurred expenditures in the General Fund and various nonmajor governmental funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Human resources	\$ 71,850	\$ 99,168	\$ 27,318
Juvenile drug court	71,617	74,011	2,394
Public safety			
Sheriff	2,014,000	2,019,733	5,733
Traffic enforcement	16,939	19,997	3,058
B.A.Y.A.N.E.T.	80,515	83,518	3,003
Youth grant	13,039	50,023	36,984
Animal control	362,966	392,576	29,610
Health and welfare			
Substance abuse counseling	186,861	204,458	17,597
Medical examiner	91,150	116,665	25,515
Other			
Insurance and bonds	250,000	335,144	85,144
Drug Law Enforcement Activities	1,000	5,236	4,236
Local Corrections Officers Training	10,300	45,539	35,239
County Law Library	11,200	15,039	3,839
Revenue Sharing Reserve	436,381	493,808	57,427
Department of Human Services	120,000	152,366	32,366

OTHER SUPPLEMENTARY INFORMATION

Isabella County, Michigan

NONMAJOR GOVERNMENTAL FUNDS

Fund Descriptions

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 expenditure 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, Sesquicentennial Fund, Parks and Recreation Fund, Register of Deeds Automation Fund, Drug Law Enforcement Fund, Local Corrections Officer Training, CDBG Housing Assistance Grant Fund, Revenue Sharing Reserve Fund, Commission on Aging Activities Fund, Child Care Fund, and the E-911 Fund).

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for 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 County has three Capital Projects Funds.

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

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

The COA Walking Path Construction Fund is used to account for the construction of the Commission on Aging walking path.

Isabella County, Michigan
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 September 30, 2011

	Special			
	Geographical Information System	Sesquicentennial Fund	Parks and Recreation	Friend of the Court
ASSETS				
Cash and cash equivalents	\$ 19,232	\$ 1,916	\$ 230,830	\$ 371,177
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	22,661	-
Due from other governmental units				
Federal/State	-	-	-	63,302
Local	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 19,232	\$ 1,916	\$ 253,491	\$ 434,479
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 15,361	\$ 811
Accrued wages	329	-	5,904	7,704
Accrued liabilities	-	-	1,153	2,028
Due to other governmental units - State	-	-	-	-
Due to other funds	-	-	21	37
Deferred revenue	-	-	995	-
TOTAL LIABILITIES	329	-0-	23,434	10,580
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	423,899
Committed	18,903	1,916	230,057	-
TOTAL FUND BALANCES	18,903	1,916	230,057	423,899
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,232	\$ 1,916	\$ 253,491	\$ 434,479

Revenue

Register of Deeds Automation	Drug Law Enforcement Activities	Community Alternatives	Public Act 511	Local Corrections Officers Training	County Law Library
\$ 117,803	\$ 61,205	\$ 39,700	\$ 22,516	\$ 815	\$ 590
-	-	-	-	-	-
-	-	-	9,151	30	-
-	-	-	30,000	4,621	2,490
-	-	-	42,184	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 117,803</u>	<u>\$ 61,205</u>	<u>\$ 39,700</u>	<u>\$ 103,851</u>	<u>\$ 5,466</u>	<u>\$ 3,080</u>
\$ 7,800	\$ 1,637	\$ 6	\$ 8,012	\$ 2,671	\$ 3,080
-	-	924	924	2,795	-
-	-	-	-	-	-
-	-	30,000	90,894	-	-
-	-	-	-	-	-
7,800	1,637	30,930	99,830	5,466	3,080
-	-	-	-	-	-
110,003	59,568	-	4,021	-	-
-	-	8,770	-	-	-
<u>110,003</u>	<u>59,568</u>	<u>8,770</u>	<u>4,021</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 117,803</u>	<u>\$ 61,205</u>	<u>\$ 39,700</u>	<u>\$ 103,851</u>	<u>\$ 5,466</u>	<u>\$ 3,080</u>

Isabella County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

September 30, 2011

	Special			
	CDBG Housing Assistance Grant	Revenue Sharing Reserve	Commission on Aging Activities	Department of Human Services
ASSETS				
Cash and cash equivalents	\$ 28,748	\$ -	\$ 523,053	\$ 70,947
Investments	-	-	-	-
Accounts receivable	856,037	-	17,468	-
Due from other funds	-	-	260,000	-
Due from other governmental units				
Federal/State	-	-	176,525	14,355
Local	-	-	-	-
Inventories	-	-	15,215	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 884,785	\$ -0-	\$ 992,261	\$ 85,302
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 62,935	\$ -
Accrued wages	-	-	20,089	-
Accrued liabilities	-	-	-	-
Due to other governmental units - State	-	-	4,298	10,000
Due to other funds	11,000	-	1	-
Deferred revenue	-	-	808,177	-
TOTAL LIABILITIES	11,000	-0-	895,500	10,000
FUND BALANCES				
Nonspendable	856,037	-	15,215	-
Restricted	17,748	-	81,546	75,302
Committed	-	-	-	-
TOTAL FUND BALANCES	873,785	-0-	96,761	75,302
TOTAL LIABILITIES AND FUND BALANCES	\$ 884,785	\$ -0-	\$ 992,261	\$ 85,302

Revenue			Capital Projects			
Child Care	Veterans Activities	E-911	Capital Improvement	Commission on Aging Building Construction	Commission on Aging Walking Path Construction	Total
\$ 130,309	\$ 8,302	\$ 1,168,955	\$ 227	\$ 86,817	\$ 16,000	\$ 2,899,142
908,495	-	-	-	-	-	908,495
-	-	235,108	-	-	-	1,117,794
-	-	-	-	35,000	-	354,772
147,963	850	58,480	-	-	-	503,659
2,945	-	-	-	-	-	2,945
-	-	-	-	-	-	15,215
53,315	-	2,038	-	-	-	55,353
<u>\$ 1,243,027</u>	<u>\$ 9,152</u>	<u>\$ 1,464,581</u>	<u>\$ 227</u>	<u>\$ 121,817</u>	<u>\$ 16,000</u>	<u>\$ 5,857,375</u>
\$ 19,085	\$ -	\$ 21,321	\$ -	\$ -	\$ -	\$ 142,719
1,063	-	10,652	-	-	-	50,384
-	-	-	-	-	-	3,181
-	-	-	-	-	-	14,298
-	-	29,835	-	-	-	161,788
-	-	-	-	-	-	809,172
20,148	-0-	61,808	-0-	-0-	-0-	1,181,542
53,315	-	2,038	-	-	-	926,605
1,169,564	9,152	1,400,735	227	121,817	16,000	3,489,582
-	-	-	-	-	-	259,646
<u>1,222,879</u>	<u>9,152</u>	<u>1,402,773</u>	<u>227</u>	<u>121,817</u>	<u>16,000</u>	<u>4,675,833</u>
<u>\$ 1,243,027</u>	<u>\$ 9,152</u>	<u>\$ 1,464,581</u>	<u>\$ 227</u>	<u>\$ 121,817</u>	<u>\$ 16,000</u>	<u>\$ 5,857,375</u>

Isabella County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2011

	Special			
	Geographical Information System	Sesquicentennial Fund	Parks and Recreation	Friend of the Court
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	336,200	-
Intergovernmental				
Federal	-	-	-	444,115
State	-	-	-	-
Local	-	-	-	-
Charges for services	13,550	-	-	51,638
Fines and forfeits	-	-	-	-
Interest and rents	-	-	379	-
Contributions	-	-	8,636	-
Other	-	172	-	-
TOTAL REVENUES	13,550	172	345,215	495,753
EXPENDITURES				
Current				
General government	25,720	-	-	562,017
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	546,977	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	25,720	-0-	546,977	562,017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,170)	172	(201,762)	(66,264)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	-	216,593	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	-0-	216,593	-0-
NET CHANGE IN FUND BALANCES	(7,170)	172	14,831	(66,264)
Fund balances, beginning of year	26,073	1,744	215,226	490,163
Fund balances, end of year	<u>\$ 18,903</u>	<u>\$ 1,916</u>	<u>\$ 230,057</u>	<u>\$ 423,899</u>

Revenue

Register of Deeds Automation	Drug Law Enforcement Activities	Community Alternatives	Public Act 511	Local Corrections Officers Training	County Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	101,531	-	-
51,675	-	85,340	14,147	22,640	-
-	4,195	-	-	-	6,500
174	102	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51,849	4,297	85,340	115,678	22,640	6,500
52,079	-	62,972	141,675	-	15,039
-	5,236	-	-	45,539	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,079	5,236	62,972	141,675	45,539	15,039
(230)	(939)	22,368	(25,997)	(22,899)	(8,539)
-	-	-	30,000	4,621	7,190
-	-	(30,000)	-	-	-
-0-	-0-	(30,000)	30,000	4,621	7,190
(230)	(939)	(7,632)	4,003	(18,278)	(1,349)
110,233	60,507	16,402	18	18,278	1,349
\$ 110,003	\$ 59,568	\$ 8,770	\$ 4,021	\$ -0-	\$ -0-

Isabella County, Michigan

Nonmajor Governmental Funds

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

Year Ended September 30, 2011

	Special			
	CDBG Housing Assistance Grant	Revenue Sharing Reserve	Commission on Aging Activities	Department of Human Services
REVENUES				
Taxes	\$ -	\$ -	\$ 581,709	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	317,935	-
State	-	-	458,612	157,350
Local	-	-	440,712	-
Charges for services	-	-	37,868	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	769	-
Contributions	-	-	434,519	-
Other	-	-	35,866	-
TOTAL REVENUES	-0-	-0-	2,307,990	157,350
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	6,451	-	2,307,108	152,366
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	6,451	-0-	2,307,108	152,366
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,451)	-0-	882	4,984
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,000
Transfers out	-	(493,808)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	(493,808)	-0-	1,000
NET CHANGE IN FUND BALANCES	(6,451)	(493,808)	882	5,984
Restated fund balances, beginning of year	880,236	493,808	95,879	69,318
Fund balances, end of year	\$ 873,785	\$ -0-	\$ 96,761	\$ 75,302

