Isabella County, Michigan

Year Ended September 30, 2018

Comprehensive Annual Financial Report

Prepared by: County Administrator's Department

Margaret McAvoy, Administrator/Controller

ISABELLA COUNTY, MICHIGAN

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INTRODUCTORY SECTION

ISABELLA COUNTY, MICHIGAN

ELECTED AND APPOINTED OFFICERS

For the Year Ended September 30, 2018

BOARD OF COMMISSIONERS

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

TRIAL COURT JUDGES

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

OTHER ELECTED OFFICIALS

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

County Administrator/Controller

Margaret A. McAvoy

Isabella County
Margaret A. McAvoy
Administrator/Controller

March 14, 2019

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, 2018, is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson. The Comprehensive Annual Financial Report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials, and other interested parties.

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

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

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

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.

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mmcavoy@isabellacounty.org | www.isabellacounty.org
An Equal Opportunity Employer

THE REPORTING ENTITY AND ITS SERVICES:

This report includes all funds of the County and its component units as defined in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In accordance with the criteria of this statement (as amended by GASB No. 39 & GASB No. 61) the Isabella County Building Authority, Isabella County Family Independence Agency, Isabella County Commission on Aging, and Isabella County Parks Board are blended into the County's Comprehensive Annual Financial Report. The Family Independence Agency is under the oversight of the Isabella County Family Independence Agency Board. These organizations, with the exception of the Building Authority, are not legally separate. In addition, the County maintains a significant degree of financial accountability over the operations of these units. The Isabella County Building Authority is a legally separate organization. However, its operations are blended into the County fund structure because its sole purpose is to finance and construct the County's public buildings.

In accordance with the above criteria the Isabella County Medical Care Facility, the Isabella County Road Commission, the Isabella County Transportation Commission, the Isabella County Board of Public Works, and the Isabella County Drainage Districts have been discretely presented as component units in the financial statements.

PROFILE OF THE GOVERNMENT:

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

The County provides many services to the County residents including Sheriff's Office Road Patrol services in the unincorporated jurisdictions of the County, the constitutional offices of the County Clerk, Treasurer, Register of Deeds, Sheriff, and Prosecutor and the statutory office of the Drain Commissioner. In addition, the County supports many other programs such as services to older citizens through the Commission on Aging, cultural and recreational services provided by the Parks and Recreation Department, MSU Extension, and others.

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

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

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

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

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

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

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

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

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

Budgeting Control:
Isabella County maintains budgetary control with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the General, Special Revenue, Debt Service, and the Capital Projects funds are included in the annual appropriation budget. The level of budgetary control

(that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by activity within these Funds.

Generally, the budget and approved appropriations lapse at the end of the fiscal year, unless specifically re-appropriated by Board action. Encumbrance accounting is not employed by the County, because it is at present considered not necessary to assure 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 if the County expends $750,000 or more in Federal expenditures in a fiscal year. For the year ended September 30, 2018 the County did not expend $750,000 and therefore a Federal compliance (Single) Audit was not conducted.

Risk Management:
The County utilizes a high deductible health insurance plan through Blue Cross and Blue Shield of Michigan, (BCBSM) combined with a health reimbursement account administered by the County using an independent third party. The County expects this model to reduce risk exposure for medical claims and reduce its overall cost of providing insurance coverage for employees. The program, including prescription drugs, dental and vision services, is accounted for in the Insurance Fund (an internal service fund), and is set up as a "pool" of participating groups. There are two groups in the pool which include Isabella County government and the Medical Care Facility. Insurance premiums, medical bills paid from the health reimbursement account and administrative charges are paid from the Fund.

Revenue for Fund operations originates from the participating groups that pay a fee for each participating employee. The fee is determined based on the premium rate established by BCBSM and a third party administrator's estimate of annual deductibles that will be paid from the health reimbursement account. These rates vary depending on the coverage selected by the individual employee. The County sets caps on the amount of premiums it will pay for non-union employees and negotiates caps with its labor unions. Any premiums above the caps are paid by the employees through payroll deductions. For additional information concerning risk management, refer to Note 15 of the Notes to the Financial Statements.

Employee Pension Plan:
Isabella County participates in the Michigan Municipal Employees Retirement System (MERS); an agent multiple employer state-wide, public employee defined benefit pension plan. Under this plan, the County is required to contribute at an actuarially determined rate. Effective in 2002, all new employees are in a defined contribution plan through MERS. Under this plan, the County contributes 7% and the employee contributes 2% of their gross salary. For additional information concerning the employee retirement system, refer to Notes 11 and 12 of the Notes to the Financial Statements.

OTHER INFORMATION:

Independent Audit:
The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The public accounting firm of Rehmann Robson was selected by the Isabella County Board of Commissioners to perform the County's annual audit. In addition to meeting requirements set forth in state statutes, the audit also was designed to meet the requirements of *Government Auditing Standards*. 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.

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, 2017.

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

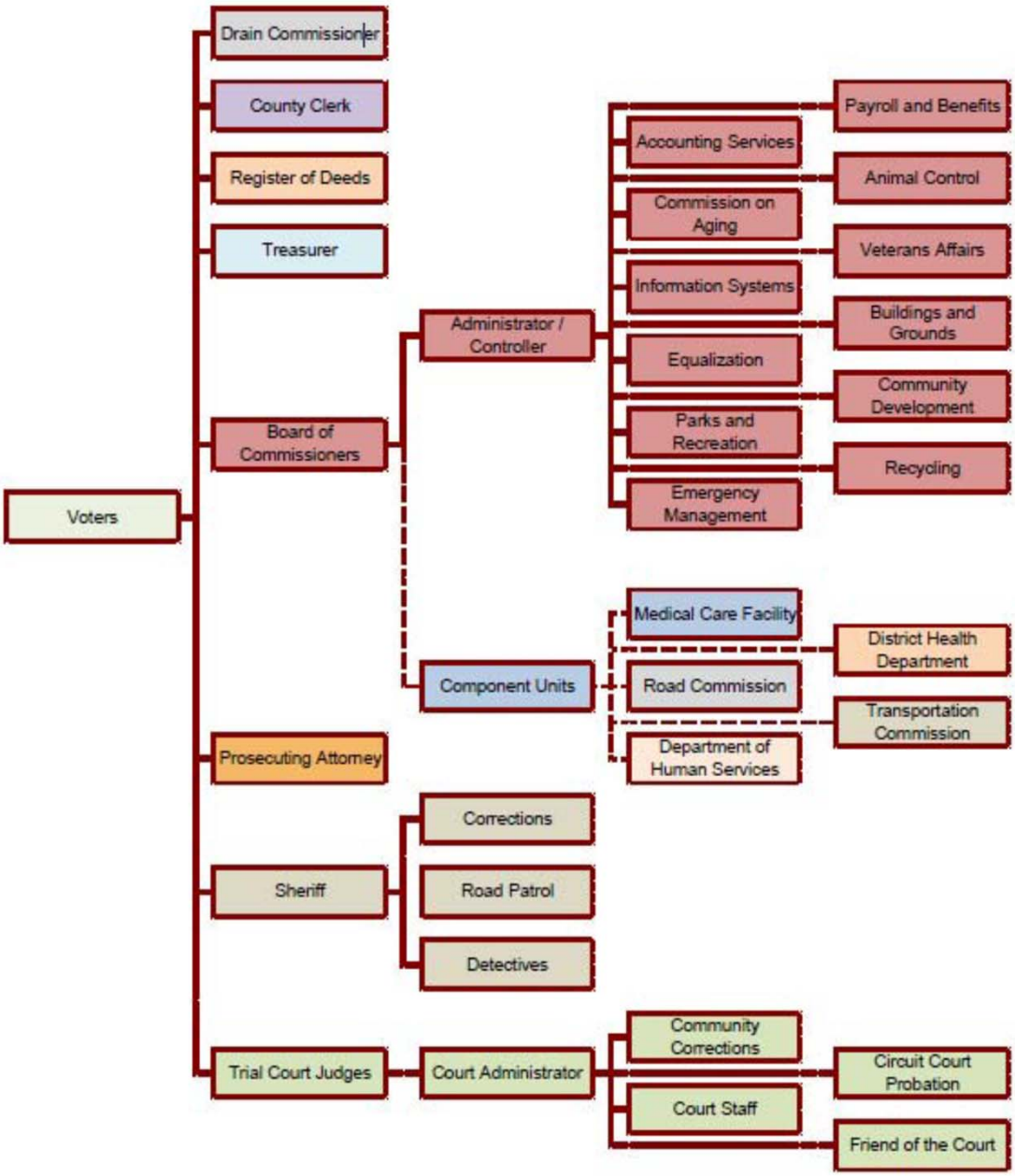
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

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

Respectfully submitted,

Margaret McAvoy
County Administrator/Controller

ISABELLA COUNTY
ORGANIZATIONAL FLOW CHART



ISABELLA COUNTY, MICHIGAN

GFOA Certificate of Achievement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Isabella County

Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Rehmann

Rehmann Robson
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Suite 201
Saginaw, MI 48638
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Fx: 989.799.0227
rehmann.com

INDEPENDENT AUDITORS' REPORT

March 14, 2019

Board of Commissioners
Isabella County
Mt. Pleasant, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Isabella County, Michigan** (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Isabella County Road Commission, the Isabella County Transportation Commission, or the Isabella County Medical Care Facility discretely presented component units, which represent the indicated percentages of total aggregate discretely presented component units assets and deferred outflows of resources, net position and revenues:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Isabella County Road Commission	59%	65%	40%
Isabella County Transportation Commission	3%	2%	16%
Isabella County Medical Care Facility	13%	12%	38%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Isabella County Road Commission, Isabella County Transportation Commission and the Isabella County Medical Care Facility component units are based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Medical Care Facility component unit were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isabella County, Michigan, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated March 14, 2019, on our consideration of Isabella County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

These financial statements are the responsibility of Isabella County's management. We offer readers this narrative overview and analysis for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Total net position	$ 27,002,038
· Change in total net position	513,635
· Fund balances, governmental funds	14,068,441
· Change in fund balances, governmental funds	(528,896)
· Unassigned fund balance, general fund	5,300,917
· Change in fund balance, general fund	(903,221)
· Installment debt outstanding	600,000
· Change in installment debt	(350,000)

Overview of the Financial Statements

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

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

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

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

Management's Discussion and Analysis

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

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

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

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

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

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

Management's Discussion and Analysis

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the material recovery facility, PA 123 restricted tax and delinquent tax revolving funds, which are considered to be major enterprise funds of the County, as well as the aggregate of the nonmajor enterprise funds.

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

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

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

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

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Isabella County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $27,002,038 at the close of the most recent fiscal year. One of the largest portions of the County's net position (55 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 17,585,279	$ 18,586,380	$ 9,127,572	$ 9,285,664	$ 26,712,851	$ 27,872,044
Capital assets, net	14,176,756	14,251,263	1,108,106	1,286,733	15,284,862	15,537,996
	31,762,035	32,837,643	10,235,678	10,572,397	41,997,713	43,410,040
Deferred outflows of resources	1,651,119	2,443,892	66,845	110,384	1,717,964	2,554,276
Liabilities						
Current and other liabilities	12,980,033	15,601,513	581,190	753,051	13,561,223	16,354,564
Long-term debt	2,111,445	2,370,216	40,069	38,179	2,151,514	2,408,395
	15,091,478	17,971,729	621,259	791,230	15,712,737	18,762,959
Deferred inflows of resources	961,766	681,940	39,136	31,014	1,000,902	712,954
Net position						
Net investment in capital assets	13,669,179	13,481,108	1,108,106	1,286,733	14,777,285	14,767,841
Restricted	5,269,315	4,872,321	-	-	5,269,315	4,872,321
Unrestricted (deficit)	(1,578,584)	(1,725,563)	8,534,022	8,573,804	6,955,438	6,848,241
Total net position	$ 17,359,910	$ 16,627,866	$ 9,642,128	$ 9,860,537	$ 27,002,038	$ 26,488,403

An additional portion of the County's net position (20 percent) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis

The government's net position increased by $513,635 during the current fiscal year. This was comprised of an increase in governmental activities ($732,044) and a decrease in business-type activities ($218,409).