Revenue			Capital Projects			Total
Child Care	Veterans Activities	E-911	Capital Improvement	Commission on Aging Building Construction	Commission on Aging Walking Path Construction	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581,709
-	-	-	-	-	-	336,200
-	-	-	-	-	-	762,050
1,096,216	7,350	203,596	-	-	-	2,024,655
44,078	-	-	-	-	-	484,790
208,534	-	965,308	-	-	-	1,450,700
-	-	-	-	-	-	10,695
-	-	1,685	15	946	-	4,070
-	-	-	-	-	-	443,155
-	-	186	900	-	16,000	53,124
1,348,828	7,350	1,170,775	915	946	16,000	6,151,148
-	-	-	-	-	-	859,502
-	-	1,106,913	-	-	-	1,157,688
2,112,851	8,650	-	-	-	-	4,587,426
-	-	-	-	-	-	546,977
-	-	-	5,282	-	-	5,282
2,112,851	8,650	1,106,913	5,282	-0-	-0-	7,156,875
(764,023)	(1,300)	63,862	(4,367)	946	16,000	(1,005,727)
1,248,198	5,000	-	-	-	-	1,517,602
-	-	-	-	-	-	(523,808)
1,248,198	5,000	-0-	-0-	-0-	-0-	993,794
484,175	3,700	63,862	(4,367)	946	16,000	(11,933)
738,704	5,452	1,338,911	4,594	120,871	-	4,687,766
\$ 1,222,879	\$ 9,152	\$ 1,402,773	\$ 227	\$ 121,817	\$ 16,000	\$ 4,675,833

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Geographical Information System</u>				
REVENUES				
Charges for services	\$ 5,000	\$ 5,000	\$ 13,550	\$ 8,550
EXPENDITURES				
Current				
General government	<u>30,552</u>	<u>30,552</u>	<u>25,720</u>	<u>4,832</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(25,552)	(25,552)	(12,170)	13,382
OTHER FINANCING SOURCES				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	(20,552)	(20,552)	(7,170)	13,382
Fund balance, beginning of year	<u>26,073</u>	<u>26,073</u>	<u>26,073</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 5,521</u>	<u>\$ 5,521</u>	<u>\$ 18,903</u>	<u>\$ 13,382</u>
<u>Sesquicentennial Fund</u>				
REVENUES				
Other	\$ -	\$ -	\$ 172	\$ 172
EXPENDITURES				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	172	172
Fund balance, beginning of year	<u>1,744</u>	<u>1,744</u>	<u>1,744</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 1,744</u>	<u>\$ 1,744</u>	<u>\$ 1,916</u>	<u>\$ 172</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
<u>Parks and Recreation</u>				
REVENUES				
Licenses and permits	\$ 308,445	\$ 308,445	\$ 336,200	\$ 27,755
Interest	3,000	3,000	379	(2,621)
Other	3,000	3,000	8,636	5,636
TOTAL REVENUES	314,445	314,445	345,215	30,770
EXPENDITURES				
Current				
Recreation and cultural				
Administration	166,863	166,863	169,912	(3,049)
Coldwater Lake County Park	79,471	79,471	75,607	3,864
Deerfield County Park	47,107	47,107	43,763	3,344
Herrick County Park	77,481	77,481	67,186	10,295
Meridian Park	6,693	6,693	6,513	180
Pere Marquette Rail Trail	5,398	5,398	3,069	2,329
Maintenance shop	173,625	173,625	180,927	(7,302)
TOTAL EXPENDITURES	556,638	556,638	546,977	9,661
EXCESS OF REVENUES (UNDER) EXPENDITURES	(242,193)	(242,193)	(201,762)	40,431
OTHER FINANCING SOURCES				
Transfers in	216,593	216,593	216,593	-0-
NET CHANGE IN FUND BALANCE	(25,600)	(25,600)	14,831	40,431
Fund balance, beginning of year	215,226	215,226	215,226	-0-
Fund balance, end of year	\$ 189,626	\$ 189,626	\$ 230,057	\$ 40,431

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Friend of the Court</u>				
REVENUES				
Intergovernmental				
Federal	\$ 440,000	\$ 440,000	\$ 444,115	\$ 4,115
Charges for services	38,500	38,500	51,638	13,138
TOTAL REVENUES	478,500	478,500	495,753	17,253
EXPENDITURES				
Current				
General government	591,251	591,251	562,017	29,234
NET CHANGE IN FUND BALANCE	(112,751)	(112,751)	(66,264)	46,487
Fund balance, beginning of year	490,163	490,163	490,163	-0-
Fund balance, end of year	<u>\$ 377,412</u>	<u>\$ 377,412</u>	<u>\$ 423,899</u>	<u>\$ 46,487</u>
<u>Register of Deeds Automation</u>				
REVENUES				
Charges for services	\$ 55,000	\$ 55,000	\$ 51,675	\$ (3,325)
Interest	750	750	174	(576)
TOTAL REVENUES	55,750	55,750	51,849	(3,901)
EXPENDITURES				
Current				
General government	62,000	62,000	52,079	9,921
EXCESS OF REVENUES (UNDER) EXPENDITURES	(6,250)	(6,250)	(230)	6,020
OTHER FINANCING (USES)				
Transfers out	(25,000)	(25,000)	-	25,000
NET CHANGE IN FUND BALANCE	(31,250)	(31,250)	(230)	31,020
Fund balance, beginning of year	110,233	110,233	110,233	-0-
Fund balance, end of year	<u>\$ 78,983</u>	<u>\$ 78,983</u>	<u>\$ 110,003</u>	<u>\$ 31,020</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Drug Law Enforcement Activities</u>				
REVENUES				
Fines and forfeits	\$ 1,000	\$ 1,000	\$ 4,195	\$ 3,195
Interest	-	-	102	102
TOTAL REVENUES	1,000	1,000	4,297	3,297
EXPENDITURES				
Current				
Public safety	1,000	1,000	5,236	(4,236)
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	-0-	(939)	(939)
OTHER FINANCING (USES)				
Transfers out	(25,746)	(25,746)	-	25,746
NET CHANGE IN FUND BALANCE	(25,746)	(25,746)	(939)	24,807
Fund balance, beginning of year	60,507	60,507	60,507	-0-
Fund balance, end of year	<u>\$ 34,761</u>	<u>\$ 34,761</u>	<u>\$ 59,568</u>	<u>\$ 24,807</u>
<u>Community Alternatives</u>				
REVENUES				
Charges for services	\$ 91,650	\$ 91,650	\$ 85,340	\$ (6,310)
EXPENDITURES				
Current				
General government	63,010	63,010	62,972	38
EXCESS OF REVENUES OVER EXPENDITURES	28,640	28,640	22,368	(6,272)
OTHER FINANCING (USES)				
Transfers out	(37,805)	(37,805)	(30,000)	7,805
NET CHANGE IN FUND BALANCE	(9,165)	(9,165)	(7,632)	1,533
Fund balance, beginning of year	16,402	16,402	16,402	-0-
Fund balance, end of year	<u>\$ 7,237</u>	<u>\$ 7,237</u>	<u>\$ 8,770</u>	<u>\$ 1,533</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<u>Public Act 511</u>			
REVENUES				
Intergovernmental				
State	\$ 178,000	\$ 178,000	\$ 101,531	\$ (76,469)
Charges for services	19,650	19,650	14,147	(5,503)
TOTAL REVENUES	197,650	197,650	115,678	(81,972)
EXPENDITURES				
Current				
General government	238,192	238,192	141,675	96,517
EXCESS OF REVENUES (UNDER) EXPENDITURES	(40,542)	(40,542)	(25,997)	14,545
OTHER FINANCING SOURCES				
Transfers In	37,805	37,805	30,000	(7,805)
NET CHANGE IN FUND BALANCE	(2,737)	(2,737)	4,003	6,740
Fund balance, beginning of year	18	18	18	-0-
Fund balance, end of year	<u>\$ (2,719)</u>	<u>\$ (2,719)</u>	<u>\$ 4,021</u>	<u>\$ 6,740</u>
	<u>Local Corrections Officers Training</u>			
REVENUES				
Charges for services	\$ 25,000	\$ 25,000	\$ 22,640	\$ (2,360)
EXPENDITURES				
Current				
Public safety	10,300	10,300	45,539	(35,239)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,700	14,700	(22,899)	(37,599)
OTHER FINANCING SOURCES				
Transfers in	-	-	4,621	4,621
NET CHANGE IN FUND BALANCE	14,700	14,700	(18,278)	(32,978)
Fund balance, beginning of year	18,278	18,278	18,278	-0-
Fund balance, end of year	<u>\$ 32,978</u>	<u>\$ 32,978</u>	<u>\$ -0-</u>	<u>\$ (32,978)</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>County Law Library</u>				
REVENUES				
Fines and forfeits	\$ 6,500	\$ 6,500	\$ 6,500	\$ -0-
EXPENDITURES				
Current				
General government	<u>11,200</u>	<u>11,200</u>	<u>15,039</u>	<u>(3,839)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(4,700)	(4,700)	(8,539)	(3,839)
OTHER FINANCING SOURCES				
Transfers in	<u>4,700</u>	<u>4,700</u>	<u>7,190</u>	<u>2,490</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	(1,349)	(1,349)
Fund balance, beginning of year	<u>1,349</u>	<u>1,349</u>	<u>1,349</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 1,349</u>	<u>\$ 1,349</u>	<u>\$ -0-</u>	<u>\$ (1,349)</u>
<u>CDBG Housing Assistance Grant</u>				
REVENUES				
Intergovernmental				
Federal	\$ 115,500	\$ 115,500	\$ -	\$ (115,500)
Other revenue	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>(17,500)</u>
TOTAL REVENUES	133,000	133,000	-0-	(133,000)
EXPENDITURES				
Current				
Health and welfare	<u>133,000</u>	<u>133,000</u>	<u>6,451</u>	<u>126,549</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	(6,451)	(6,451)
Restated fund balance, beginning of year	<u>880,236</u>	<u>880,236</u>	<u>880,236</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 880,236</u>	<u>\$ 880,236</u>	<u>\$ 873,785</u>	<u>\$ (6,451)</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenue Sharing Reserve</u>				
REVENUES	\$ -	\$ -	\$ -	\$ -0-
OTHER FINANCING (USES)				
Transfers out	<u>(436,381)</u>	<u>(436,381)</u>	<u>(493,808)</u>	<u>(57,427)</u>
NET CHANGE IN FUND BALANCE	(436,381)	(436,381)	(493,808)	(57,427)
Fund balance, beginning of year	<u>493,808</u>	<u>493,808</u>	<u>493,808</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 57,427</u>	<u>\$ 57,427</u>	<u>\$ -0-</u>	<u>\$ (57,427)</u>
<u>Commission on Aging Activities</u>				
REVENUES				
Taxes	\$ 544,798	\$ 544,798	\$ 581,709	\$ 36,911
Intergovernmental				
Federal	384,502	384,502	317,935	(66,567)
State	340,950	340,950	458,612	117,662
Local	484,501	484,501	440,712	(43,789)
Charges for services	61,285	61,285	37,868	(23,417)
Interest and rents	-	-	769	769
Contributions	451,082	451,082	434,519	(16,563)
Other	<u>13,453</u>	<u>13,453</u>	<u>35,866</u>	<u>22,413</u>
TOTAL REVENUES	2,280,571	2,280,571	2,307,990	27,419
EXPENDITURES				
Current				
Health and welfare	<u>2,323,115</u>	<u>2,323,115</u>	<u>2,307,108</u>	<u>16,007</u>
NET CHANGE IN FUND BALANCE	(42,544)	(42,544)	882	43,426
Fund balance, beginning of year	<u>95,879</u>	<u>95,879</u>	<u>95,879</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 53,335</u>	<u>\$ 53,335</u>	<u>\$ 96,761</u>	<u>\$ 43,426</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Department of Human Services</u>				
REVENUES				
Intergovernmental State	\$ 119,000	\$ 119,000	\$ 157,350	\$ 38,350
EXPENDITURES				
Current Health and welfare	<u>120,000</u>	<u>120,000</u>	<u>152,366</u>	<u>(32,366)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	4,984	5,984
OTHER FINANCING SOURCES				
Transfer in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	5,984	5,984
Fund balance, beginning of year	<u>69,318</u>	<u>69,318</u>	<u>69,318</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 69,318</u>	<u>\$ 69,318</u>	<u>\$ 75,302</u>	<u>\$ 5,984</u>
<u>Child Care</u>				
REVENUES				
Intergovernmental State	\$ 897,500	\$ 897,500	\$ 1,096,216	\$ 198,716
Local	30,000	30,000	44,078	14,078
Charges for services	<u>175,000</u>	<u>175,000</u>	<u>208,534</u>	<u>33,534</u>
TOTAL REVENUES	1,102,500	1,102,500	1,348,828	246,328
EXPENDITURES				
Current Health and welfare	<u>2,550,443</u>	<u>2,550,443</u>	<u>2,112,851</u>	<u>437,592</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,447,943)	(1,447,943)	(764,023)	683,920
OTHER FINANCING SOURCES				
Transfers in	<u>1,248,198</u>	<u>1,248,198</u>	<u>1,248,198</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	(199,745)	(199,745)	484,175	683,920
Fund balance, beginning of year	<u>738,704</u>	<u>738,704</u>	<u>738,704</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 538,959</u>	<u>\$ 538,959</u>	<u>\$ 1,222,879</u>	<u>\$ 683,920</u>

Isabella County, Michigan

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Veterans Activities</u>				
REVENUES				
Intergovernmental				
State	\$ 6,500	\$ 6,500	\$ 7,350	\$ 850
EXPENDITURES				
Current				
Health and welfare				
Veterans affairs relief	5,000	5,000	1,673	3,327
Veterans trust	6,500	6,500	6,977	(477)
TOTAL EXPENDITURES	11,500	11,500	8,650	2,850
EXCESS OF REVENUES (UNDER) EXPENDITURES	(5,000)	(5,000)	(1,300)	3,700
OTHER FINANCING SOURCES				
Transfers in	5,000	5,000	5,000	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	3,700	3,700
Fund balance, beginning of year	5,452	5,452	5,452	-0-
Fund balance, end of year	<u>\$ 5,452</u>	<u>\$ 5,452</u>	<u>\$ 9,152</u>	<u>\$ 3,700</u>
<u>E-911</u>				
REVENUES				
Intergovernmental				
State	\$ 190,000	\$ 190,000	\$ 203,596	\$ 13,596
Charges for services	916,900	916,900	965,308	48,408
Interest	1,500	1,500	1,685	185
Other	100	100	186	86
TOTAL REVENUES	1,108,500	1,108,500	1,170,775	62,275
EXPENDITURES				
Current				
Public safety	1,085,873	1,144,873	1,106,913	37,960
NET CHANGE IN FUND BALANCE	22,627	(36,373)	63,862	100,235
Fund balance, beginning of year	1,338,911	1,338,911	1,338,911	-0-
Fund balance, end of year	<u>\$ 1,361,538</u>	<u>\$ 1,302,538</u>	<u>\$ 1,402,773</u>	<u>\$ 100,235</u>

Isabella County, Michigan

NONMAJOR ENTERPRISE FUNDS

Fund Descriptions

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

The County has four Nonmajor Enterprise Funds:

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

Isabella County, Michigan

Nonmajor Enterprise Funds

STATEMENT OF NET ASSETS

September 30, 2011

	Business-type Activities			PA 123	Total
	Building Inspection	Recycling	Concessions	Restricted Tax	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 126,227	\$ 563,081	\$ 552,638	\$ 1,448,728	\$ 2,690,674
Investments	-	-	-	410,400	410,400
Accounts receivable	-	103,725	-	1,147	104,872
Due from other funds	-	24,782	-	1,626	26,408
Inventory	-	-	7,440	-	7,440
Total current assets	126,227	691,588	560,078	1,861,901	3,239,794
Noncurrent assets					
Capital assets not being depreciated	-	121,953	-	-	121,953
Capital assets being depreciated, net	15,577	1,029,493	324,899	-	1,369,969
Total noncurrent assets	15,577	1,151,446	324,899	-0-	1,491,922
TOTAL ASSETS	141,804	1,843,034	884,977	1,861,901	4,731,716
LIABILITIES					
Current liabilities					
Accounts payable	1,180	33,562	8,715	462	43,919
Accrued liabilities	3,307	11,915	-	793	16,015
Due to other governmental units	-	39,388	-	-	39,388
Due to other funds	8	-	-	-	8
Unearned revenue	-	111,463	-	-	111,463
Current portion of compensated absences	6,921	3,344	-	1,904	12,169
Total current liabilities	11,416	199,672	8,715	3,159	222,962
Noncurrent liabilities					
Noncurrent portion of compensated absences	10,382	5,016	-	2,855	18,253
TOTAL LIABILITIES	21,798	204,688	8,715	6,014	241,215
NET ASSETS					
Invested in capital assets	15,577	1,151,446	324,899	-	1,491,922
Restricted for equipment replacement	-	306,767	-	-	306,767
Unrestricted	104,429	180,133	551,363	1,855,887	2,691,812
TOTAL NET ASSETS	\$ 120,006	\$ 1,638,346	\$ 876,262	\$ 1,855,887	\$ 4,490,501

Isabella County, Michigan

Nonmajor Enterprise Funds

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

Year Ended September 30, 2011

	Business-type Activities				Total
	Building Inspection	Recycling	Concessions	PA 123 Restrcted Tax	
OPERATING REVENUES					
Charges for services	\$ 318,352	\$ 17,157	\$ 266,553	\$ 196,892	\$ 798,954
Sales	-	914,646	-	-	914,646
TOTAL OPERATING REVENUES	318,352	931,803	266,553	196,892	1,713,600
OPERATING EXPENSES					
Personnel services	211,929	506,249	-	62,012	780,190
Supplies	8,799	23,717	12,415	13,818	58,749
Contractual services	4,219	17,384	-	21,550	43,153
Other services and charges	4,586	455,011	7,587	4,440	471,624
Cost of goods sold	-	-	145,853	-	145,853
Depreciation	5,489	80,385	69,458	-	155,332
TOTAL OPERATING EXPENSES	235,022	1,082,746	235,313	101,820	1,654,901
OPERATING INCOME (LOSS)	83,330	(150,943)	31,240	95,072	58,699
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
Local	-	152,749	-	-	152,749
Other	13,488	2,025	-	-	15,513
Interest earned	-	701	5,055	98,825	104,581
Loss on disposal of asset	(1,500)	-	-	-	(1,500)
TOTAL NONOPERATING REVENUES (EXPENSES)	11,988	155,475	5,055	98,825	271,343
INCOME BEFORE TAXES	95,318	4,532	36,295	193,897	330,042
TRANSFERS					
Transfers in	-	113,346	-	-	113,346
CHANGE IN NET ASSETS	95,318	117,878	36,295	193,897	443,388
Net assets, beginning of year	24,688	1,520,468	839,967	1,661,990	4,047,113
Net assets, end of year	<u>\$ 120,006</u>	<u>\$ 1,638,346</u>	<u>\$ 876,262</u>	<u>\$ 1,855,887</u>	<u>\$ 4,490,501</u>

Isabella County, Michigan
Nonmajor Enterprise Funds
STATEMENT OF CASH FLOWS
Year Ended September 30, 2011

	Business-type Activities				Total
	Building Inspection	Recycling	Concessions	PA 123 Restricted Tax	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 318,352	\$ 925,960	\$ 266,553	\$ 196,309	\$ 1,707,174
Cash paid to suppliers	(19,188)	(479,398)	(173,887)	(39,147)	(711,620)
Cash paid for employee services and benefits	(213,052)	(526,285)	-	(62,040)	(801,377)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	86,112	(79,723)	92,666	95,122	194,177
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State/federal grants	-	152,749	-	-	152,749
Transfers In	-	113,346	-	-	113,346
NET CASH PROVIDED BY NONCAPITAL OPERATING ACTIVITIES	-0-	266,095	-0-	-0-	266,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(18,693)	-	(26,594)	-	(45,287)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	-	-	(4,277)	(4,277)
Interest revenue	-	701	5,055	98,825	104,581
Other income	13,488	2,025	-	-	15,513
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,488	2,726	5,055	94,548	115,817
NET INCREASE IN CASH AND CASH EQUIVALENTS	80,907	189,098	71,127	189,670	530,802
Cash and cash equivalents, beginning of year	45,320	373,983	481,511	1,259,058	2,159,872
Cash and cash equivalents, end of year	<u>\$ 126,227</u>	<u>\$ 563,081</u>	<u>\$ 552,638</u>	<u>\$ 1,448,728</u>	<u>\$ 2,690,674</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 83,330	\$ (150,943)	\$ 31,240	\$ 95,072	\$ 58,699
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	5,489	80,385	69,458	-	155,332
(Increase) Decrease in:					
Receivables	-	(5,843)	-	(583)	(6,426)
Inventory	-	-	185	-	185
Due from other funds	-	55,000	-	599	55,599
Increase (Decrease) in:					
Accounts payable	(1,586)	(22,559)	(8,217)	62	(32,300)
Accrued liabilities	(1,123)	(20,036)	-	(28)	(21,187)
Due to other governmental units	-	(9,980)	-	-	(9,980)
Due to other funds	2	(5,747)	-	-	(5,745)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 86,112	\$ (79,723)	\$ 92,666	\$ 95,122	\$ 194,177