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

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	$ 5,198,517	$ 5,056,514	$ 2,195,484	$ 2,360,313	$ 7,394,001	$ 7,416,827
Operating grants	4,960,741	4,147,196	206,197	399,268	5,166,938	4,546,464
Capital grants	6,500	89,607	-	-	6,500	89,607
General revenues						
Taxes	13,454,955	13,096,866	-	-	13,454,955	13,096,866
State shared revenues	1,268,181	1,255,625	-	-	1,268,181	1,255,625
Unrestricted grants and contributions	495,729	520,942	-	-	495,729	520,942
Unrestricted investment earnings	125,013	97,377	59,065	31,466	184,078	128,843
Other	200,802	217,407	-	-	200,802	217,407
Total revenues	25,710,438	24,481,534	2,460,746	2,791,047	28,171,184	27,272,581
Expenses						
General government	10,430,062	11,863,489	-	-	10,430,062	11,863,489
Public safety	7,787,004	7,660,384	-	-	7,787,004	7,660,384
Public works	622,151	680,225	-	-	622,151	680,225
Health and welfare	5,434,018	5,796,511	-	-	5,434,018	5,796,511
Recreation and culture	1,060,491	937,252	-	-	1,060,491	937,252
Community development	263,314	297,673	-	-	263,314	297,673
Interest on long-term debt	29,097	41,126	-	-	29,097	41,126
Delinquent tax	-	-	219,381	363,633	219,381	363,633
Building inspections	-	-	366,529	369,458	366,529	369,458
Recycling	-	-	1,210,634	1,161,993	1,210,634	1,161,993
Concessions	-	-	234,868	221,673	234,868	221,673
Total expenses	25,626,137	27,276,660	2,031,412	2,116,757	27,657,549	29,393,417
Change in net position, before transfers	84,301	(2,795,126)	429,334	674,290	513,635	(2,120,836)
Transfers	647,743	740,000	(647,743)	(740,000)	-	-
Change in net position	732,044	(2,055,126)	(218,409)	(65,710)	513,635	(2,120,836)
Net position:						
Beginning of year	16,627,866	18,682,992	9,860,537	9,926,247	26,488,403	28,609,239
End of year	$ 17,359,910	$ 16,627,866	$ 9,642,128	$ 9,860,537	$ 27,002,038	$ 26,488,403

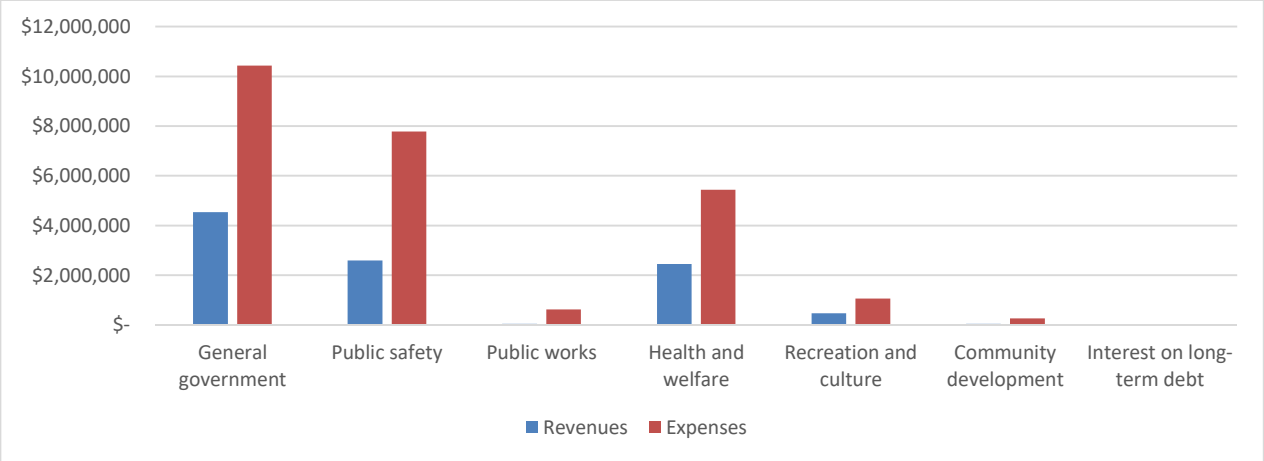
Management's Discussion and Analysis

Governmental activities. Isabella County had an increase in governmental activities net position totaling $732,044 in fiscal year 2018. This change was the result of the following:

- Operating grants increased $813,545 from the previous year which is due to an increase in program revenues to Commission on Aging from Area Agency on Aging and State grants. Parks & Recreation received a $50,000 grant to develop a playscape at Coldwater Lake Family Park. In Corrections department, there was $85,000 of Federal Inmate Housing revenue in fiscal year 2018 that we did not have in fiscal year 2017. Tribal distributions to Commission on Aging increased by $140,000 in fiscal year 2018. Emergency Management received a grant for the 2017 flood disaster in fiscal year 2018.
- Tax revenue increased $358,089 from the previous year which is due to an increase in taxable value from 2017 to 2018 of approximately $47 million.
- General government expenses decreased $1,433,427 from the previous year which is due to a decrease in pension expense in the current year of over $2 million. This decrease was offset by an increase of $81,000 in expense from the Internal Service Fund allocation. An increase in compensated absences of $111,000 also offset the pension expense decrease.

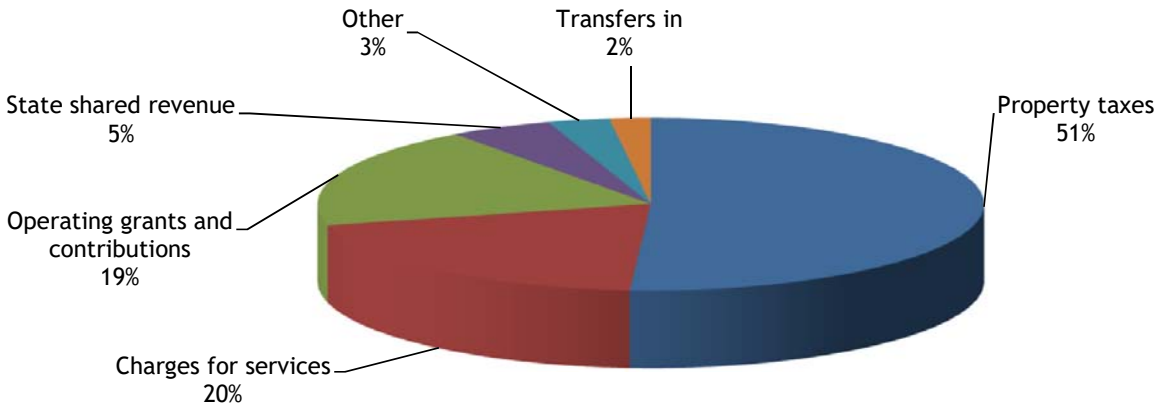
Governmental Activities. The following chart presents program revenues and expenses of the governmental activities for the fiscal year:

Governmental Activities - Program Revenues and Expenses



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

Governmental Activities - Revenues by Source



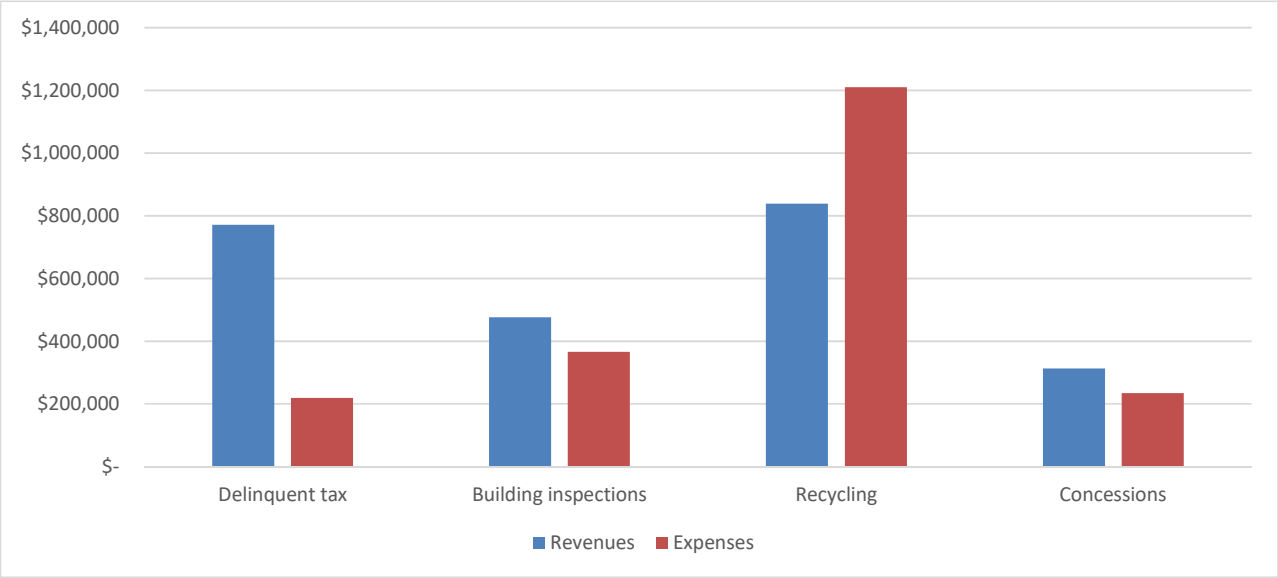
Management's Discussion and Analysis

Business-type Activities. Business-type activities decreased the County's net position by $218,409. This change was the result of the following:

- The recycling activity decreased business-type activities net position by $50,820 in 2018. Sales were down from 2017 due to a decrease in commodity prices. In addition, the recycling activity received less transfers in from General Fund.
- Less charges for service revenue in the current year resulting in a decrease of the internal service fund allocation to business-type activities.
- There were less transfers out from business-type activities of $12,257 due to unavailability of net position in business-type activities.

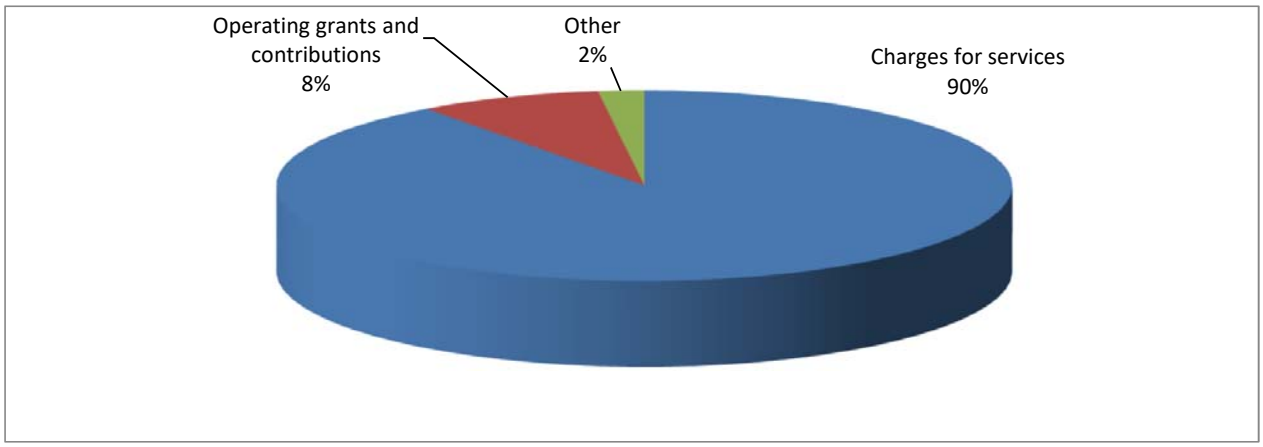
Business-type Activities. The following chart presents program revenues and expenses of the business-type activities for the fiscal year:

Business-type Activities - Program Revenues and Expenses



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

Business-type Activities - Revenues by Source



Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $14,068,441, a decrease of $528,896 in comparison with the prior year. Approximately 62 percent ($8,718,194) of total fund balance constitutes unassigned, assigned, or committed fund balance, which is available for spending at the government's discretion. The underlying distinction between committed and assigned is that committed fund balance has been designated for a specific purpose and can only be uncommitted by a formal Board motion. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has already been spent for items such as inventory, prepaid items, or is restricted for specific purposes by external third parties.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund totaled $8,632,897 while total fund balance was $8,703,569. 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 27 percent of total general fund expenditures and transfers out.

The general fund had a decrease of $903,221 in the current fiscal year. This was mainly due to the County paying down its portion of drain construction, costing $287,000, and the debt on court/jail building, costing $291,686. In 2018, the County spent $59,550 on computer replacement for various departments, following the rotation schedule of new computer hardware. The County also began the redesign work on the County website, costing $30,000.

The Commission on Aging activities increased fund balance by $392,843 to $2,377,905 as of the most recent fiscal year end. This increase is due in part to a greater allocation of the property tax millage to operations and also a slight increase in federal grant revenue. The Commission on Aging received $140,000 more in Tribal distribution revenue from the Saginaw Chippewa Indian Tribe than in the previous fiscal year.

The Building Authority Bonds Fund had an increase in fund balance of $938 to $53,668 as of the most recent fiscal year end. The 2007 Building Authority bonds for the Commission on Aging were paid off in 2016, therefore there were no large annual payments to decrease fund balance.

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

Management's Discussion and Analysis

General Fund Budgetary Highlights

General fund revenues and other financing sources were greater than the budgetary estimates by $182,367. This variance was due in part to property tax revenue exceeding budget estimates by $321,261, due to a 3% increase in taxable value in 2018 compared to 2017.

General fund expenditures were less than the budgetary estimates by $889,127. There were less expenditures than budgeted in the trial court for salaries and wages, health insurance and retirement, due to lower staffing numbers in 2018. Also, less office supply and stenographer fees costs were incurred than budgeted. Expenditures in the prosecuting attorney's office were less due to the vacant County Prosecuting Attorney position. Expenditures in the corrections department were down due to a decrease in inmate medical services and lower part time staffing numbers. Other expenditures in the General Fund such as contingency, vacation & sick leave and postage were down by approximately $100,000, causing expenditures to be less than budgetary estimate.