Isabella County, Michigan

TRUST AND AGENCY FUNDS

Fund Descriptions

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

Agency Funds

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

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

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

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

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

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

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

Isabella County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2011

	Agency		
	Trust and Agency	Inmate Trust	Employee Flexible Benefits Plan
ASSETS			
Cash and cash equivalents	\$ 2,790,265	\$ 39,203	\$ 8,102
LIABILITIES			
Due to other governmental units			
Federal/State	\$ 133,612	\$ -	\$ -
Local	2,241,994	-	-
Due to individuals and agencies	414,659	39,203	8,102
 TOTAL LIABILITIES	 \$ 2,790,265	 \$ 39,203	 \$ 8,102

Funds			
Payroll	Library Penal Fines	Medical Care Facility Patient Agency	Total
\$ 45,785	\$ 148,018	\$ 3,913	\$ 3,035,286
\$ -	\$ -	\$ -	\$ 133,612
-	148,018	-	2,390,012
45,785	-	3,913	511,662
\$ 45,785	\$ 148,018	\$ 3,913	\$ 3,035,286

Isabella County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended September 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
<u>Trust and Agency</u>				
ASSETS				
Cash and cash equivalents	\$ 3,076,648	\$ 47,021,959	\$ 47,308,342	\$ 2,790,265
LIABILITIES				
Due to other governmental units				
Federal/State	\$ 143,502	\$ 1,396,690	\$ 1,406,580	\$ 133,612
Local	2,522,581	31,354,620	31,635,207	2,241,994
Due to individuals and agencies	410,565	903,002	898,908	414,659
TOTAL LIABILITIES	\$ 3,076,648	\$ 33,654,312	\$ 33,940,695	\$ 2,790,265
<u>Inmate Trust</u>				
ASSETS				
Cash and cash equivalents	\$ 49,766	\$ 1,383,544	\$ 1,394,107	\$ 39,203
LIABILITIES				
Due to individuals and agencies	\$ 49,766	\$ 1,448,397	\$ 1,458,960	\$ 39,203
<u>Employee Flexible Benefits Plan</u>				
ASSETS				
Cash and cash equivalents	\$ 6,670	\$ 55,798	\$ 54,366	\$ 8,102
LIABILITIES				
Due to individuals and agencies	\$ 6,670	\$ 55,798	\$ 54,366	\$ 8,102
<u>Payroll</u>				
ASSETS				
Cash and cash equivalents	\$ -0-	\$ 6,633,981	\$ 6,588,196	\$ 45,785
LIABILITIES				
Due to individuals and agencies	\$ -0-	\$ 2,515,949	\$ 2,470,164	\$ 45,785

Isabella County, Michigan

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended September 30, 2011

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<u>Library Penal Fines</u>				
ASSETS				
Cash and cash equivalents	\$ 85,803	\$ 952,528	\$ 890,313	\$ 148,018
LIABILITIES				
Due to other governmental units Federal/State	\$ 85,803	\$ 372,550	\$ 310,335	\$ 148,018
<u>Medical Care Facility Patient Agency</u>				
ASSETS				
Cash and cash equivalents	\$ -0-	\$ 3,913	\$ -0-	\$ 3,913
LIABILITIES				
Due to individuals and agencies	\$ -0-	\$ 3,913	\$ -0-	\$ 3,913
<u>Total</u>				
ASSETS				
Cash and cash equivalents	\$ 3,218,887	\$ 56,051,723	\$ 56,235,324	\$ 3,035,286
LIABILITIES				
Due to other governmental units				
Federal/State	\$ 143,502	\$ 1,396,690	\$ 1,406,580	\$ 133,612
Local	2,608,384	31,727,170	31,945,542	2,390,012
Due to individuals and agencies	467,001	4,927,059	4,882,398	511,662
TOTAL LIABILITIES	\$ 3,218,887	\$ 38,050,919	\$ 38,234,520	\$ 3,035,286

Isabella County, Michigan

DISCRETELY PRESENTED COMPONENT UNITS

Fund Descriptions

The Discretely Presented Component Units of Isabella County are legally separate organizations included in the County's reporting entity because they are financially accountable to the County as defined by GASB Statement No. 14 and GASB Statement No. 39.

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

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

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

Isabella County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

September 30, 2011

	Debt				
	County Drain	Little Salt River	Paisley Drain	Hance Phase II	Salt River
ASSETS					
Cash and cash equivalents	\$ 155,692	\$ 25,956	\$ 95,799	\$ 153,963	\$ 220,409
Investments	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other governmental units-local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Special assessments receivable	962,528	150,633	181,532	166,734	102,611
Prepays	-	-	-	-	2,563
TOTAL ASSETS	<u>\$ 1,118,220</u>	<u>\$ 176,589</u>	<u>\$ 277,331</u>	<u>\$ 320,697</u>	<u>\$ 325,583</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	959,266	150,633	181,532	166,734	102,611
Due to other funds	1,089	-	-	-	-
TOTAL LIABILITIES	960,355	150,633	181,532	166,734	102,611
FUND BALANCES					
Nonspendable	-	-	-	-	2,563
Restricted for debt service	157,865	25,956	95,799	153,963	220,409
Restricted for capital projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>157,865</u>	<u>25,956</u>	<u>95,799</u>	<u>153,963</u>	<u>222,972</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,118,220</u>	<u>\$ 176,589</u>	<u>\$ 277,331</u>	<u>\$ 320,697</u>	<u>\$ 325,583</u>

Service				Capital Projects		Total
Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220	Bachelor Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	
\$ 77,070	\$ 49,757	\$ 163,612	\$ 91,109	\$ 56,041	\$ 2,026,755	\$ 3,116,163
-	-	-	-	-	1,832,125	1,832,125
-	-	-	-	-	3,765	3,765
-	-	-	-	-	76,630	76,630
-	-	-	-	110,321	1,089	111,410
370,054	248,456	521,658	1,030,467	-	12,719	3,747,392
-	-	-	-	-	-	2,563
<u>\$ 447,124</u>	<u>\$ 298,213</u>	<u>\$ 685,270</u>	<u>\$ 1,121,576</u>	<u>\$ 166,362</u>	<u>\$ 3,953,083</u>	<u>\$ 8,890,048</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,735	\$ 112	\$ 3,847
370,054	248,456	521,658	1,030,467	-	538,850	4,270,261
-	-	-	-	-	110,321	111,410
370,054	248,456	521,658	1,030,467	3,735	649,283	4,385,518
-	-	-	-	-	-	2,563
77,070	49,757	163,612	91,109	-	-	1,035,540
-	-	-	-	162,627	3,303,800	3,466,427
<u>77,070</u>	<u>49,757</u>	<u>163,612</u>	<u>91,109</u>	<u>162,627</u>	<u>3,303,800</u>	<u>4,504,530</u>
<u>\$ 447,124</u>	<u>\$ 298,213</u>	<u>\$ 685,270</u>	<u>\$ 1,121,576</u>	<u>\$ 166,362</u>	<u>\$ 3,953,083</u>	<u>\$ 8,890,048</u>

Isabella County, Michigan

Component Unit Funds

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

September 30, 2011

Total fund balances - governmental funds **\$ 4,504,530**

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

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

Deferred revenue	4,270,261
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 19,396,800	
Accumulated depreciation is	<u>(4,252,644)</u>	
Capital assets, net		15,144,156

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

Net assets of governmental activities accounted for in Internal Service Funds	42,951
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and notes payable	(4,253,404)	
Accrued interest payable	<u>(69,258)</u>	
		<u>(4,322,662)</u>

Net assets of governmental activities **\$ 19,639,236**

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

	Debt				
	County Drain	Little Salt River	Paisley Drain	Hance Phase II	Salt River
REVENUES					
Intergovernmental - federal	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - local	-	-	-	-	-
Interest	303	40	177	242	326
Other					
Special assessments	166,678	40,190	50,560	76,915	113,569
Other	-	-	-	-	-
TOTAL REVENUES	166,981	40,230	50,737	77,157	113,895
EXPENDITURES					
Debt service					
Principal	174,691	29,250	56,000	85,000	120,000
Interest and fiscal charges	21,688	7,847	15,769	14,587	5,237
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	196,379	37,097	71,769	99,587	125,237
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,398)	3,133	(21,032)	(22,430)	(11,342)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(24,084)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(24,084)	-0-	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES	(53,482)	3,133	(21,032)	(22,430)	(11,342)
Fund balances, beginning of year	211,347	22,823	116,831	176,393	234,314
Fund balances, end of year	<u>\$ 157,865</u>	<u>\$ 25,956</u>	<u>\$ 95,799</u>	<u>\$ 153,963</u>	<u>\$ 222,972</u>

Service				Capital Projects		Total
Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220	Bachelor Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,304	\$ 159,304
-	-	-	-	-	83,322	83,322
125	84	240	40	221	17,717	19,515
75,370	60,537	82,767	43,242	-	330,045	1,039,873
-	-	-	-	-	29,976	29,976
75,495	60,621	83,007	43,282	221	620,364	1,331,990
53,500	47,000	44,450	-	-	-	609,891
21,788	14,377	23,728	150	-	-	125,171
-	-	-	-	-	1,302,896	1,302,896
75,288	61,377	68,178	150	-0-	1,302,896	2,037,958
207	(756)	14,829	43,132	221	(682,532)	(705,968)
-	-	-	-	-	1,911,000	1,911,000
-	-	-	47,977	-	-	47,977
-	-	-	-	-	(23,893)	(47,977)
-0-	-0-	-0-	47,977	-0-	1,887,107	1,911,000
207	(756)	14,829	91,109	221	1,204,575	1,205,032
76,863	50,513	148,783	-	162,406	2,099,225	3,299,498
<u>\$ 77,070</u>	<u>\$ 49,757</u>	<u>\$ 163,612</u>	<u>\$ 91,109</u>	<u>\$ 162,627</u>	<u>\$ 3,303,800</u>	<u>\$ 4,504,530</u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