During the current year, the original expenditure budget was amended up by a net of $221,955, which was mainly due to the purchase of the court recording hardware/software at the trial court of $228,916. The small amount of expenditures that were amended down were spread across various activities once more reliable expenditure amounts were determined.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounted to $15,284,862 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles.

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

- Three vehicles totaling $112,030 for the Sheriff's department
- Jail management software system for $39,020 for the Sheriff's department
- Court recording hardware/software at the trial court for $228,916
- HVAC renovations and upgrades to the County building for $91,500
- The drainage districts added $985,782 in construction in progress costs for eleven drains and capitalized $1,255,052 in drain infrastructure with the completion of work on two drains that were in progress from the prior year.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and improvements	$ 2,147,390	$ 2,144,107	$ 107,757	$ 107,914	$ 2,255,147	$ 2,252,021
Buildings and improvements	10,358,345	10,698,643	606,460	641,945	10,964,805	11,340,588
Equipment	710,139	763,480	295,780	371,197	1,005,919	1,134,677
Vehicles	376,336	353,473	98,109	165,677	474,445	519,150
Other	584,546	291,560	-	-	584,546	291,560
Total capital assets, net	$ 14,176,756	$ 14,251,263	$ 1,108,106	$ 1,286,733	$ 15,284,862	$ 15,537,996

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

Management's Discussion and Analysis

Debt Administration. At the end of the current fiscal year, the County had total debt outstanding of $2,151,514. Of this amount, $600,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents post-closure landfill costs, bond issuance premiums and compensated absences.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	$ 600,000	$ 950,000	$ -	$ -	$ 600,000	$ 950,000
Postclosure landfill costs	562,452	588,259	-	-	562,452	588,259
Compensated absences	943,047	820,063	40,069	38,179	983,116	858,242
Issuance premiums	5,946	11,894	-	-	5,946	11,894
Total long-term debt	$ 2,111,445	$ 2,370,216	$ 40,069	$ 38,179	$ 2,151,514	$ 2,408,395

The County's total governmental activity debt decreased by $258,771 during the current fiscal year due largely to the normal pay-off on the general obligation bonds offset by an increase in compensated absences.

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

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

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

Economic Condition and Outlook

The general fund had a decrease of $903,221 in the current fiscal year. The Isabella County Board of Commissioners has continued to direct the County management to be proactive and not reactive. Isabella County has done well protecting its resources and meeting its financial obligations. This has been accomplished by concerted effort of the Board, elected and appointed officials and staff.

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

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

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

Management's Discussion and Analysis

The following economic factors were considered in developing the 2018-2019 budget:

- Property tax revenue anticipated for the 2018-2019 fiscal year budget shows an increase of $530,000.
- The budget maintains current service levels to County residents and utilizes General Fund fund balance of over $600,000 to do so.
- The County is strategically considering much needed facility improvements.
- The County Board implemented portions of the cost allocation plan in 2018-2019 fiscal year to capture indirect costs of non-General Fund funds.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position

September 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
Assets				
Cash and cash equivalents	$ 6,258,032	$ 2,821,392	$ 9,079,424	$ 15,425,668
Investments	3,493,962	3,475,216	6,969,178	2,455,570
Cash at fiscal agent	-	-	-	514,370
Receivables, net	7,627,411	2,643,326	10,270,737	17,583,604
Internal balances	(174,398)	174,398	-	-
Other assets	380,272	13,240	393,512	944,065
Restricted cash and cash equivalents	-	-	-	3,965,390
Net pension asset	-	-	-	533,376
Capital assets not being depreciated	2,021,742	107,757	2,129,499	28,690,247
Capital assets being depreciated, net	12,155,014	1,000,349	13,155,363	95,611,403
Total assets	31,762,035	10,235,678	41,997,713	165,723,693
Deferred outflows of resources				
Deferred charge on bond refunding	8,369	-	8,369	124,164
Deferred pension amounts	1,642,750	66,845	1,709,595	935,196
Total deferred outflows of resources	1,651,119	66,845	1,717,964	1,059,360
Liabilities				
Accounts payable and accrued liabilities	1,628,188	119,312	1,747,500	2,835,188
Unearned revenue	995	-	995	492,955
Long-term debt:				
Due within one year	797,999	16,027	814,026	2,468,576
Due in more than one year	1,313,446	24,042	1,337,488	16,544,445
Net pension liability, due in more than one year	11,350,850	461,878	11,812,728	3,923,860
Net OPEB liability, due in more than one year	-	-	-	63,076
Total liabilities	15,091,478	621,259	15,712,737	26,328,100
Deferred inflows of resources				
Deferred pension amounts	961,766	39,136	1,000,902	1,237,313
Net position				
Net investment in capital assets	13,669,179	1,108,106	14,777,285	108,783,842
Restricted:				
County roads	-	-	-	5,756,392
Drain capital projects	-	-	-	4,806,303
Debt service	43,408	-	43,408	1,857,342
Commission on aging activities	2,377,905	-	2,377,905	-
Parks and recreation	975,607	-	975,607	-
E-911	719,858	-	719,858	-
Child care	468,560	-	468,560	-
Other	683,977	-	683,977	276,917
Unrestricted (deficit)	(1,578,584)	8,534,022	6,955,438	17,736,844
Total net position	$ 17,359,910	$ 9,642,128	$ 27,002,038	$ 139,217,640

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

Statement of Activities

For the Year Ended September 30, 2018

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues
Primary government					
Governmental activities:					
General government	$ 10,430,062	$ 2,257,527	$ 2,280,971	$ 6,500	$ (5,885,064)
Public safety	7,787,004	2,243,496	355,755	-	(5,187,753)
Public works	622,151	-	45,900	-	(576,251)
Health and welfare	5,434,018	231,115	2,226,990	-	(2,975,913)
Recreation and culture	1,060,491	421,983	51,125	-	(587,383)
Community and economic development	263,314	44,396	-	-	(218,918)
Interest on long-term debt	29,097	-	-	-	(29,097)
Total governmental activities	25,626,137	5,198,517	4,960,741	6,500	(15,460,379)
Business-type activities:					
Delinquent tax	219,381	772,058	-	-	552,677
Building inspections	366,529	476,658	-	-	110,129
Recycling	1,210,634	633,117	206,197	-	(371,320)
Concessions	234,868	313,651	-	-	78,783
Total business-type activities	2,031,412	2,195,484	206,197	-	370,269
Total primary government	$ 27,657,549	$ 7,394,001	$ 5,166,938	$ 6,500	$ (15,090,110)
Component units					
Road commission	$ 10,460,992	$ 173,778	$ 7,585,511	$ 7,399,034	$ 4,697,331
Transportation commission	6,251,923	391,106	4,106,802	69,905	(1,684,110)
Medical care facility	14,130,890	13,537,806	-	3,167	(589,917)
Drainage districts	1,380,101	45,516	-	2,214,071	879,486
Board of public works	159,252	46,029	116,009	-	2,786
Total component units	$ 32,383,158	$ 14,194,235	$ 11,808,322	$ 9,686,177	$ 3,305,576

continued...

Statement of Activities

For the Year Ended September 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
Changes in net position				
Net (expense) revenues	$ (15,460,379)	$ 370,269	$ (15,090,110)	$ 3,305,576
General revenues:				
Property taxes	13,454,955	-	13,454,955	2,633,550
State shared revenues	1,268,181	-	1,268,181	-
Grants and contributions not restricted to specific programs	495,729	-	495,729	-
Unrestricted investment earnings	125,013	59,065	184,078	89,863
Other	200,802	-	200,802	238,374
Transfers - internal activities	647,743	(647,743)	-	-
Total general revenues and transfers	16,192,423	(588,678)	15,603,745	2,961,787
Change in net position	732,044	(218,409)	513,635	6,267,363
Net position, beginning of year	16,627,866	9,860,537	26,488,403	132,950,277
Net position, end of year	$ 17,359,910	$ 9,642,128	$ 27,002,038	$ 139,217,640

concluded.

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

ISABELLA COUNTY, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2018

		Special Revenue Funds		Debt Service Fund
	General	CDBG Housing Assistance Grant	Commission on Aging	Building Authority Bonds
Assets				
Cash and cash equivalents	$ 1,572,909	$ 121,294	$ 2,189,107	$ 53,668
Investments	3,031,282	-	-	-
Receivables:				
Accounts, net	314,015	-	25,050	-
Taxes	4,609,754	-	-	-
Loans	-	1,065,339	-	-
Leases	-	-	-	600,000
Due from other governments	502,678	-	94,244	-
Due from other funds	309,551	-	168,172	-
Inventories	12,341	-	5,741	-
Prepaids	58,331	-	1,907	-
Total assets	$ 10,410,861	$ 1,186,633	$ 2,484,221	$ 653,668
Liabilities				
Accounts payable	$ 322,545	$ -	$ 66,586	$ -
Accrued payroll	504,255	-	39,730	-
Due to other funds	21,300	11,000	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	848,100	11,000	106,316	-
Deferred inflows of resources				
Unavailable revenue	859,192	1,065,339	-	600,000
Fund balances				
Nonspendable	70,672	-	7,648	-
Restricted	-	110,294	2,370,257	53,668
Committed	-	-	-	-
Assigned	3,331,980	-	-	-
Unassigned	5,300,917	-	-	-
Total fund balances	8,703,569	110,294	2,377,905	53,668
Total liabilities, deferred inflows of resources and fund balances	$ 10,410,861	$ 1,186,633	$ 2,484,221	$ 653,668

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

Nonmajor Governmental Funds	Totals
$ 2,287,329	$ 6,224,307
462,680	3,493,962
612,228	951,293
-	4,609,754
-	1,065,339
-	600,000
314,103	911,025
28,090	505,813
-	18,082
225	60,463
$ 3,704,655	$ 18,440,038
$ 386,482	$ 775,613
77,138	621,123
266,687	298,987
150,348	150,348
995	995
881,650	1,847,066
-	2,524,531
225	78,545
2,737,483	5,271,702
38,683	38,683
46,614	3,378,594
-	5,300,917
2,823,005	14,068,441
$ 3,704,655	$ 18,440,038

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
September 30, 2018

Fund balances - total governmental funds	$ 14,068,441
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,021,742
Capital assets being depreciated, net	12,155,014
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred lease receivable	600,000
Less: Internal lease receivable	(510,000)
Deferred loans receivable	1,065,339
Deferred long-term taxes receivable	859,192
Certain pension-related amounts, such as the net pension liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(11,350,850)
Deferred inflows related to the net pension liability	(961,766)
Deferred outflows related to the net pension liability	1,642,750
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in the internal service fund	64,608
Net position of the internal service fund allocated to business-type activities	(181,224)
Long-term debt and other noncurrent liabilities and related deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable and related premium	(605,946)
Deferred charge on bond refunding	8,369
Accrued interest on bonds payable	(10,260)
Postclosure landfill liabilities	(562,452)
Compensated absences	(943,047)
Net position of governmental activities	$ 17,359,910

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

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended September 30, 2018

		Special Revenue Funds		Debt Service Fund
	General	CDBG Housing Assistance Grant	Commission on Aging	Building Authority Bonds
Revenues				
Taxes and special assessments	$ 11,280,700	$ -	$ 1,473,418	$ -
Licenses and permits	120,551	-	-	-
Intergovernmental	3,359,892	-	562,839	-
Local	-	-	405,918	-
Charges for services	2,544,374	-	5,416	-
Fines and forfeitures	141,185	-	-	-
Interest	461,638	-	7,414	188
Contributions	-	-	239,796	-
Other revenues	175,273	-	3,119	91,436
Total revenues	18,083,613	-	2,697,920	91,624
Expenditures				
Current:				
General government	10,182,336	-	-	-
Public safety	6,192,224	-	-	-
Public works	309,515	-	-	-
Health and welfare	983,469	-	2,305,077	-
Recreation and culture	-	-	-	-
Community and economic development	279,350	-	-	-
Other	404,260	-	-	-
Debt service:				
Principal	-	-	-	350,000
Interest	-	-	-	32,872
Capital outlay	-	-	-	-
Total expenditures	18,351,154	-	2,305,077	382,872
Revenues over (under) expenditures	(267,541)	-	392,843	(291,248)
Other financing sources (uses)				
Transfers in	969,857	-	-	292,186
Transfers out	(1,605,537)	-	-	-
Total other financing sources (uses)	(635,680)	-	-	292,186
Net change in fund balances	(903,221)	-	392,843	938
Fund balances, beginning of year	9,606,790	110,294	1,985,062	52,730
Fund balances, end of year	$ 8,703,569	$ 110,294	$ 2,377,905	$ 53,668

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

Nonmajor Governmental Funds	Totals
$ 587,418	$ 13,341,536
448,815	569,366
1,921,768	5,844,499
-	405,918
1,753,976	4,303,766
7,857	149,042
9,119	478,359
-	239,796
79,548	349,376
4,808,501	25,681,658
869,630	11,051,966
1,741,012	7,933,236
-	309,515
2,140,129	5,428,675
1,066,790	1,066,790
1,353	280,703
-	404,260
-	350,000
-	32,872
280	280
5,819,194	26,858,297
(1,010,693)	(1,176,639)
1,027,920	2,289,963
(36,683)	(1,642,220)
991,237	647,743
(19,456)	(528,896)
2,842,461	14,597,337
$ 2,823,005	$ 14,068,441

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds	$	(528,896)
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital assets purchased/constructed		838,947
Depreciation expense		(913,454)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.		
Change in deferred lease receivable		(85,000)
Change in deferred taxes and tax settlement receivables		113,419
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The net increase (decrease) in the net position of the internal service funds is reported with governmental activities.		
Change in net position from governmental activities in the internal service fund		(557,624)
Change in the internal service fund net position allocated to business-type activities		41,660
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.		
Change in landfill postclosure liability		25,807
Principal payments on long-term debt		350,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Change in accrued interest payable on long-term liabilities		12,145
Amortization of bond issuance premiums and deferred charge on bond refunding		(8,370)
Change in net pension liability and related deferred amounts		1,566,394
Change in the accrual for compensated absences		(122,984)
Change in net position of governmental activities	$	732,044

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 11,222,933	$ 11,222,933	$ 11,280,700	$ 57,767
Licenses and permits	83,500	83,500	120,551	37,051
Intergovernmental	2,990,053	3,004,893	3,359,892	354,999
Charges for services	2,950,400	2,950,400	2,544,374	(406,026)
Fines and forfeitures	158,300	158,300	141,185	(17,115)
Interest	412,927	412,927	461,638	48,711
Other revenues	98,150	98,150	175,273	77,123
Total revenues	17,916,263	17,931,103	18,083,613	152,510
Expenditures				
Current:				
General government:				
Board of Commissioners	177,195	173,214	171,862	(1,352)
Administration	807,883	823,633	823,532	(101)
Elections	93,600	93,600	57,042	(36,558)
Clerk	556,259	556,259	553,356	(2,903)
Equalization	332,506	332,506	329,689	(2,817)
Prosecuting attorney	1,254,061	1,248,361	1,179,235	(69,126)
Register of deeds	384,850	379,150	366,968	(12,182)
Human resources	59,600	54,600	51,640	(2,960)
Public defender	532,000	537,700	537,630	(70)
Remonumentation	53,000	58,700	58,649	(51)
Treasurer	251,613	253,113	253,080	(33)
MSU cooperative extension	153,497	153,497	152,682	(815)
Information systems	272,961	272,961	269,600	(3,361)
Building authority	90,686	91,716	91,711	(5)
Building and grounds	785,074	785,074	778,234	(6,840)
Drain commissioner	372,536	373,586	373,577	(9)
Trial court	4,006,479	4,198,526	3,848,922	(349,604)
Adult drug court	119,421	134,869	134,267	(602)
Juvenile drug court	95,437	95,437	89,290	(6,147)
Family court	59,425	59,546	59,546	-
Jury board	2,400	2,400	1,824	(576)
Total general government	10,460,483	10,678,448	10,182,336	(496,112)
Public safety:				
Sheriff	2,678,994	2,717,194	2,710,467	(6,727)
Road patrol	193,884	150,774	119,639	(31,135)
Bayanet	66,450	66,450	43,821	(22,629)
Marine safety	5,000	5,930	5,922	(8)
Corrections	2,881,638	2,875,038	2,818,569	(56,469)
Emergency management	115,380	115,380	68,199	(47,181)
Michigan justice training act	4,000	4,000	3,743	(257)
Other	-	18,820	18,811	(9)
Animal control	430,675	435,975	403,053	(32,922)
Total public safety	6,376,021	6,389,561	6,192,224	(197,337)

continued...

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works:				
Board of public works	$ 900	$ 900	$ 360	$ (540)
Drain at large	287,000	285,950	283,346	(2,604)
Well monitoring - landfill	64,834	64,834	25,809	(39,025)
Total public works	352,734	351,684	309,515	(42,169)
Health and welfare:				
Substance abuse counseling	154,222	156,222	156,128	(94)
Medical examiner	180,600	170,100	136,026	(34,074)
Public health	391,270	391,270	389,836	(1,434)
Mental health services	216,300	216,300	216,300	-
Child protection services	5,000	5,000	5,000	-
Veteran's affairs	77,779	77,779	76,602	(1,177)
Disabilities advisory commission	6,150	6,150	3,577	(2,573)
Total health and welfare	1,031,321	1,022,821	983,469	(39,352)
Community and economic development	297,167	297,167	279,350	(17,817)
Other	500,600	500,600	404,260	(96,340)
Total expenditures	19,018,326	19,240,281	18,351,154	(889,127)
Revenues over (under) expenditures	(1,102,063)	(1,309,178)	(267,541)	1,041,637
Other financing sources (uses)				
Transfers in	940,000	940,000	969,857	29,857
Transfers out	(1,583,737)	(1,605,538)	(1,605,537)	(1)
Total other financing sources (uses)	(643,737)	(665,538)	(635,680)	29,858
Net change in fund balance	(1,745,800)	(1,974,716)	(903,221)	1,071,495
Fund balance, beginning of year	9,606,790	9,606,790	9,606,790	-
Fund balance, end of year	$ 7,860,990	$ 7,632,074	$ 8,703,569	$ 1,071,495

concluded.

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - CDBG Housing Assistance Grant
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other revenues	$ 17,500	$ 17,500	$ -	$ (17,500)
Expenditures				
Current:				
Community and economic development	17,500	17,500	-	(17,500)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	110,294	110,294	110,294	-
Fund balance, end of year	$ 110,294	$ 110,294	$ 110,294	$ -

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Commission on Aging
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 1,324,388	$ 1,324,388	$ 1,473,418	$ 149,030
Intergovernmental	531,685	560,521	562,839	2,318
Local	349,654	349,654	405,918	56,264
Charges for services	2,000	2,000	5,416	3,416
Interest and rents	-	-	7,414	7,414
Contributions	231,713	233,535	239,796	6,261
Other revenues	21,675	21,675	3,119	(18,556)
Total revenues	2,461,115	2,491,773	2,697,920	206,147
Expenditures				
Current:				
Health and welfare	2,461,115	2,462,937	2,305,077	(157,860)
Net change in fund balance	-	28,836	392,843	364,007
Fund balance, beginning of year	1,985,062	1,985,062	1,985,062	-
Fund balance, end of year	$ 1,985,062	$ 2,013,898	$ 2,377,905	$ 364,007

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

Statement of Net Position

Proprietary Funds
September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	$ 788,115	$ 981,281	$ 448,985	$ 603,011	$ 2,821,392	$ 33,725
Investments	2,225,216	-	1,250,000	-	3,475,216	-
Receivables:						
Accounts	-	67,846	6,952	10,538	85,336	-
Delinquent taxes	2,407,821	-	-	-	2,407,821	-
Due from other governments	138,657	11,512	-	-	150,169	-
Inventories	-	-	-	11,108	11,108	-
Prepaids	-	-	-	2,132	2,132	301,727
Total current assets	5,559,809	1,060,639	1,705,937	626,789	8,953,174	335,452
Noncurrent assets:						
Capital assets not being depreciated	-	107,757	-	-	107,757	-
Capital assets being depreciated, net	-	879,865	-	120,484	1,000,349	-
Total noncurrent assets	-	987,622	-	120,484	1,108,106	-
Total assets	5,559,809	2,048,261	1,705,937	747,273	10,061,280	335,452
Deferred outflows of resources						
Deferred pension amounts	22,225	-	24,789	19,831	66,845	-
Liabilities						
Current liabilities:						
Accounts payable	28,113	35,075	2,114	13,703	79,005	70,844
Accrued wages	2,876	14,799	1,791	8,366	27,832	-
Due to other governmental units	-	12,475	-	-	12,475	-
Due to other funds	-	36	-	6,790	6,826	200,000
Current portion of long-term debt	414	9,111	1,816	4,686	16,027	-
Total current liabilities	31,403	71,496	5,721	33,545	142,165	270,844
Noncurrent liabilities:						
Long-term debt, net of current portion	620	13,667	2,724	7,031	24,042	-
Net pension liability	153,565	-	171,285	137,028	461,878	-
Total noncurrent liabilities	154,185	13,667	174,009	144,059	485,920	-
Total liabilities	185,588	85,163	179,730	177,604	628,085	270,844
Deferred inflows of resources						
Deferred pension amounts	13,012	-	14,513	11,611	39,136	-
Net position						
Investment in capital assets	-	987,622	-	120,484	1,108,106	-
Unrestricted	5,383,434	975,476	1,536,483	457,405	8,352,798	64,608
Total net position	$ 5,383,434	$ 1,963,098	$ 1,536,483	$ 577,889	$ 9,460,904	$ 64,608

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

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
September 30, 2018

Net position - total enterprise funds	$ 9,460,904
Amounts reported for *business-type activities* in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position, which a portion is allocated to the business-type activities.	181,224
Net position of business-type activities	$ 9,642,128

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

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Operating revenues						
Charges for services	$ 112,480	$ 52,508	$ 352,630	$ 498,929	$ 1,016,547	$ 3,606,787
Sales	-	580,609	-	299,224	879,833	-
Interest and penalties on delinquent taxes	299,104	-	-	-	299,104	-
Total operating revenues	411,584	633,117	352,630	798,153	2,195,484	3,606,787
Operating expenses						
Personnel services	27,245	521,428	85,185	309,966	943,824	-
Supplies	2,503	19,324	14,637	6,296	42,760	-
Contractual services	358	314,062	75,632	14,359	404,411	-
Other services and charges	1,242	223,750	5,036	16,340	246,368	-
Cost of goods sold	-	-	-	158,866	158,866	-
Health insurance benefits and premiums	-	-	-	-	-	4,164,772
Depreciation	-	112,694	-	80,829	193,523	-
Total operating expenses	31,348	1,191,258	180,490	586,656	1,989,752	4,164,772
Operating income (loss)	380,236	(558,141)	172,140	211,497	205,732	(557,985)
Nonoperating revenues (expenses)						
Intergovernmental	-	206,197	-	-	206,197	-
Interest revenue	38,142	1,124	19,578	221	59,065	361
Total nonoperating revenues (expenses)	38,142	207,321	19,578	221	265,262	361
Income (loss) before transfers	418,378	(350,820)	191,718	211,718	470,994	(557,624)
Transfers in	-	300,000	-	-	300,000	-
Transfers out	(500,000)	-	(150,000)	(297,743)	(947,743)	-
Change in net position	(81,622)	(50,820)	41,718	(86,025)	(176,749)	(557,624)
Net position, beginning of year	5,465,056	2,013,918	1,494,765	663,914	9,637,653	622,232
Net position, end of year	$ 5,383,434	$ 1,963,098	$ 1,536,483	$ 577,889	$ 9,460,904	$ 64,608

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

Reconciliation

Net Change in Net Position Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended September 30, 2018

Change in net position - total enterprise funds	$	(176,749)
Amounts reported for *governmental activities* in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.		
Net operating loss from internal service funds accounting for in governmental activities allocated to business-type activities		(41,660)
Change in net position of business-type activities	$	(218,409)

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

Statement of Cash Flows

Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Cash flows from operating activities						
Cash received from customers	$ 446,069	$ 766,062	$ 347,736	$ 797,260	$ 2,357,127	$ -
Cash received from interfund services	-	-	-	-	-	3,648,988
Cash payments for goods and services	16,486	(587,236)	(95,289)	(189,970)	(856,009)	(4,129,654)
Cash payments to employees	(130,670)	(521,756)	(96,639)	(315,380)	(1,064,445)	-
Net cash provided by (used in) operating activities	331,885	(342,930)	155,808	291,910	436,673	(480,666)
Cash flows from noncapital financing activities						
Transfers in	-	300,000	-	-	300,000	-
Transfers out	(500,000)	-	(150,000)	(297,743)	(947,743)	-
Intergovernmental receipts	-	196,899	-	-	196,899	-
Net cash provided by (used in) noncapital financing activities	(500,000)	496,899	(150,000)	(297,743)	(450,844)	-
Cash flows from capital and related financing activities						
Acquisition/construction of capital assets	-	-	-	(14,896)	(14,896)	-
Cash flows from investing activities						
Interest and dividends received	38,142	1,124	19,578	221	59,065	361
Purchases of investments	-	-	(52,107)	-	(52,107)	-
Sales of investments	362,194	-	-	-	362,194	-
Net cash provided by (used in) investing activities	400,336	1,124	(32,529)	221	369,152	361
Net change in cash and cash equivalents	232,221	155,093	(26,721)	(20,508)	340,085	(480,305)
Cash and cash equivalents:						
Beginning of year	555,894	826,188	475,706	623,519	2,481,307	514,030
End of year	$ 788,115	$ 981,281	$ 448,985	$ 603,011	$ 2,821,392	$ 33,725

continued...