Net change in fund balances - total governmental funds \$ 1,205,032

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. 1,310,463

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

Capital outlay	\$ 1,047,905	
Depreciation expense	<u>(366,076)</u>	
Excess of depreciation expense over capital outlay		681,829

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

Increase in net assets of Internal Service Funds 1,078

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

Issuance of debt	(1,911,000)	
Debt principal retirement	<u>609,891</u>	
		(1,301,109)

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

Increase in accrued interest payable (24,349)

Change in net assets of governmental activities **\$ 1,872,944**

Isabella County, Michigan

Component Unit Funds

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

September 30, 2011

	<u>Internal Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 13,808
Inventories	<u>29,143</u>
NET ASSETS (unrestricted)	<u><u>\$ 42,951</u></u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Sales	\$ 13,264
OPERATING EXPENSES	
Materials	<u>12,186</u>
OPERATING INCOME/CHANGE IN NET ASSETS	1,078
Net assets, beginning of year	<u>41,873</u>
Net assets, end of year	<u><u>\$ 42,951</u></u>

Isabella County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS - DRAINAGE DISTRICTS - DRAIN TILE FUND

Year Ended September 30, 2011

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 13,264
Cash paid to suppliers	<u>(11,633)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,631
Cash and cash equivalents, beginning of year	<u>12,177</u>
Cash and cash equivalents, end of year	<u><u>\$ 13,808</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 1,078
Adjustments to reconcile operating income to net cash provided by operating activities	
(Increase) Decrease in:	
Inventories	<u>553</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,631</u></u>

Isabella County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS

September 30, 2011

	Debt		
	Shepherd Storm Sewer	Clare Water & Sewer	Union Township Wastewater Treatment
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Lease receivable	590,000	125,000	3,700,000
Due from other funds	-	-	37,040
Prepays	-	63,173	367,014
TOTAL ASSETS	\$ 590,000	\$ 188,173	\$ 4,104,054
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	590,000	188,173	4,067,014
TOTAL LIABILITIES	590,000	188,173	4,067,014
FUND BALANCES			
Nonspendable	-	63,173	367,014
Restricted for capital projects	-	-	-
Unassigned (deficit)	-	(63,173)	(329,974)
TOTAL FUND BALANCES	-0-	-0-	37,040
TOTAL LIABILITIES AND FUND BALANCES	\$ 590,000	\$ 188,173	\$ 4,104,054

Service	Capital Projects		Total
	Union Township Water System Construction	Clare Water & Sewer System Construction	
\$ -	\$ 141,501	\$ 22,376	\$ 163,877
2,105,000	-	-	6,520,000
-	-	-	37,040
102,040	-	-	532,227
<u>\$ 2,207,040</u>	<u>\$ 141,501</u>	<u>\$ 22,376</u>	<u>\$ 7,253,144</u>
\$ -	\$ 81,489	\$ -	\$ 81,489
37,040	-	-	37,040
2,105,000	-	-	6,950,187
2,142,040	81,489	-0-	7,068,716
102,040	-	-	532,227
-	60,012	22,376	82,388
(37,040)	-	-	(430,187)
<u>65,000</u>	<u>60,012</u>	<u>22,376</u>	<u>184,428</u>
<u>\$ 2,207,040</u>	<u>\$ 141,501</u>	<u>\$ 22,376</u>	<u>\$ 7,253,144</u>

Isabella County, Michigan

Component Unit Funds

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

September 30, 2011

Fund balance/net assets - total component unit funds \$ 272,088

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

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

6,950,187

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

Unamortized bond issuance costs

57,271

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

Long-term liabilities at year-end consist of:

Accrued interest payable

\$ (38,458)

Direct county obligations

(6,520,505)

(6,558,963)

Net assets of component unit activities

\$ 720,583

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

	Debt		
	Shepherd Storm Sewer	Clare Water & Sewer	Union Township Wastewater Treatment
REVENUES			
Intergovernmental - local	\$ 221,240	\$ 68,195	\$ 448,011
Interest	-	-	-
TOTAL REVENUES	221,240	68,195	448,011
EXPENDITURES			
Current			
Public works	-	-	-
Debt service			
Principal	190,000	60,000	295,000
Interest and fiscal charges	31,240	8,195	115,971
TOTAL EXPENDITURES	221,240	68,195	410,971
NET CHANGE IN FUND BALANCES	-0-	-0-	37,040
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 37,040</u>

Service	Capital Projects		
Union Township Water System	Union Township Water System Construction	Clare Water & Sewer System Construction	Total
\$ 102,140	\$ -	\$ -	\$ 839,586
-	1,633	32	1,665
102,140	1,633	32	841,251
-	1,067,100	-	1,067,100
-	-	-	545,000
51,544	-	-	206,950
51,544	1,067,100	-0-	1,819,050
50,596	(1,065,467)	32	(977,799)
14,404	1,125,479	22,344	1,162,227
<u>\$ 65,000</u>	<u>\$ 60,012</u>	<u>\$ 22,376</u>	<u>\$ 184,428</u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

Net change in fund balances/net assets - total component unit funds \$ (979,096)

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

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

Long-term debt retirements	\$ 545,000
Net effect of bond refunding and related items	<u>(11,280)</u>

533,720

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

(673,796)

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

(Increase) in accrued interest payable

(16,414)

Change in net assets of component unit activities

\$ (1,135,586)

Isabella County, Michigan

Component Unit Funds

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

September 30, 2011

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 31,489
Accounts receivable	<u>8,426</u>
Total current assets	39,915
Noncurrent assets	
Capital assets not being depreciated	16,000
Capital assets being depreciated, net	<u>32,413</u>
Total noncurrent assets	<u>48,413</u>
TOTAL ASSETS	88,328
LIABILITIES	
Current liabilities	
Accounts payable	<u>668</u>
NET ASSETS	
Invested in capital assets	48,413
Unrestricted	<u>39,247</u>
TOTAL NET ASSETS	<u>\$ 87,660</u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ 27,867
OPERATING EXPENSES	
Personnel services	10,741
Supplies	635
Utilities	2,603
Contractual services	7,004
Other	859
Depreciation	<u>7,323</u>
TOTAL OPERATING EXPENSES	<u>29,165</u>
OPERATING (LOSS)	(1,298)
NONOPERATING REVENUES	
Interest	<u>1</u>
CHANGE IN NET ASSETS	(1,297)
Net assets, beginning of year	<u>88,957</u>
Net assets, end of year	<u><u>\$ 87,660</u></u>

Isabella County, Michigan

Component Unit Funds

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

Year Ended September 30, 2011

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 29,955
Cash paid to suppliers	<u>(22,341)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,614
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>1</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,615
Cash and cash equivalents, beginning of year	<u>23,874</u>
Cash and cash equivalents, end of year	<u><u>\$ 31,489</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (1,298)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	7,323
(Increase) Decrease in:	
Accounts receivable	2,088
Increase (Decrease) in:	
Due to other governments	(480)
Accounts payable	<u>(19)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 7,614</u></u>

STATISTICAL SECTION

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

Contents	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	101
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	104
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	111
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	114
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	116

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

Isabella County, Michigan
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ 9,354,981	\$ 6,216,255	\$ 12,586,690	\$ 13,583,934	\$ 11,693,861	\$ 11,537,707	\$ 11,631,381	\$ 11,656,812	\$ 11,424,516
Restricted	-	445,647	332,891	247,808	295,993	283,882	611,045	649,345	449,996	4,652,196
Unrestricted	-	9,164,097	8,388,443	4,934,619	7,839,719	12,801,477	14,194,649	13,565,998	13,835,102	11,233,500
Total governmental activities net assets	<u>\$ -0-</u>	<u>\$ 18,964,725</u>	<u>\$ 14,937,589</u>	<u>\$ 17,769,117</u>	<u>\$ 21,719,646</u>	<u>\$ 24,779,220</u>	<u>\$ 26,343,401</u>	<u>\$ 25,846,724</u>	<u>\$ 25,941,910</u>	<u>\$ 27,310,212</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ 2,446,699	\$ 2,616,645	\$ 3,815,212	\$ 3,780,427	\$ 4,430,933	\$ 4,613,014	\$ 5,900,138	\$ 6,120,965	\$ 6,125,310
Restricted	-	3,769,983	3,818,295	3,047,637	2,657,252	3,830,776	4,261,178	1,087,003	597,232	605,557
Unrestricted	-	5,656,994	5,886,611	6,058,074	7,960,768	8,507,289	9,844,349	12,414,510	14,673,443	15,928,820
Total business-type activities net assets	<u>\$ -0-</u>	<u>\$ 11,873,676</u>	<u>\$ 12,321,551</u>	<u>\$ 12,920,923</u>	<u>\$ 14,398,447</u>	<u>\$ 16,768,998</u>	<u>\$ 18,718,541</u>	<u>\$ 19,401,651</u>	<u>\$ 21,391,640</u>	<u>\$ 22,659,687</u>
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ 11,801,680	\$ 8,832,900	\$ 16,401,902	\$ 17,364,361	\$ 16,124,794	\$ 16,150,721	\$ 17,531,519	\$ 17,777,777	\$ 17,549,826
Restricted	-	4,215,630	4,151,186	3,295,445	2,953,245	4,114,658	4,872,223	1,736,348	1,047,228	5,257,753
Unrestricted	-	14,821,091	14,275,054	10,992,693	15,800,487	21,308,766	24,038,998	25,980,508	28,508,545	27,162,320
Total primary activities net assets	<u>\$ -0-</u>	<u>\$ 30,838,401</u>	<u>\$ 27,259,140</u>	<u>\$ 30,690,040</u>	<u>\$ 36,118,093</u>	<u>\$ 41,548,218</u>	<u>\$ 45,061,942</u>	<u>\$ 45,248,375</u>	<u>\$ 47,333,550</u>	<u>\$ 49,969,899</u>