Statement of Cash Flows

Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving	Recycling	PA 123 Restricted Tax	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ 380,236	$ (558,141)	$ 172,140	$ 211,497	$ 205,732	$ (557,985)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	112,694	-	80,829	193,523	-
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	-	(6,789)	(4,894)	(893)	(12,576)	42,201
Taxes receivable	93,202	-	-	-	93,202	-
Due from other governmental units	(58,717)	-	-	-	(58,717)	-
Inventories	-	-	-	(149)	(149)	-
Prepaids	-	-	-	(66)	(66)	(168,783)
Deferred outflows of resources related to pension	26,750	-	9,468	7,321	43,539	-
Due from other funds	-	139,734	-	-	139,734	-
Accounts payable	22,466	(5,890)	2,114	7,813	26,503	3,901
Accrued wages	98	(1,293)	35	963	(197)	-
Due to other governmental units	-	(24,192)	-	-	(24,192)	-
Due to other funds	(1,877)	(18)	(2,098)	(1,707)	(5,700)	200,000
Compensated absences	(976)	965	204	1,697	1,890	-
Net pension liability	(128,549)	-	(26,049)	(19,377)	(173,975)	-
Deferred inflows of resources related to pension	(748)	-	4,888	3,982	8,122	-
Net cash provided by (used in) operating activities	$ 331,885	$ (342,930)	$ 155,808	$ 291,910	$ 436,673	$ (480,666)

concluded.

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

ISABELLA COUNTY, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds
September 30, 2018

	Agency Funds
Assets	
Cash and cash equivalents	$ 7,190,603
Liabilities	
Due to other governmental units:	
Federal/State	$ 277,144
Local	6,790,811
Due to individuals and agencies	122,648
Total liabilities	$ 7,190,603

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

COMPONENT UNITS

Combining Statement of Net Position

Discretely Presented Component Units
September 30, 2018

	Road Commission	Transportation Commission	Medical Care Facility
Assets			
Cash and cash equivalents	$ 6,712,749	$ 1,392,669	$ 2,921,055
Investments	-	-	-
Cash at fiscal agent	-	-	-
Receivables, net	3,558,699	387,746	1,880,367
Other assets	296,055	362,725	265,942
Restricted cash and cash equivalents	-	-	3,965,390
Net pension asset	-	-	533,376
Capital assets not being depreciated	27,583,949	63,933	12,951
Capital assets being depreciated, net	59,017,069	1,761,419	11,422,745
Total assets	97,168,521	3,968,492	21,001,826
Deferred outflows of resources			
Deferred charge on bond refunding	-	-	51,657
Deferred pension amounts	636,946	228,527	69,723
Total deferred outflows of resources	636,946	228,527	121,380
Liabilities			
Accounts payable and accrued liabilities	701,008	333,976	1,373,181
Unearned revenue	-	98,831	-
Long-term debt:			
Due within one year	357,768	121,104	530,000
Due in more than one year	2,167,840	-	1,786,897
Net pension liability, due in more than one year	3,562,152	361,708	-
Other postemployment benefits liability, due in more than one year	63,076	-	-
Total liabilities	6,851,844	915,619	3,690,078
Deferred inflows of resources			
Deferred pension amounts	852,712	41,823	342,778
Net position			
Net investment in capital assets	84,344,519	1,825,352	9,118,799
Restricted:			
County roads	5,756,392	-	-
Debt service	-	-	159,650
Capital projects	-	-	-
Nonexpendable - Drayton and Millie Miley Trust	-	-	55,226
Expendable:			
Drayton and Millie Miley Trust	-	-	37,408
Patient Equipment Trust	-	-	184,283
Unrestricted (deficit)	-	1,414,225	7,534,984
Total net position	$ 90,100,911	$ 3,239,577	$ 17,090,350

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

Drainage District	Board of Public Works	Totals
$ 4,377,527	$ 21,668	$ 15,425,668
2,455,570	-	2,455,570
-	514,370	514,370
9,081,507	2,675,285	17,583,604
19,343	-	944,065
-	-	3,965,390
-	-	533,376
1,013,414	16,000	28,690,247
23,387,972	22,198	95,611,403
40,335,333	3,249,521	165,723,693
-	72,507	124,164
-	-	935,196
-	72,507	1,059,360
350,652	76,371	2,835,188
-	394,124	492,955
1,004,704	455,000	2,468,576
9,939,708	2,650,000	16,544,445
-	-	3,923,860
-	-	63,076
11,295,064	3,575,495	26,328,100
-	-	1,237,313
13,456,974	38,198	108,783,842
-	-	5,756,392
1,636,816	60,876	1,857,342
4,806,303	-	4,806,303
-	-	55,226
-	-	37,408
-	-	184,283
9,140,176	(352,541)	17,736,844
$ 29,040,269	$ (253,467)	$ 139,217,640

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended September 30, 2018

	Road Commission	Transportation Commission	Medical Care Facility
Expenses			
Road Commission	$ 10,460,992	$ -	$ -
Transportation Commission	-	6,251,923	
Medical Care Facility	-	-	14,130,890
Drainage Districts	-	-	-
Board of Public Works	-	-	-
Total expenses	10,460,992	6,251,923	14,130,890
Program revenues			
Charges for services	173,778	391,106	13,537,806
Operating grants and contributions	7,585,511	4,106,802	-
Capital grants and contributions	7,399,034	69,905	3,167
Total program revenues	15,158,323	4,567,813	13,540,973
Net program revenue (expense)	4,697,331	(1,684,110)	(589,917)
General revenues			
Property taxes	-	1,452,261	1,181,289
Unrestricted investment earnings	-	3,583	42,298
Other	109,720	-	-
Total general revenues	109,720	1,455,844	1,223,587
Change in net position	4,807,051	(228,266)	633,670
Net position (deficit), beginning of year	85,293,860	3,467,843	16,456,680
Net position (deficit), end of year	$ 90,100,911	$ 3,239,577	$ 17,090,350

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

Drainage District	Board of Public Works	Totals
$ -	$ -	$ 10,460,992
-	-	6,251,923
-	-	14,130,890
1,380,101	-	1,380,101
-	159,252	159,252
1,380,101	159,252	32,383,158
45,516	46,029	14,194,235
-	116,009	11,808,322
2,214,071	-	9,686,177
2,259,587	162,038	35,688,734
879,486	2,786	3,305,576
-	-	2,633,550
43,873	109	89,863
128,654	-	238,374
172,527	109	2,961,787
1,052,013	2,895	6,267,363
27,988,256	(256,362)	132,950,277
$ 29,040,269	$ (253,467)	$ 139,217,640

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

Notes to Financial Statements

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

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

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

The **Isabella County Board of Public Works** has the responsibility of administering various public works construction projects and the associated debt service funds and was established pursuant to the provisions of Act 185, Public Acts of 1957, as amended. The Board is also responsible for the administration of the operations of the Lake Isabella water supply system. The Board of Public Works is administered by a seven member Board comprised of the Drain commissioner and six members with a voting majority appointed by the County Board of Commissioners. All general obligation bond issuances require County authorization and are backed by the full faith and credit of the County. The combining financial statements for the Board of Public Works are presented as part of other supplementary information and are not audited separately.

The **Isabella County Economic Development Corporation** (EDC) was established to provide community and economic development services. The County's board of commissioners is responsible for appointing the members of the EDC board. The EDC has been inactive for many years and did not have any activity or balances as of September 30, 2018.

Jointly Governed Organizations

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

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

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

The Facilities Board, Services Board, and Health Department are legally separate from the County and have not met the financial accountability criteria of GASB Statement No. 14 (as amended by GASB Statements No. 39 and 61). For this reason, they are not considered a component unit of the County.

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major enterprise funds:

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

Deposits and Investments

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

The County's pooled cash and investments are utilized by the general fund and most of the special revenue funds, capital project funds, debt service fund, enterprise funds, internal service funds, agency funds, and component units. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption in the applicable balance sheet/statement of net position. The certain funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit are separately held by several of the County's funds.

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

State statutes authorize the County to invest in:

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

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

Restricted Assets

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

Receivables

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

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

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

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

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

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

Inventories and Prepaids

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

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

Leases Receivable

Primary Government

The Isabella County Building Authority (included as part of the primary government) has entered into numerous contracts with the County and other agencies for the purposes of constructing buildings and the financing of the same by the Building Authority through the issuance of bonds. The agreements specify that the Building Authority enter into lease agreements for the buildings with the County. The County in turn leases the building to the ultimate user, if not a part of the County, and that lease is at a rate sufficient to retire the bonds and pay all other necessary and proper expenses of the project. The future minimum lease payments to be received under each lease agreement are equal to the outstanding principal and interest on the bond issue. Once all the bonds have been retired, the Authority shall convey to the County all of its rights, title, and interest in the project. The lease is accounted for as a sale of the building by the Building Authority as it constitutes a capital lease.

For those leases with outside agencies, the aggregate future lease payments necessary for retirement of outstanding bond principal have been recorded as a lease receivable. Unavailable revenue is shown on the balance sheet in the same amount as the lease receivable as revenue is not recognized until lease payments are received. There is no provision for any contingent rentals in the lease.

Component Units

In accordance with the terms of an agreement between the Isabella County Board of Public Works and Union Township, the County authorized the construction of a wastewater treatment plant and the financing of the same by the Board of Public Works through the issuance of $7,605,000 in bonds. Of the original issue, $6,050,000 of the debt was defeased with the issuance of 2009 refunding bonds. Local contributions reduce the amount of the debt obligation.

In accordance with the terms of a second agreement between the Isabella County Board of Public Works and Union Township, the County authorized the construction of a Water and Sewer System improvement project and the financing of the same by the Board of Public Works through the issuance of $2,105,000 in bonds.

These agreements provide for the Board of Public Works to enter into lease agreements with the local units with rentals equal to the annual debt service requirements over the life of the bond issues. The local unit is responsible for the operation, maintenance, and management of the system over the life of the lease. Upon final payment of the bond issue, ownership of the assets will revert to the local unit. Consequently, the leases are accounted for as capital leases.

On this basis, the aggregate future lease payments necessary for the retirement of outstanding bond principal have been recorded as a lease receivable. Unavailable revenue is shown on the balance sheet of debt service funds in the Board of Public Works component unit in the same amount as the capitalized lease as revenue that is not recognized until lease payments are received. There is no provision for any contingent rental contained in the lease. The future minimum lease payments to be received are equal to the outstanding principal and interest of each bond issue.

Capital Assets

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

Capital assets include land, buildings and improvements, equipment, vehicles, drain infrastructure, and other assets and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of $5,000 or more ($25,000 for drain infrastructure) and an estimated useful life of more than one year. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition cost as of the date of donation.

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

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

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

Isabella County Road Commission Component Unit

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

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

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

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

Deferred Outflows of Resources

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

Compensated Absences

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

Unearned Revenue

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Fund Balances

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

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

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the County. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Pensions and Other Postemployment Benefits

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

Use of Estimates

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

2. BUDGETARY INFORMATION

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

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

- The Administrator/Controller will then convey the recommended budgets to the Board of a public hearing, and adoption.

- The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end, unless specifically re-appropriated by Board action.

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

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2018, the County incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
Nonmajor governmental funds			
Special revenue funds:			
Community Alternatives	$ 70,958	$ 90,397	$ 19,439
Local Corrections Officers Training	20,000	27,836	7,836
County Law Library	18,700	23,414	4,714
Tribal Contribution			
Expenditures	20,642	24,214	3,572
Transfers out	-	7,114	7,114
Department of Human Services	-	2,353	2,353

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government and component units cash and investments as of September 30, 2018:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	$ 9,079,424	$ 15,425,668	$ 24,505,092
Restricted cash and cash equivalents	-	3,965,390	3,965,390
Investments	6,969,178	2,455,570	9,424,748
Statement of fiduciary assets and liabilities			
Agency funds:			
Cash and cash equivalents	7,190,603	-	7,190,603
Total	$ 23,239,205	$ 21,846,628	$ 45,085,833

	Totals
Deposits and investments	
Bank deposits:	
Checking / savings accounts	$ 35,026,213
Certificates of deposit	7,575,678
Investments	2,482,516
Cash on hand	1,426
Total	$ 45,085,833

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, $40,305,286 of the County's bank balance of $41,570,559 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Custodial Credit Risk – Investments. As of September 30, 2018, the County's pooled investments consisted of Michigan Cooperative Liquid Assets Securities System (Michigan CLASS) and corporate fixed income bonds totaling $2,232,775 and $249,742, respectively.

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

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. As of September 30, 2018, the Michigan CLASS and corporate bonds investments are rated AAAm and A1, respectively, by Standard and Poor's.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Michigan CLASS investment had a carrying amount equal to its fair value of $2,232,775 at year end. The weighted average maturity of this investment was 41 days. Corporate bonds mature January 1, 2019.

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

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

4. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	$ 951,293	$ 85,336	$ 5,506,999
Taxes receivable	4,609,754	2,407,821	1,561
Special assessments receivable	-	-	9,055,783
Loans receivable	1,065,339	-	-
Due from other governments	911,025	150,169	369,261
Leases receivable	90,000	-	2,650,000
	$ 7,627,411	$ 2,643,326	$ 17,583,604
Amount not expected to be collected within one year	$ 1,065,339	$ -	$ 10,537,843

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

Governmental funds	
Leases receivable (includes leases between County departments)	$ 600,000
Loans receivable	1,065,339
Long-term taxes receivables	859,192
Totals	$ 2,524,531

5. OTHER ASSETS

Other assets consisted of the following amounts at September 30, 2018:

	Governmental Activities	Business-type Activities	Component Units
Inventories	$ 18,082	$ 11,108	$ 265,626
Prepaids	362,190	2,132	678,439
Totals	$ 380,272	$ 13,240	$ 944,065

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,021,742	$ -	$ -	$ -	$ 2,021,742
Capital assets, being depreciated:					
Land improvements	317,145	13,095	-	-	330,240
Buildings and improvements	24,405,855	154,090	-	-	24,559,945
Equipment	6,871,895	98,917	-	-	6,970,812
Vehicles	1,076,202	162,222	-	-	1,238,424
Other	939,985	410,623	-	-	1,350,608
	33,611,082	838,947	-	-	34,450,029
Less accumulated depreciation for:					
Land improvements	(194,780)	(9,812)	-	-	(204,592)
Buildings and improvements	(13,707,212)	(494,388)	-	-	(14,201,600)
Equipment	(6,108,415)	(152,258)	-	-	(6,260,673)
Vehicles	(722,729)	(139,359)	-	-	(862,088)
Other	(648,425)	(117,637)	-	-	(766,062)
	(21,381,561)	(913,454)	-	-	(22,295,015)
Total capital assets being depreciated, net	12,229,521	(74,507)	-	-	12,155,014
Governmental activities capital assets, net	$ 14,251,263	$ (74,507)	$ -	$ -	$ 14,176,756

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 107,757	$ -	$ -	$ -	$ 107,757
Capital assets, being depreciated:					
Land improvements	14,196	-	-	-	14,196
Buildings and improvements	1,382,894	-	-	-	1,382,894
Equipment	1,691,631	-	-	-	1,691,631
Vehicles	807,577	14,896	-	-	822,473
	3,896,298	14,896	-	-	3,911,194
Less accumulated depreciated for:					
Land improvements	(14,039)	(157)	-	-	(14,196)
Buildings and improvements	(740,949)	(35,485)	-	-	(776,434)
Equipment	(1,320,434)	(75,417)	-	-	(1,395,851)
Vehicles	(641,900)	(82,464)	-	-	(724,364)
	(2,717,322)	(193,523)	-	-	(2,910,845)
Total capital assets being depreciated, net	1,178,976	(178,627)	-	-	1,000,349
Business-type activities capital assets, net	$ 1,286,733	$ (178,627)	$ -	$ -	$ 1,108,106

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

Depreciation of governmental activities by function:	
General government	$ 498,448
Public safety	281,473
Public works	6,161
Health and welfare	59,402
Recreation and culture	67,821
Community development	149
Total depreciation expense - governmental activities	$ 913,454
Depreciation of business-type activities by function:	
Recycling	$ 112,694
Building inspection	12,445
Concessions	68,384
Total depreciation expense - business-type activities	$ 193,523

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Road Commission Component Unit					
Capital assets, not being depreciated:					
Land	$ 169,964	$ 60,111	$ -	$ -	$ 230,075
Land improvements	230,168	-	-	-	230,168
Land - Infrastructure	26,903,908	219,798	-	-	27,123,706
	27,304,040	279,909	-	-	27,583,949
Capital assets, being depreciated:					
Land improvements	2,948	-	-	-	2,948
Buildings	1,438,954	24,231	(1,000)	-	1,462,185
Equipment	8,986,993	847,278	(856,230)	-	8,978,041
Infrastructure - bridges	24,407,532	1,755,667	(11,218)	-	26,151,981
Infrastructure - roads	69,926,691	5,423,569	(3,362,688)	-	71,987,572
	104,763,118	8,050,745	(4,231,136)	-	108,582,727
Less accumulated depreciation for:					
Land improvements	(1,314)	(147)	-	-	(1,461)
Buildings	(706,612)	(36,012)	1,000	-	(741,624)
Equipment	(6,658,361)	(857,974)	638,538	-	(6,877,797)
Infrastructure - bridges	(8,057,945)	(494,536)	11,218	-	(8,541,263)
Infrastructure - roads	(33,374,845)	(3,391,356)	3,362,688	-	(33,403,513)
	(48,799,077)	(4,780,025)	4,013,444	-	(49,565,658)
Total capital assets being depreciated, net	55,964,041	3,270,720	(217,692)	-	59,017,069
Road Commission capital assets, net	$ 83,268,081	$ 3,550,629	$ (217,692)	$ -	$ 86,601,018

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Transportation Commission Component Unit					
Capital assets, not being depreciated:					
Land	$ 54,004	$ -	$ -	$ -	$ 54,004
Construction in progress	-	9,929	-	-	9,929
	54,004	9,929	-	-	63,933
Capital assets, being depreciated:					
Buildings and improvements	2,929,673	-	-	-	2,929,673
Equipment and furniture	1,123,850	118,019	(95,909)	-	1,145,960
Buses	5,356,193	122,986	(556,869)	-	4,922,310
	9,409,716	241,005	(652,778)	-	8,997,943
Less accumulated depreciated:					
Buildings and improvements	(2,386,182)	(153,990)	-	-	(2,540,172)
Equipment and furniture	(877,584)	(101,370)	95,909	-	(883,045)
Buses	(3,966,744)	(403,432)	556,869	-	(3,813,307)
	(7,230,510)	(658,792)	652,778	-	(7,236,524)
Total capital assets being depreciated, net	2,179,206	(417,787)	-	-	1,761,419
Transportation Commission capital assets, net	$ 2,233,210	$ (417,787)	$ -	$ -	$ 1,815,423
Medical Care Facility Component Unit					
Capital assets, not being depreciated:					
Construction in progress	$ 40,485	$ -	$ -	$ (27,534)	$ 12,951
Capital assets, being depreciated:					
Buildings and improvements	17,087,498	34,615	(1,030)	27,534	17,148,617
Equipment and furniture	1,972,377	172,815	(268,904)	-	1,876,288
	19,059,875	207,430	(269,934)	27,534	19,024,905
Less accumulated depreciation for:					
Buildings and improvements	(5,625,965)	(493,730)	1,030	-	(6,118,665)
Equipment and furniture	(1,654,916)	(82,990)	254,411	-	(1,483,495)
	(7,280,881)	(576,720)	255,441	-	(7,602,160)
Total capital assets being depreciated, net	11,778,994	(369,290)	(14,493)	27,534	11,422,745
Medical Care Facility capital assets, net	$ 11,819,479	$ (369,290)	$ (14,493)	$ -	$ 11,435,696

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Drainage Districts Component Unit					
Capital assets, not being depreciated:					
Construction in progress	$ 1,282,684	$ 985,782		$ (1,255,052)	$ 1,013,414
Capital assets, being depreciated:					
Infrastructure - drains	29,587,373	-	-	1,255,052	30,842,425
Less accumulated depreciated for:					
Infrastructure - drains	(6,918,526)	(535,927)	-	-	(7,454,453)
Total capital assets being depreciated, net	22,668,847	(535,927)	-	1,255,052	23,387,972
Drainage District capital assets, net	$ 23,951,531	$ 449,855	$ -	$ -	$ 24,401,386
Board of Public Works Component Unit					
Capital assets, not being depreciated:					
Land	$ 16,000	$ -	$ -	$ -	$ 16,000
Capital assets, being depreciated:					
Buildings and improvements	12,856	-	-	-	12,856
Equipment	26,521	15,000	-	-	41,521
Infrastructure	231,157	-	-	-	231,157
	270,534	15,000	-	-	285,534
Less accumulated depreciated for:					
Buildings and improvements	(12,856)	-	-	-	(12,856)
Equipment	(23,655)	(1,683)	-	-	(25,338)
Infrastructure	(223,669)	(1,473)	-	-	(225,142)
	(260,180)	(3,156)	-	-	(263,336)
Total capital assets being depreciated, net	10,354	11,844	-	-	22,198
Board of Public Works capital assets, net	$ 26,354	$ 11,844	$ -	$ -	$ 38,198

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	$ 846,457	$ 79,005	$ 1,466,848
Accrued interest payable	10,260	-	231,324
Accrued payroll	621,123	27,832	886,750
Due to other governments	150,348	12,475	134,849
Other	-	-	115,417
Total	$ 1,628,188	$ 119,312	$ 2,835,188

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due from Other Funds	Due to Other Funds
General fund	$ 309,551	$ 21,300
CDBG housing grant fund	-	11,000
Commission on aging fund	168,172	-
Nonmajor governmental funds	28,090	266,687
Recycling fund	-	36
Nonmajor enterprise funds	-	6,790
Internal service fund	-	200,000
Total	$ 505,813	$ 505,813

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

For the year ended September 30, 2018, interfund transfers consisted of the following:

	Transfers In				
Transfers out	General Fund	Building Authority	Nonmajor Governmental Funds	Recycling	Total
General fund	$ -	$ 292,186	$ 1,013,351	$ 300,000	$ 1,605,537
Nonmajor governmental funds	22,114	-	14,569	-	36,683
Delinquent tax revolving fund	500,000	-	-	-	500,000
PA 123 Restricted Tax	150,000	-	-	-	150,000
Nonmajor enterprise funds	297,743	-	-	-	297,743
Total	$ 969,857	$ 292,186	$ 1,027,920	$ 300,000	$ 2,589,963

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

9. LONG-TERM DEBT

Changes in Long-term Debt. Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
2008 Building Authority refunding bonds	$ 950,000	$ -	$ (350,000)	$ 600,000	$ 350,000
Deferred amounts:					
For issuance premiums	11,894	-	(5,948)	5,946	5,946
Postclosure landfill costs	588,259	-	(25,807)	562,452	64,834
Compensated absences	820,063	990,243	(867,259)	943,047	377,219
	$ 2,370,216	$ 990,243	$ (1,249,014)	$ 2,111,445	$ 797,999
Business-type activities					
Compensated absences	$ 38,179	$ 67,256	$ (65,366)	$ 40,069	$ 16,027

$4,620,000 2008 Building Authority Refunding Bonds dated August 19, 2008 due in annual principal installments ranging $250,000 to $350,000 through November 1, 2019, with interest ranging from 4.00 to 4.25 percent, payable semi-annually.	$ 600,000
The County owns a solid waste landfill located in Deerfield Township, Isabella County, Michigan. The County stopped accepting waste at this site on June 15, 1987, and completed the capping off of the site on July 21, 1989. See Note 10 for full details.	$ 562,452

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

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2019	$ 350,000	$ 17,625	$ 367,625
2020	250,000	5,313	255,313
	$ 600,000	$ 22,938	$ 622,938

Advance Refunding

On August 19, 2008, the County defeased the 1996 Building Authority Bonds and a portion of the 1998 and 1999 Building Authority Bonds, which were due and payable through May 1, 2016, January 1, 2019, and November 1, 2019, respectively. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest payments. The County issued 2008 Building Authority Refunding Bonds in the amount of $4,620,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2018, bonds due and payable through January 1, 2019 for the 1998 Building Authority Bonds, and November 1, 2019 for the 1999 Building Authority Bonds in the amount of $600,000 are considered defeased.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Road Commission Component Unit					
State infrastructure bank note payable general obligation, 2.5% interest, annual payment of $154,099, due 2031	$ 2,000,000	$ -	$ (154,099)	$ 1,845,901	$ 154,099
Note payable dated in 2013, due in monthly installments of $2,820 through 2023, with interest charged at 2.40%	200,967	-	(9,077)	191,890	191,890
Note payable dated in 2013, due in monthly installments of $2,820 through 2023, with interest charged at 2.40%	228,143	-	(9,435)	218,708	11,779
Total installment debt	2,429,110	-	(172,611)	2,256,499	357,768
Vested employee benefits	250,649	18,460	-	269,109	-
	$ 2,679,759	$ 18,460	$ (172,611)	$ 2,525,608	$ 357,768

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

Year Ending September 30,	Road Commission		
	Principal	Interest	Total
2019	$ 357,768	$ 51,488	$ 409,256
2020	166,223	44,181	210,404
2021	345,859	40,328	386,187
2022	154,099	30,738	184,837
2023	154,099	26,885	180,984
2024-2028	770,495	69,016	839,511
2029-2031	307,956	11,393	319,349
	$ 2,256,499	$ 274,029	$ 2,530,528

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Transportation Commission Component Unit					
Compensated absences	$ 106,147	$ 254,337	$ (239,380)	$ 121,104	$ 121,104
Medical Care Facility Component Unit					
$5,090,000 Limited Tax General Obligation bonds, dated May 11, 2012 due in annual principal installments ranging from $495,000 to $590,000 through May 1, 2022, with interest ranging from 2.00% to 3.00% semi-annually. These bonds are collateralized by tax revenues of the Facility	$ 2,750,000	$ -	$ (510,000)	$ 2,240,000	$ 530,000
Deferred amounts:					
For issuance premiums	98,357	-	(21,460)	76,897	-
	$ 2,848,357	$ -	$ (531,460)	$ 2,316,897	$ 530,000