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

Isabella County, Michigan
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ -	\$ 8,587,243	\$ 9,245,814	\$ 8,804,801	\$ 8,903,193	\$ 9,037,551	\$ 9,323,399	\$ 9,500,081	\$ 9,799,291	\$ 9,519,926
Public safety	-	6,115,722	6,866,982	6,921,138	6,993,809	7,244,038	6,705,990	6,738,044	6,841,410	7,043,762
Public works	-	369,285	362,475	76,458	117,136	327,166	198,483	250,084	225,971	209,533
Community and economic development	-	-	-	-	-	230,869	233,436	209,415	205,914	214,605
Health and welfare	-	5,681,001	6,088,840	5,933,564	5,651,353	6,019,736	6,252,019	6,407,529	5,979,709	5,774,589
Culture and recreation	-	1,324,349	1,758,839	1,108,896	1,057,792	704,189	754,376	866,072	746,056	604,405
Interest on debt	-	361,231	348,408	315,652	297,716	172,524	314,741	224,791	217,606	212,604
Total governmental activities expenses	-0-	22,438,831	24,671,358	23,160,509	23,020,999	23,736,073	23,782,444	24,196,016	24,015,957	23,579,424
Business-type activities:										
Delinquent property tax	-	49,388	59,382	65,087	70,472	179,154	188,357	189,073	160,524	205,902
Building Inspections	-	-	-	336,463	297,811	343,190	280,582	253,795	212,858	236,522
Recycling facility	-	852,048	1,019,740	1,091,877	897,929	1,115,104	1,174,988	897,922	1,001,916	1,082,746
Concessions	-	120,400	123,747	143,269	129,915	109,441	227,204	200,022	239,422	235,313
Medical Care Facility	-	5,493,390	5,973,028	6,451,341	7,993,776	8,368,433	8,856,618	10,554,367	10,614,196	11,164,093
Total business-type activities expenses	-0-	6,515,226	7,175,897	8,088,037	9,389,903	10,115,322	10,727,749	12,095,179	12,228,916	12,924,576
Total primary government expenses	\$ -0-	\$ 28,954,057	\$ 31,847,255	\$ 31,248,546	\$ 32,410,902	\$ 33,851,395	\$ 34,510,193	\$ 36,291,195	\$ 36,244,873	\$ 36,504,000
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ -	\$ 3,864,299	\$ 4,047,398	\$ 4,110,207	\$ 4,054,488	\$ 3,014,558	\$ 3,149,557	\$ 2,941,321	\$ 2,908,399	\$ 3,043,776
Public safety	-	2,509,817	2,721,036	2,160,798	2,175,113	2,511,478	2,921,676	2,629,612	2,725,489	2,635,438
Public works	-	-	-	-	-	126,847	-	-	-	-
Community and economic development	-	-	-	-	-	36,974	6,409	8,888	4,933	6,733
Health and welfare	-	158,755	387,382	404,602	388,823	494,261	519,802	536,869	504,500	398,781
Culture and recreation	-	282,641	294,540	347,764	323,391	268,677	271,132	283,249	342,994	336,200
Interest on debt	-	41,668	156,526	133,341	(53,584)	-	-	-	-	-
Operating grants and contributions	-	5,588,177	7,024,679	7,314,517	7,274,570	6,103,937	5,397,183	5,459,794	5,246,429	5,148,434
Capital grants and contributions	-	304,088	621,800	744,934	439,063	73,939	26,511	111,188	30,430	72,819
Total governmental activities program revenues	-0-	12,749,445	15,253,361	15,216,163	14,601,864	12,630,671	12,292,270	11,970,921	11,763,174	11,642,181
Business-type activities:										
Charges for services										
Delinquent property tax	-	490,764	438,656	451,857	556,383	491,552	639,056	718,410	967,436	729,239
Building Inspections	-	-	-	398,178	331,525	302,560	220,226	198,042	249,272	318,352
Recycling facility	-	458,793	599,033	707,255	626,238	738,576	711,884	426,162	687,810	931,803
Concessions	-	155,943	164,687	200,684	222,021	235,051	261,737	319,879	308,364	266,553
Medical Care Facility	-	5,231,157	5,216,184	5,239,485	7,261,947	8,188,068	8,146,853	8,864,193	9,067,589	9,662,823
Operating grants and contributions	-	89,797	337,996	506,250	438,182	293,545	935,623	670,013	1,341,355	977,303
Capital grants and contributions	-	-	-	-	-	-	-	-	70,011	5,212
Total business-type activities program revenues	-0-	6,426,454	6,756,556	7,503,709	9,436,296	10,249,352	10,915,379	11,196,699	12,691,837	12,891,285
Total primary government program revenues	\$ -0-	\$ 19,175,899	\$ 22,009,917	\$ 22,719,872	\$ 24,038,160	\$ 22,880,023	\$ 23,207,649	\$ 23,167,620	\$ 24,455,011	\$ 24,533,466

Isabella County, Michigan

CHANGES IN NET ASSETS - CONCLUDED

LAST TEN FISCAL YEARS

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense)/revenue										
Governmental activities	\$ -	\$ (9,689,386)	\$ (9,417,997)	\$ (7,944,346)	\$ (8,419,135)	\$ (11,105,402)	\$ (11,490,174)	\$ (12,225,095)	\$ (12,252,783)	\$ (11,937,243)
Business-type activities	-	(88,772)	(419,341)	(584,328)	46,393	134,030	187,630	(898,480)	462,921	(33,291)
Total primary government net expense	<u>\$ -0-</u>	<u>\$ (9,778,158)</u>	<u>\$ (9,837,338)</u>	<u>\$ (8,528,674)</u>	<u>\$ (8,372,742)</u>	<u>\$ (10,971,372)</u>	<u>\$ (11,302,544)</u>	<u>\$ (13,123,575)</u>	<u>\$ (11,789,862)</u>	<u>\$ (11,970,534)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ -	\$ 6,740,008	\$ 7,124,073	\$ 9,883,634	\$ 10,964,855	\$ 13,087,917	\$ 11,379,585	\$ 10,832,634	\$ 11,681,218	\$ 11,689,532
Unrestricted grants and contributions	-	1,428,534	1,374,620	361,470	410,176	568,277	569,939	507,392	507,766	516,595
Unrestricted investment earnings	-	132,619	96,763	231,476	384,489	532,088	468,995	172,972	64,998	56,898
Gain on disposal of capital assets	-	37,265	2,400	-	-	-	348,844	-	-	-
Other revenue	-	17,715	-	-	-	122,176	225,596	125,420	93,987	141,178
Transfers - internal activities	-	251,686	496,000	299,294	429,404	(145,482)	76,165	90,000	-	45,305
Total governmental activities	<u>-0-</u>	<u>8,607,827</u>	<u>9,093,856</u>	<u>10,775,874</u>	<u>12,188,924</u>	<u>14,164,976</u>	<u>13,069,124</u>	<u>11,728,418</u>	<u>12,347,969</u>	<u>12,449,508</u>
Business-type activities:										
Property taxes	-	1,051,974	1,005,052	1,072,663	1,150,880	1,223,378	1,326,806	1,385,061	1,287,847	1,090,229
Unrestricted grants and contributions	-	-	112,593	150,725	76,544	-	-	-	-	-
Unrestricted investment earnings	-	181,085	222,910	264,528	652,179	398,090	338,589	182,859	143,908	145,576
Gain on disposal of capital assets	-	-	-	-	-	7,000	701	-	-	-
Other revenue	-	-	-	7,733	-	462,571	171,982	103,670	95,313	110,838
Transfers - internal activities	-	(251,686)	(496,000)	(299,294)	(429,404)	145,482	(76,165)	(90,000)	-	(45,305)
Total business-type activities	<u>-0-</u>	<u>981,373</u>	<u>844,555</u>	<u>1,196,355</u>	<u>1,450,199</u>	<u>2,236,521</u>	<u>1,761,913</u>	<u>1,581,590</u>	<u>1,527,068</u>	<u>1,301,338</u>
Total primary government	<u>\$ -0-</u>	<u>\$ 9,589,200</u>	<u>\$ 9,938,411</u>	<u>\$ 11,972,229</u>	<u>\$ 13,639,123</u>	<u>\$ 16,401,497</u>	<u>\$ 14,831,037</u>	<u>\$ 13,310,008</u>	<u>\$ 13,875,037</u>	<u>\$ 13,750,846</u>
Change in Net Assets										
Governmental activities	\$ -	\$ (1,081,559)	\$ (324,141)	\$ 2,831,528	\$ 3,769,789	\$ 3,059,574	\$ 1,578,950	\$ (496,677)	\$ 95,186	\$ 512,265
Business-type activities	-	892,601	425,214	612,027	1,496,592	2,370,551	1,949,543	683,110	1,989,989	1,268,047
Total primary government	<u>\$ -0-</u>	<u>\$ (188,958)</u>	<u>\$ 101,073</u>	<u>\$ 3,443,555</u>	<u>\$ 5,266,381</u>	<u>\$ 5,430,125</u>	<u>\$ 3,528,493</u>	<u>\$ 186,433</u>	<u>\$ 2,085,175</u>	<u>\$ 1,780,312</u>

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

Isabella County, Michigan
 GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>
2002	\$ -
2003	6,740,008
2004	7,124,073
2005	9,883,634
2006	10,964,855
2007	13,087,917
2008	11,379,585
2009	11,002,634
2010	11,681,218
2011	11,689,532

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

Isabella County, Michigan

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund										
Reserved	\$ -	\$ 188,266	\$ 114,084	\$ 32,167	\$ 23,911	\$ 75,098	\$ 63,282	\$ 64,690	\$ 38,147	\$ -
Unreserved	-	3,848,170	3,741,109	4,341,327	4,704,913	4,867,875	6,326,335	6,214,950	6,786,588	-
Nonspendable	-	-	-	-	-	-	-	-	-	36,477
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	2,958,362
Unassigned	-	-	-	-	-	-	-	-	-	4,697,759
Total general fund	<u>\$ -0-</u>	<u>\$ 4,036,436</u>	<u>\$ 3,855,193</u>	<u>\$ 4,373,494</u>	<u>\$ 4,728,824</u>	<u>\$ 4,942,973</u>	<u>\$ 6,389,617</u>	<u>\$ 6,279,640</u>	<u>\$ 6,824,735</u>	<u>\$ 7,692,598</u>
All other governmental funds										
Reserved	\$ -	\$ 84,903	\$ 108,095	\$ 156,349	\$ 246,485	\$ 347,858	\$ 736,162	\$ 743,008	\$ 573,744	\$ -
Unreserved										
Special revenue funds	-	668,633	839,081	2,108,826	3,928,953	5,829,483	5,042,586	3,999,598	3,316,250	-
Debt Service Funds	-	166,194	61,480	47,483	49,534	123,741	379,825	1,009,339	1,181,276	-
Capital Project Funds	-	6,284	49,232	68,095	12,141	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	970,630
Restricted	-	-	-	-	-	-	-	-	-	4,753,910
Committed	-	-	-	-	-	-	-	-	-	(2,698,716)
Total all other governmental funds	<u>\$ -0-</u>	<u>\$ 926,014</u>	<u>\$ 1,057,888</u>	<u>\$ 2,380,753</u>	<u>\$ 4,237,113</u>	<u>\$ 6,301,082</u>	<u>\$ 6,158,573</u>	<u>\$ 5,751,945</u>	<u>\$ 5,071,270</u>	<u>\$ 3,025,824</u>