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

Year Ending September 30,	Medical Care Facility		
	Principal	Interest	Total
2019	$ 530,000	$ 67,200	$ 597,200
2020	550,000	51,300	601,300
2021	570,000	34,800	604,800
2022	590,000	17,700	607,700
	$ 2,240,000	$ 171,000	$ 2,411,000

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drainage District Component Unit					
Drain bonds	$ 4,631,700	$ 1,673,000	$ (314,450)	$ 5,990,250	$ 383,884
Drain notes	5,575,560	-	(621,398)	4,954,162	620,820
	$ 10,207,260	$ 1,673,000	$ (935,848)	$ 10,944,412	$ 1,004,704

Drain bonds

$2,385,000 Lewis #435 Drainage District Bond dated August 29, 2013, due in annual principal installments ranging from $115,000 to $120,000 through May 1, 2034, with interest ranging from 1.60 to 4.50 percent, payable semi-annually.	$ 1,920,000
$1,173,000 Blanchard Intercounty Drain Note Series 2018 dated August 1, 2018, due in annual principal installments ranging from $58,000 to $59,000 through May 1, 2038, with interest of 3.74 percent, payable annually.	1,173,000
$1,970,000 Figg #319 Drainage District Bond dated December 20, 2012, due in annual principal installments ranging from $95,000 to $100,000 through May 1, 2033, with interest ranging from 2.00 to 3.00 percent, payable annually.	1,480,000
$1,070,000 Bachelder Improvement Drain Bond dated March 24, 2011, due in annual principal installments ranging from $50,000 to $55,000 through May 1, 2031, with interest ranging from 4.20 to 5.20 percent, payable annually.	695,000
$500,000 Tripp Drain Note dated January 17, 2018, due in annual installments of $25,000 through May 1, 2038, with interest of 3.75 percent, payable annually.	500,000
$666,743 Beltinck Debt Revolving Drain Bond dated November 21, 2007, due in annual principal installments of $44,450 through June 1, 2023, with interest of 4.11 percent, payable annually.	222,250
	$ 5,990,250

Drain notes

$798,618 Cahoon Drain Note dated May 6, 2016, due in annual installments of $39,931 through May 1, 2036, with interest of 2.49 percent, payable annually.	$ 718,756
$675,000 County Line Intercounty Drain Bond dated November 14, 2016, due in annual installments of $33,750 through May 2037 with interest of 2.49 percent, payable annually.	641,250
$917,395 Saunders Drain Note dated October 2, 2013, due in annual installments of $61,160 through June 1, 2028, with interest of 3.75 percent, payable annually.	611,596
$695,000 Tice Drain Note dated September 26, 2014, due in annual installments of $34,750 through May 1, 2035, with interest of 3.69 percent, payable annually.	590,750
$619,000 Leonard Drain Note dated November 12, 2015, due in annual installments of $30,950 through May 1, 2036, with interest of 3.69 percent, payable annually.	557,100
$582,742 Jennings 388 Drain Note dated May 1, 2017, due in annual installments of $29,137 through May 2037, with interest of 3.10 percent, payable annually.	553,605
$348,000 Myers Drain Note dated June 13, 2014, due in annual installments ranging from $13,726 to $22,688 through June 1, 2034, with interest of 3.00 percent, payable annually.	293,533
$250,000 Childs Creek and Dubois 267 Drain Note dated September 7, 2017, due in one annual installment of $250,000 in March 2019, with interest of 1.65 percent, payable annually.	250,000
$292,000 Shuler Drain Note dated November 14, 2014, due in annual installments of $14,600 through May 1, 2035, with interest of 3.69 percent, payable annually.	248,200
$610,000 Dutt & Hart Drain Intercounty Note dated September 16, 2011, due in annual installments of $61,000 through June 1, 2021, with interest of 2.69 percent, payable annually.	183,000
$189,000 Martin Drain Note dated August 22, 2014, due in annual installments of $18,900 through June 1, 2024, with interest of 2.35 percent, payable annually.	113,400
$117,000 Oberlin Drain Note dated December 29, 2016, due in annual installments of $5,850 through May 2037, with interest of 3.45 percent, payable annually.	111,150
$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.	39,000
$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.	30,300
$46,219 Millet Joint Intercounty Drain Note dated March 15, 2012, due in annual installments of $4,622 through June 15, 2022, with interest ranging from 2.30 to 4.05 percent, payable annually.	12,522
	$ 4,954,162

Year Ending September 30,	Drainage District		
	Principal	Interest	Total
2019	$ 1,023,409	$ 356,839	$ 1,380,248
2020	769,707	333,370	1,103,077
2021	775,157	310,093	1,085,250
2022	686,521	286,176	972,697
2023	683,868	264,165	948,033
2024-2028	3,142,168	998,621	4,140,789
2029-2033	2,716,744	480,030	3,196,774
2034-2038	1,146,838	90,641	1,237,479
	$ 10,944,412	$ 3,119,935	$ 14,064,347

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Board of Public Works Component Unit					
$4,130,000 Wastewater Treatment Refunding Bonds dated August 27, 2009, due in annual principal installments ranging from $340,000 to $405,000 through October 1, 2021 with interest ranging from 3.00% to 4.00% payable semi-annually	$ 1,890,000	$ -	$ (355,000)	$ 1,535,000	$ 365,000
$2,105,000 Union Township Water Supply Bonds dated July 21, 2010 due in annual principal installments ranging from $85,000 to $155,000 through October 1, 2030 with interest ranging from 2.50% to 4.40% payable semi-annually	1,655,000	-	(85,000)	1,570,000	90,000
	$ 3,545,000	$ -	$ (440,000)	$ 3,105,000	$ 455,000

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

Year Ending September 30,	Board of Public Works		
	Principal	Interest	Total
2019	$ 455,000	$ 111,003	$ 566,003
2020	470,000	94,714	564,714
2021	490,000	76,908	566,908
2022	510,000	57,715	567,715
2023	110,000	45,798	155,798
2024-2028	625,000	160,444	785,444
2029-2031	445,000	29,665	474,665
	$ 3,105,000	$ 576,247	$ 3,681,247

Advance Refunding

On August 27, 2009, the County defeased a portion of the 2001 Union Wastewater Treatment Refunding Bonds, which were due and payable through October 1, 2021. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2009 Wastewater Treatment Refunding Bonds in the amount of $4,130,000, and Union Township contributed $2,145,608 of cash to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2018, bonds due and payable through October 1, 2021 for the 2001 Union Wastewater Treatment Refunding Bonds, in the amount of $2,090,000 are considered defeased.

10. POSTCLOSURE LANDFILL COSTS

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

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

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

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

The landfill postclosure care liability as reported in long-term debt of the governmental activities at September 30, 2018, is $562,452. For the year ended September 30, 2018, the County incurred postclosure care expenditures of $25,807.

All amounts recognized are based on the estimated cost to perform postclosure care at September 30, 2018. Actual costs may be higher due to inflation, changes in technology or applicable laws and regulations. The amount recognized is based on estimates developed by solid waste management engineering consultants used by the County to develop the County remedial action plan. These estimates are considered sufficient and reasonable by management. The postclosure care costs are budgeted in the General Fund on an annual basis.

11. MERS DEFINED BENEFIT PENSION PLAN

Primary Government

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

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

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

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

Employees Covered by Benefit Terms. As December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	157
Inactive employees entitled to but not yet receiving benefits	46
Active employees	87
Total membership	290

Contributions. The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2018, monthly employer contributions ranged from $0 to $189,955 depending on division/bargaining unit (all nine of which are closed to new members). In addition, the employer may establish contribution rates to be paid by its covered employees. For the year ended September 30, 2018, member contribution rates range from 0.00% to 3.95% of wages.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2017 was 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	$ 46,222,011	$ 31,604,686	$ 14,617,325
Changes for the year:			
Service cost	467,074	-	467,074
Interest	3,620,439	-	3,620,439
Difference between expected and actual experience	(638,087)	-	(638,087)
Employer contributions	-	1,980,435	(1,980,435)
Employee contributions	-	154,191	(154,191)
Net investment income	-	4,185,617	(4,185,617)
Benefit payments, including refunds of employee contributions	(2,400,087)	(2,400,087)	-
Administrative expense	-	(66,220)	66,220
Net changes	1,049,339	3,853,936	(2,804,597)
Balances at December 31, 2017	$ 47,271,350	$ 35,458,622	$ 11,812,728

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
County's net pension liability	$ 16,971,278	$ 11,812,728	$ 7,416,543

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

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

For the year ended September 30, 2018, the County recognized pension expense of $590,752. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ -	$ 319,043	$ (319,043)
Net difference between projected and actual earnings on pension plan investments	-	681,859	(681,859)
	-	1,000,902	(1,000,902)
Contributions subsequent to the measurement date	1,709,595	-	1,709,595
Total	$ 1,709,595	$ 1,000,902	$ 708,693

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

Year Ended September 30,	Amount
2019	$ (180,727)
2020	45,655
2021	(531,727)
2022	(334,103)
Total	$ (1,000,902)

Payable to the Pension Plan. At September 30, 2018, the County reported a payable of $200,347 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

The pension obligation is expected to be liquidated by the General Fund.

Component Units

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

12. DEFINED CONTRIBUTION PENSION PLAN

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

As of September 30, 2018, there were 146 plan members. DC Plan members are required to contribute a minimum of 2% of their annual salary to the DC Plan. The County is required to contribute 7% of the employees' annual salary. Authority for establishing and amending the DC Plan's provisions rests with the County Board of Commissioners.

Employer contributions to the DC Plan for the year ended September 30, 2018, amounted to $380,161 and employee contributions were $115,766.

13. DEFERRED COMPENSATION PLAN

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

As of September 30, 2018, there were 86 plan members who contributed $182,417 to the DCP Plan. Authority for establishing and amending the DCP Plan's provisions rests with the County Board of Commissioners.

14. OTHER POSTEMPLOYMENT BENEFITS (ROAD COMMISSION COMPONENT UNIT)

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

15. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Michigan Municipal Risk Management Authority for the risks of loss, including property, casualty loss, and general liability. The County participates in the Michigan Counties Workers' Compensation Fund for workers' compensation coverage. Settlements have not exceeded insurance coverage in any of the past three (3) years.

Primary Government

Employee Health Benefits

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

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

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

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

	Fiscal Year Ended September 30,	
	2018	2017
Estimated liability, beginning of year	$ 66,943	$ 45,045
Estimated claims incurred, including changes in estimates	4,168,673	4,030,899
Claim payments	(4,164,772)	(4,009,001)
Estimated liability, end of year	$ 70,844	$ 66,943

Component Units

Transportation Commission

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

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

Road Commission

The Road Commission joined together with other Road Commissions and created a public entity risk pool currently operating as a common risk management and insurance program. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission has not been informed of any special assessments being required.

16. PROPERTY TAXES AND TAXES RECEIVABLE

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

The County's ad valorem taxes were levied and collectible on December 1, 2017, and July 1, 2018. 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 2018 taxable value of Isabella County amounted to $1,806,146,131 on which ad valorem taxes levied for the County general operating purposes was 6.6100 mills. For the year ended September 30, 2018, the County levied 0.9795 mills for the Medical Care Facilities, and 0.3500 mills for parks and recreation. The Isabella County Transportation Commission levied 0.9929 mills for transportation services.

17. FEDERAL FINANCIAL ASSISTANCE - ROAD COMMISSION COMPONENT UNIT

It is required by the Michigan Department of Transportation (MDOT) that all road commissions report total federal financial assistance for highway research, planning, and construction pertaining to their counties. During the year ended September 30, 2018, the federal aid received and expended by the Road Commission was $2,158,222 for contracted projects.