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

Isabella County, Michigan

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ -	\$ 6,746,395	\$ 7,124,073	\$ 9,883,634	\$ 11,085,829	\$ 14,267,784	\$ 11,145,067	\$ 10,966,957	\$ 11,735,590	\$ 11,584,266
Licenses and permits	-	608,977	714,949	465,099	455,771	363,080	367,611	357,423	429,897	418,847
Intergovernmental revenue	-	6,864,943	8,629,153	7,897,888	7,462,530	5,049,049	5,409,168	5,477,999	5,226,707	5,557,400
Charges for services	-	3,585,781	3,605,104	3,944,473	3,902,825	5,286,450	5,760,081	5,362,434	5,266,974	5,196,396
Fines and forfeits	-	620,382	628,964	595,695	461,592	279,379	185,898	199,954	236,544	293,265
Interest and rent	-	2,632,643	3,071,834	2,303,142	2,444,298	1,105,727	1,067,122	753,732	664,139	649,038
-	-	-	-	-	-	-	-	-	-	443,155
Other revenue	-	545,490	583,635	737,417	799,483	512,125	668,416	607,111	596,854	171,339
Total revenues	-0-	21,604,611	24,357,712	25,827,348	26,612,328	26,863,594	24,603,363	23,725,610	24,156,705	24,313,706
Expenditures										
General government	-	7,602,851	8,112,451	8,126,775	8,361,658	8,538,845	8,852,832	8,920,239	9,306,627	8,859,985
Public safety	-	5,723,636	6,491,517	6,921,785	7,331,698	6,693,599	6,192,682	6,122,729	6,387,256	6,420,087
Public works	-	409,065	364,410	243,093	186,192	321,908	192,127	242,899	219,239	200,959
Health and welfare	-	5,647,883	6,017,229	5,929,630	5,638,716	5,970,279	6,075,394	6,240,506	5,804,995	5,546,263
Culture and recreation	-	1,273,343	1,734,012	1,097,398	1,130,719	677,657	714,648	738,896	705,234	553,369
Other	-	374,657	512,313	529,918	401,492	612,004	723,047	675,429	797,636	788,299
Capital outlay	-	585,513	623,155	777,966	1,110,823	1,017,937	3,558,426	389,329	80,637	5,282
Debt service										
Principal	-	466,348	702,948	338,182	370,968	359,685	640,000	750,000	715,000	766,850
Interest and fiscal charges	-	324,185	347,993	320,729	297,776	248,080	369,093	252,188	275,661	293,175
Total expenditures	-0-	22,407,481	24,906,028	24,285,476	24,830,042	24,439,994	27,318,249	24,332,215	24,292,285	23,434,269
Excess of revenues over (under) expenditures	-0-	(802,870)	(548,316)	1,541,872	1,782,286	2,423,600	(2,714,886)	(606,605)	(135,580)	879,437
Other financing sources (uses)										
Bond proceeds	-	187,025	-	-	-	-	8,164,470	-	-	-
Bond premium	-	-	-	-	-	-	71,356	-	-	-
Sale of capital assets	-	37,265	2,400	-	-	-	478,120	-	-	-
Transfers in	-	2,592,035	3,217,795	6,741,406	6,764,426	7,298,040	3,930,376	4,339,800	3,578,875	2,470,224
Bond issuance costs	-	-	-	-	-	-	(74,306)	-	-	-
Underwriter discount	-	-	-	-	-	-	(41,580)	-	-	-
Transfer to escrow agent	-	-	-	-	-	-	(4,640,435)	-	-	-
Transfers (out)	-	(2,340,349)	(2,721,795)	(6,442,112)	(6,335,022)	(7,443,522)	(3,854,211)	(4,249,800)	(3,578,875)	(2,424,919)
Total other financing sources (uses)	-0-	475,976	498,400	299,294	429,404	(145,482)	4,033,790	90,000	-0-	45,305
Net change in fund balances	\$ -0-	\$ (326,894)	\$ (49,916)	\$ 1,841,166	\$ 2,211,690	\$ 2,278,118	\$ 1,318,904	\$ (516,605)	\$ (135,580)	\$ 924,742
Debt service as a percentage of noncapital expenditures		3.62%	4.32%	2.84%	2.89%	2.59%	4.30%	4.19%	4.15%	4.53%

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

Isabella County, Michigan

ASSESSED VALUE AND ESTIMATED TRUE CASH VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended September 30,	A.V. Real Property		A.V. Personal Property	Total Assessed Value	Total Direct Tax Rate	Total Taxable Value	Estimated True Cash Value	Taxable Value as a Percentage of True Cash Value
	Ag/Res	Com/Ind/T-C/Dev						
2002	\$ 1,018,986,127	\$ 291,499,881	\$ 98,597,769	\$ 1,409,083,777	8.1200	\$ 1,078,607,613	\$ 2,818,167,554	38.27%
2003	1,119,278,833	327,362,254	96,990,643	1,543,631,730	8.0200	1,145,972,887	3,087,263,460	37.12%
2004	1,221,983,772	353,026,964	101,428,375	1,676,439,111	8.1448	1,224,690,253	3,352,878,222	36.53%
2005	1,330,374,674	375,539,834	106,113,539	1,812,028,047	8.1700	1,314,413,774	3,624,056,094	36.27%
2006	1,455,811,177	406,602,475	108,564,527	1,970,978,179	9.1500	1,409,975,482	3,941,956,358	35.77%
2007	1,542,103,877	464,507,257	114,135,396	2,120,746,530	9.1476	1,529,082,641	4,241,493,060	36.05%
2008	1,583,119,644	488,103,444	118,716,860	2,189,939,948	9.0129	1,596,594,915	4,379,879,896	36.45%
2009	1,539,266,015	509,139,302	123,792,826	2,172,198,143	9.0129	1,657,956,466	4,344,396,286	38.16%
2010	1,462,927,237	474,667,593	124,625,346	2,062,220,176	8.9220	1,617,447,158	4,124,440,352	39.22%
2011	1,420,391,692	472,871,897	122,386,720	2,015,650,309	8.9220	1,627,829,213	4,031,300,618	40.38%

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.

Isabella County, Michigan
 PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year (1)	Isabella County				Overlapping Rates			Community Colleges					Cities		
	Operating Millage	Special Millage	Total County Millage	SET (2)	Local School Districts	Inter-mediate Schools	Library Districts	Mid-Michigan Comm College	Montcalm Comm College	Townships	Mt. Pleasant	Clare	Villages		
2002	6.4700	1.6500	8.1200	6.0000	19.1490 - 26.5200	1.1756 - 4.3326	1.7057	1.3036	2.7867	.9586 - 3.1886	15.4500	20.4322	1.9226 - 13.0000		
2003	6.4700	1.5500	8.0200	5.0000	18.7509 - 26.5200	1.1756 - 4.3064	1.7057	1.2792	2.7486	.8926 - 3.1557	15.4500	20.1603	1.9103 - 13.0000		
2004	6.4448	1.7000	8.1448	6.0000	18.5109 - 26.4426	1.1756 - 4.2985	1.6894	1.2582	2.7486	.9246 - 3.1361	15.4500	20.1555	1.8874 - 13.0000		
2005	6.4700	1.7000	8.1700	6.0000	20.0509 - 26.5200	1.1756 - 4.2985	2.6894	1.2404	2.7292	.9775 - 3.1762	15.4500	19.2500	1.8556 - 13.0000		
2006	6.4700	2.6800	9.1500	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9502 - 3.1272	15.7500	19.2500	1.8465 - 13.0000		
2007	6.4700	2.6776	9.1476	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9502 - 3.1272	15.7500	19.2500	1.8465 - 13.0000		
2008	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.5200	1.1756 - 5.0859	2.6790	1.2232	2.7292	.9363 - 3.0946	15.9500	19.2329	1.8463 - 13.0000		
2009	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.2640	2.0385 - 5.0859	.9931 - 1.75	1.2232	2.7292	1.000 - 2.9941	15.7500	19.2402	1.8463 - 13.0000		
2010	6.6100	2.3120	8.9220	6.0000	20.4300 - 26.2640	2.0385 - 5.0859	.9931 - 1.75	1.2232	2.7292	.9980 - 3.0000	15.7500	19.2475	1.8463 - 13.0000		
2011	6.6100	2.3120	8.9220	6.0000	20.2300 - 26.2640	2.0385 - 5.0859	.9931 - 1.75	1.2232	2.7292	.9980 - 5.7108	15.7500	19.0000	1.8463 - 13.0000		

Source: Isabella County Equalization Department

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

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

Isabella County, Michigan

PRINCIPAL PROPERTY TAXPAYERS

2011 and 2002

(Unaudited)

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Consumers Energy	\$ 32,487,238	1	2.00%	\$ 8,891,800	2	0.82%
CME Corporation	13,866,012	2	0.85%	12,083,639	1	1.12%
GF II / Bluegrass LLC	8,898,750	3	0.55%			
Saginaw Chippewa Indian Tribe	8,777,457	4	0.54%			
Deerfield Village LLC	8,729,100	5	0.54%	4,666,100	10	0.43%
Copper Beech Townhome	7,205,011	6	0.44%			
Morbark, Inc	7,072,146	7	0.43%	5,742,976	7	0.53%
Jamestown Mt Pleasant Apt LLC	6,989,444	8	0.43%			
Lexington Ridge Apts LLC	6,925,600	9	0.43%	6,067,358	5	0.56%
Michigan Consolidted Gas Co	6,411,689	10	0.39%			
RCS Equities	-	-	-	6,026,190	6	0.56%
Great Lakes Gas	-	-	-	6,530,405	4	0.61%
SUH Central Michigan LLC	-	-	-	6,797,132	3	0.63%
Mid-Michigan Inns Inc.	-	-	-	5,424,777	8	0.50%
DDR Michigan II LLC	-	-	-	4,913,318	9	0.46%
Totals	\$ 107,362,447		6.60%	\$ 67,143,695		6.22%

Source: Isabella County Equalization Department

Isabella County, Michigan
 PRINCIPAL TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (Unaudited)

Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2002	\$ 44,477,633	\$ 41,857,154	94.11%	\$ 2,620,479	\$ 2,619,895	\$ 44,477,049	100.00%
2003	47,261,055	44,628,805	94.43%	2,632,250	2,608,623	47,237,428	99.95%
2004	49,564,009	46,747,863	94.32%	2,816,146	2,815,022	49,562,885	100.00%
2005	52,447,054	49,611,137	94.59%	2,835,917	2,835,917	52,447,054	100.00%
2006	57,704,880	54,347,848	94.18%	3,357,032	3,342,890	57,690,738	99.98%
2007	61,765,095	58,024,415	93.94%	3,740,680	3,231,893	61,256,308	99.18%
2008	64,211,250	60,055,194	93.53%	4,156,056	1,962,905	62,018,099	96.58%
2009	65,950,129	61,676,929	93.52%	4,273,200	2,127,378	63,804,307	96.75%
2010	65,366,033	61,427,840	93.98%	3,938,193	2,049,523	63,477,363	97.11%
**2011	65,801,343						

Source: Isabella County Treasurer

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

**2011 tax settlement not completed.

Isabella County, Michigan

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Business-Type Activities			
2002	\$ -	\$ -	\$ -	\$ -	-	\$ -
2003	6,735,000	167,114	8,271,933	15,174,047	1.09%	233
2004	6,075,000	124,166	7,990,162	14,189,328	0.99%	216
2005	5,785,000	80,656	7,724,085	13,589,741	0.89%	206
2006	5,465,000	29,685	7,516,848	13,011,533	0.79%	195
2007	5,135,000	-	7,251,824	12,386,824	0.72%	185
2008	8,010,229	-	6,945,974	14,956,203	0.84%	224
2009	7,266,117	-	6,664,649	13,930,766	0.74%	204
2010	6,557,005	-	6,292,876	12,849,881	N/A	183
2011	5,752,893	-	5,958,583	11,711,476	N/A	167

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

(1) See Statistical Table Number 13 for personal income and population data. These ratios are calculated using the most recent available income and population data.

Isabella County, Michigan

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2002	\$ -	\$ -	\$ -	0.00%	\$ -
2003	6,735,000	166,194	6,568,806	0.57%	101
2004	6,075,000	61,480	6,013,520	0.49%	92
2005	5,785,000	47,483	5,737,517	0.44%	87
2006	5,465,000	49,534	5,415,466	0.38%	81
2007	5,135,000	123,741	5,011,259	0.33%	75
2008	8,010,229	443,825	7,566,404	0.47%	113
2009	7,266,117	1,067,364	6,198,753	0.41%	91
2010	6,557,005	1,233,301	5,323,704	0.35%	78
2011	5,752,893	1,308,152	4,444,741	0.27%	63

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements. The County implemented the GASB 34 reporting model in fiscal year 2003. Information in this format for fiscal years before 2003 is not available.

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

(2) See Statistical Table Number 13 for population data, last available population was used.

Isabella County, Michigan
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Legal debt limit		\$ 114,597,289	\$ 122,469,025	\$ 131,441,377	\$ 140,997,548	\$ 152,908,264	\$ 159,659,792	\$ 152,912,268	\$ 161,744,716	\$ 162,782,921
Total net debt applicable to limit		<u>1,482,741</u>	<u>12,608,564</u>	<u>12,013,933</u>	<u>11,649,178</u>	<u>11,901,259</u>	<u>14,270,175</u>	<u>12,555,661</u>	<u>11,318,724</u>	<u>10,055,873</u>
Legal debt margin	<u>\$ -0-</u>	<u>\$ 113,114,548</u>	<u>\$ 109,860,461</u>	<u>\$ 119,427,444</u>	<u>\$ 129,348,370</u>	<u>\$ 141,007,005</u>	<u>\$ 145,389,617</u>	<u>\$ 140,356,607</u>	<u>\$ 150,425,992</u>	<u>\$ 152,727,048</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	1.29%	10.30%	9.14%	8.26%	7.78%	8.94%	8.21%	7.00%	6.18%

Legal Debt Margin Calculation for Fiscal Year 2011

Taxable Value	\$ 1,627,829,213
Debt limit (10% of taxable value of property in County)	162,782,921
Debt applicable to limit:	11,320,000
Less:	
Assets in Debt Service funds available for payment of principal	<u>1,264,127</u>
Total amount of debt applicable to debt limit	<u>10,055,873</u>
Legal debt margin	<u>\$ 152,727,048</u>

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

Isabella County, Michigan
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Income Per Capita</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2002	64,227	\$1,391,607,000	\$21,667	(1)	4.30%
2003	65,024	\$1,438,243,000	\$22,119	(1)	5.00%
2004	65,716	\$1,534,906,000	\$23,357	(1)	4.90%
2005	66,107	\$1,639,532,000	\$24,801	22,351	4.60%
2006	66,697	\$1,730,911,000	\$25,988	27,292	5.10%
2007	66,790	\$1,787,953,000	\$26,770	28,827	5.30%
2008	66,778	\$1,844,192,000	\$27,617	28,483	5.99%
2009	68,228	\$1,884,249,000	\$27,617	29,836	8.50%
2010	70,311	(1)	(1)	30,756	7.20%
2011	(1)	(1)	(1)	(1)	7.40%

Data Sources:

- Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2010 which reflects the actual census
- Bureau of Economic Analysis, U.S. Department of Commerce - <http://www.bea.gov/regional/reis/default.cfm?selTable=CA1-3§ion=2>
- Michigan Department of Labor and Economic Growth - Unemployment rate information is a yearly average not seasonally adjusted.

(1) Information not available.

Isabella County, Michigan

PRINCIPAL EMPLOYERS

2011 and 2002

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Saginaw Chippewa Indian Tribe	3,331	1	9.69%	3,400	1	10.08%
Central Michigan University	2,545	2	7.40%	2,154	2	6.38%
Central Michigan Community Hospital	650	3	1.89%	730	4	2.16%
Delfield Co.	650	4	1.89%	630	6	1.87%
STT Inc.	600	5	1.75%			
Morbark Inc.	590	6	1.72%	700	5	2.07%
MI Dept of Community Health	585	7	1.70%			
Wal-Mart Stores Inc.	550	8	1.60%			
McBride Quality Care Services	500	9	1.45%			
Mt. Pleasant Public Schools	476	10	1.38%	750	3	2.22%
Meijers	475	11	1.38%	600	7	1.78%
CME Corporation	400	12	1.16%	400	10	1.19%
Totals	<u>11,352</u>		<u>33.01%</u>	<u>9,364</u>		<u>27.75%</u>

Source: href.michigan.org

Isabella County, Michigan

FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of December 31

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Service Administration	(1)	(1)	54.5	54.5	54.5	54.5	53.0	53.0	50.4	49.5
Legislative	(1)	(1)	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Judicial	(1)	(1)	56.0	56.0	56.0	56.0	54.0	54.0	54.0	54.0
Law Enforcement and Correction	(1)	(1)	49.5	49.5	49.5	50.5	50.0	50.0	50.0	50.0
Public Safety and Emergency Services	(1)	(1)	23.6	23.6	24.6	24.6	21.4	21.4	20.7	20.7
Health and Welfare	(1)	(1)	33.0	33.0	33.0	33.0	31.3	31.3	31.3	31.3
Culture and Recreation	(1)	(1)	4.6	4.6	4.6	4.6	4.3	4.3	4.3	4.3
Planning and Development	(1)	(1)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Agencies	(1)	(1)	3.0	3.0	-	-	-	-	-	-
Total	(1)	(1)	234.2	234.2	232.2	233.2	224.0	224.0	220.7	219.8

(1) Data not available

Source: Isabella County Administration Office

Isabella County, Michigan
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial										
Trial Court total caseload	21,770	22,200	22,213	21,293	18,105	17,751	15,184	16,130	16,279	13,250
Law enforcement and corrections										
Number of incarcerated offenders	5,170	5,153	5,320	5,321	5,662	5,550	5,529	5,610	5,502	5,664
Public safety and emergency services										
Animal Control										
Complaints	3,925	2,316	2,293	2,034	2,110	2,471	3,273	1,618	1,383	1,297
Animal adoptions	732	1,143	1,404	1,406	1,161	1,060	1,799	1,371	1,390	1,542
Health and welfare										
Health Department										
Immunizations administered	(1)	(1)	(1)	(1)	(1)	3,365	3,864	(1)	5,187	5,785
House numbering										
House numbers issued	215	231	216	203	140	108	50	47	49	52
Housing										
Mortgages granted	-	-	-	-	-	-	-	-	-	-
Recreation and culture										
Annual vehicle park passes	(1)	(1)	(1)	1,469	1,427	1,485	1,487	1,727	1,560	1,528
Daily vehicle park passes	(1)	(1)	(1)	9,027	8,752	8,669	8,567	9,045	9,858	10,459
Annual boat passes (2)	(1)	(1)	(1)	748	528	545	504	551	712	576
Daily boat passes (2)	(1)	(1)	(1)	-	-	-	-	-	-	-

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

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

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

Data 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

Isabella County, Michigan
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial										
Juvenile Detention										
Facilities	-	-	-	-	2	2	2	2	2	2
Law enforcement and corrections										
Sheriff										
Vehicles	-	-	-	-	25	19	23	23	23	23
Boats	-	-	-	-	1	1	1	1	1	1
Jail Facilities	-	-	-	-	1	1	1	1	1	1
Public safety and emergency services										
Animal control										
Vehicles	-	-	-	-	3	2	2	2	2	2
Emergency Services										
Vehicles	-	-	-	-	2	2	2	2	2	2
Community & Economic Development										
Vehicles	-	-	-	-	2	1	1	1	1	1
Recreation and culture										
Parks and recreation										
Parks	-	-	-	-	5	5	5	5	5	5
Vehicles	-	-	-	-	6	6	7	8	8	8

Source: Isabella County Finance Department

Note: No capital asset indicators are available for the general government, legislative, health & welfare, or public works functions. Not all historical information is available, this table will continue to be populated as more information becomes available.