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

18. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General	CDBG Housing Assistance Grant	Commission on Aging	Building Authority Bonds	Nonmajor Governmental Funds	Total
Nonspendable						
Inventories	$ 12,341	$ -	$ 5,741	$ -	$ -	$ 18,082
Prepaids	58,331	-	1,907	-	225	60,463
	70,672	-	7,648	-	225	78,545
Restricted						
Parks and recreation	-	-	-	-	975,543	975,543
Commission on aging	-	-	2,370,257	-	-	2,370,257
Child care	-	-	-	-	468,492	468,492
E-911	-	-	-	-	719,858	719,858
Other:						
Debt service	-	-	-	53,668	-	53,668
Tribal contribution	-	-	-	-	178,588	178,588
Friend of the Court	-	-	-	-	156,429	156,429
Register of Deeds Automation	-	-	-	-	121,273	121,273
Drug law enforcement	-	-	-	-	34,291	34,291
Public Act 511	-	-	-	-	193	193
Concealed pistol license	-	-	-	-	55,849	55,849
Housing assistance	-	110,294	-	-	-	110,294
Human Services	-	-	-	-	170	170
Veterans	-	-	-	-	15,165	15,165
Corrections officers training	-	-	-	-	11,545	11,545
Law library	-	-	-	-	87	87
	-	110,294	2,370,257	53,668	2,737,483	5,271,702
Committed						
Geographical information systems	-	-	-	-	38,535	38,535
Community alternatives	-	-	-	-	148	148
	-	-	-	-	38,683	38,683
Assigned						
Working capital	2,000,000	-	-	-	-	2,000,000
Vested benefits	594,414	-	-	-	-	594,414
District health capital	8,318	-	-	-	-	8,318
Central dispatch capital	7,486	-	-	-	-	7,486
Claims liability	18,295	-	-	-	-	18,295
Court technology	78,651	-	-	-	-	78,651
Capital improvement	-	-	-	-	46,614	46,614
Subsequent year expenditures	624,816	-	-	-	-	624,816
	3,331,980	-	-	-	46,614	3,378,594
Unassigned	5,300,917	-	-	-	-	5,300,917
Total fund balances - governmental funds	$ 8,703,569	$ 110,294	$ 2,377,905	$ 53,668	$ 2,823,005	$ 14,068,441

19. NET POSITION

Restricted Net Position

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

	Governmental Activities	Business-type Activities	Component Units
Restricted for:			
Legal restrictions:			
Commission on Aging	$ 2,377,905	$ -	$ -
Parks and recreation	975,607	-	-
E-911	719,858	-	-
Child care	468,560	-	-
County roads	-	-	5,756,392
Drain capital projects	-	-	4,806,303
Debt service:			
Building authority bonds	43,408	-	-
Board of Public Works bonds	-	-	60,876
Medical care facility bonds	-	-	159,650
Drainage Districts bonds	-	-	1,636,816
Other:			
Legal restrictions:			
Tribal contribution	178,588	-	-
Register of Deeds automation	121,366	-	-
Drug law enforcement	34,291	-	-
Human services	170	-	-
Veterans activities	15,165	-	-
Concealed pistol license	55,849	-	-
Corrections officer training	11,545	-	-
Law library	87	-	-
Public Act 511	193	-	-
Grant programs:			
CDBG housing assistance	110,294	-	-
Friend of the Court	156,429	-	-
Nonexpendable - Drayton & Millie Miley Trust	-	-	55,226
Expendable:			
Drayton and Millie Miley Trust	-	-	37,408
Patient Equipment Trust	-	-	184,283
	$ 5,269,315	$ -	$ 12,696,954

Net Investment in Capital Assets

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

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	$ 2,021,742	$ 107,757	$ 28,690,247
Capital assets being depreciated, net	12,155,014	1,000,349	95,611,403
Total capital assets	14,176,756	1,108,106	124,301,650
Related debt:			
Bonds and notes payable	600,000	-	18,545,911
Unamortized bond premiums	5,946	-	76,897
Deferred loss on bond refunding	(8,369)	-	(72,507)
Amounts under leases receivable	(90,000)	-	(2,650,000)
Non-capital related debt	-	-	(382,493)
Total related debt	507,577	-	15,517,808
	$ 13,669,179	$ 1,108,106	$108,783,842

20. TAX ABATEMENTS

The County received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by local municipalities.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements by local unit which reduced tax revenues to the County for 2018 were as follows:

Governmental Entity	Abatement Amount
Broomfield Township	$ 1,770
Coe Township	2,234
Isabella Township	830
Nottawa Township	3,415
Union Township	2,465
City of Mt. Pleasant	30,657
City of Clare	6,460
	$ 47,831

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements were entered into by the City of Mt. Pleasant and amounted to approximately $57,000 in reduced County tax revenues for 2018.

21. CONTINGENT LIABILITIES

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

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

22. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the County purchased two recycling depot trucks in the amount of $192,806.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended September 30,			
	2018	2017	2016	2015
Total pension liability				
Service cost	$ 467,074	$ 526,793	$ 565,790	$ 567,176
Interest	3,620,439	3,591,709	3,344,840	3,105,900
Differences between expected and actual experience	(638,087)	(1,425,910)	392,120	-
Changes of assumptions	-	-	2,225,734	-
Benefit payments, including refunds of employee contributions	(2,400,087)	(2,207,091)	(2,105,195)	(1,994,155)
Other	-	-	-	97,060
Net change in total pension liability	1,049,339	485,501	4,423,289	1,775,981
Total pension liability, beginning of year	46,222,011	45,736,510	41,313,221	39,537,240
Total pension liability, end of year	47,271,350	46,222,011	45,736,510	41,313,221
Plan fiduciary net position				
Employer contributions	1,980,435	1,604,325	1,420,389	1,266,473
Employee contributions	154,191	164,742	175,830	178,961
Net investment income (loss)	4,185,617	3,274,618	(447,563)	1,805,222
Benefit payments, including refunds of employee contributions	(2,400,087)	(2,207,091)	(2,105,195)	(1,994,155)
Administrative expense	(66,220)	(64,626)	(65,245)	(66,306)
Net change in plan fiduciary net position	3,853,936	2,771,968	(1,021,784)	1,190,195
Plan fiduciary net position, beginning of year	31,604,686	28,832,718	29,854,502	28,664,307
Plan fiduciary net position, end of year	35,458,622	31,604,686	28,832,718	29,854,502
County's net pension liability	$ 11,812,728	$ 14,617,325	$ 16,903,792	$ 11,458,719
Plan fiduciary net position as a percentage of total pension liability	75.0%	68.4%	63.0%	72.3%
Covered payroll	$ 4,143,120	$ 4,660,171	$ 4,915,260	$ 5,344,166
County's net pension liability as a percentage of covered payroll	285.1%	313.7%	343.9%	214.4%

Notes:

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

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

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2018	$ 47,271,350	$ 35,458,622	$ 11,812,728	75.0%	$ 4,143,120	285.1%
2017	46,222,011	31,604,686	14,617,325	68.4%	4,660,171	313.7%
2016	45,736,510	28,832,718	16,903,792	63.0%	4,915,260	343.9%
2015	41,313,221	29,854,502	11,458,719	72.3%	5,344,166	214.4%

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

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

Changes in assumptions. Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75%, (3) asset smoothing period was changed from 10 years to 5 years (4) the amortization period was moved to a fixed period amortization for the December 31, 2015 annual valuations.

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2018	$ 2,279,460	$ 2,279,460	$ -	$ 4,164,769	54.7%
2017	1,880,760	1,880,760	-	4,526,479	41.6%
2016	1,512,180	1,512,180	-	4,723,273	32.0%
2015	1,389,792	1,389,792	-	4,940,238	28.1%

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

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	Open; 10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality tables were first used for the December 31, 2015 actuarial valuations.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Combining Balance Sheet

Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds	Capital Improvement Fund	Totals
Assets			
Cash and cash equivalents	$ 2,247,505	$ 39,824	$ 2,287,329
Investments	462,680	-	462,680
Accounts receivable, net	612,228	-	612,228
Due from other governments	314,103	-	314,103
Due from other funds	21,300	6,790	28,090
Prepaids	225	-	225
Total assets	$ 3,658,041	$ 46,614	$ 3,704,655
Liabilities			
Accounts payable	$ 386,482	$ -	$ 386,482
Accrued payroll	77,138	-	77,138
Due to other funds	266,687	-	266,687
Due to other governments	150,348	-	150,348
Unearned revenue	995	-	995
Total liabilities	881,650	-	881,650
Fund balances			
Nonspendable	225	-	225
Restricted	2,737,483	-	2,737,483
Committed	38,683	-	38,683
Assigned	-	46,614	46,614
Total fund balances	2,776,391	46,614	2,823,005
Total liabilities and fund balances	$ 3,658,041	$ 46,614	$ 3,704,655

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds	Capital Improvement Fund	Totals
Revenues			
Taxes	$ 587,418	$ -	$ 587,418
Licenses and permits	448,815	-	448,815
Intergovernmental	1,921,768	-	1,921,768
Charges for services	1,753,976	-	1,753,976
Fines and forfeits	7,857	-	7,857
Interest	9,068	51	9,119
Other revenues	79,548	-	79,548
Total revenues	4,808,450	51	4,808,501
Expenditures			
Current expenditures:			
General government	869,630	-	869,630
Public safety	1,741,012	-	1,741,012
Health and welfare	2,140,129	-	2,140,129
Recreation and culture	1,066,790	-	1,066,790
Community and economic development	1,353	-	1,353
Capital outlay	-	280	280
Total expenditures	5,818,914	280	5,819,194
Revenues under expenditures	(1,010,464)	(229)	(1,010,693)
Other financing sources (uses)			
Transfers in	1,027,920	-	1,027,920
Transfers out	(36,683)	-	(36,683)
Total other financing sources (uses)	991,237	-	991,237
Net change in fund balances	(19,227)	(229)	(19,456)
Fund balances, beginning of year	2,795,618	46,843	2,842,461
Fund balances, end of year	$ 2,776,391	$ 46,614	$ 2,823,005

Nonmajor Special Revenue Funds

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

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

The Department of Human Services special revenue fund operates as a "quasi-independent" unit.

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

Other Special Revenue Funds are used to account for activities financed with specific revenue sources (the Geographical Information System Fund, Parks and Recreation Fund, Register of Deeds Automation Fund, Drug Law Enforcement Fund, Concealed Pistol License Fund, Local Corrections Officer Training, Tribal Contribution, Department of Human Services Fund, Child Care Fund, and the E-911 Fund).

Nonmajor Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The funds are used when legally mandated or when projects are financed wholly or in part by bond issues, intergovernmental revenue, or private donations. This is also particularly useful for projects financed from the current revenue of more than one fund or covering more than one year.

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

Combining Balance Sheet

Nonmajor Special Revenue Funds
September 30, 2018

	Geographical Information System	Parks and Recreation	Friend of the Court	Register of Deeds Automation
Assets				
Cash and cash equivalents	$ 45,359	$ 1,045,344	$ 108,239	$ 168,419
Investments	-	-	-	-
Accounts receivable, net	-	63,377	-	-
Due from other governments	-	-	64,819	-
Due from other funds	-	-	-	-
Prepaids	-	64	-	93
Total assets	$ 45,359	$ 1,108,785	$ 173,058	$ 168,512
Liabilities				
Accounts payable	$ 5,794	$ 112,223	$ 307	$ 47,146
Accrued payroll	1,030	19,960	16,322	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	995	-	-
Total liabilities	6,824	133,178	16,629	47,146
Fund balances				
Nonspendable	-	64	-	93
Restricted	-	975,543	156,429	121,273
Committed	38,535	-	-	-
Total fund balances	38,535	975,607	156,429	121,366
Total liabilities and fund balances	$ 45,359	$ 1,108,785	$ 173,058	$ 168,512

Drug Law Enforcement	Community Alternatives	Public Act 511	Concealed Pistol License	Local Corrections Officers Training	County Law Library	Tribal Contribution
$ 34,291	$ 52	$ 73,765	$ 56,321	$ 11,802	$ 67	$ 43,886
-	-	-	-	-	-	231,974
-	-	-	-	-	-	222,172
-	-	18,065	-	-	-	-
-	8,500	8,000	-	-	4,800	-
-	-	-	-	-	-	-
$ 34,291	$ 8,552	$ 99,830	$ 56,321	$ 11,802	$ 4,867	$ 498,032
$ -	$ -	$ 6,720	$ 472	$ -	$ 3,780	$ 3,894
-	1,804	2,024	-	257	-	-
-	6,600	90,893	-	-	1,000	168,172
-	-	-	-	-	-	147,378
-	-	-	-	-	-	-
-	8,404	99,637	472	257	4,780	319,444
-	-	-	-	-	-	-
34,291	-	193	55,849	11,545	87	178,588
-	148	-		-	-	-
34,291	148	193	55,849	11,545	87	178,588
$ 34,291	$ 8,552	$ 99,830	$ 56,321	$ 11,802	$ 4,867	$ 498,032

continued...

Combining Balance Sheet

Nonmajor Special Revenue Funds
September 30, 2018

	Department of Human Services	Child Care	Veterans' Activities	E-911	Totals
Assets					
Cash and cash equivalents	$ -	$ 227,281	$ 15,165	$ 417,514	$ 2,247,505
Investments	-	230,706	-	-	462,680
Accounts receivable, net	-	-	-	326,679	612,228
Due from other governments	170	151,654	-	79,395	314,103
Due from other funds	-	-	-	-	21,300
Prepaids	-	68	-	-	225
Total assets	$ 170	$ 609,709	$ 15,165	$ 823,588	$ 3,658,041
Liabilities					
Accounts payable	$ -	$ 135,674	$ -	$ 70,472	$ 386,482
Accrued payroll	-	2,505	-	33,236	77,138
Due to other funds	-	-	-	22	266,687
Due to other governments	-	2,970	-	-	150,348
Unearned revenue	-	-	-	-	995
Total liabilities	-	141,149	-	103,730	881,650
Fund balances					
Nonspendable	-	68	-	-	225
Restricted	170	468,492	15,165	719,858	2,737,483
Committed	-	-	-	-	38,683
Total fund balances	170	468,560	15,165	719,858	2,776,391
Total liabilities and fund balances	$ 170	$ 609,709	$ 15,165	$ 823,588	$ 3,658,041

concluded.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

	Geographical Information System	Parks and Recreation	Friend of the Court	Register of Deeds Automation
Revenues				
Taxes	$ -	$ 587,418	$ -	$ -
Licenses and permits	-	421,983	-	-
Intergovernmental	-	6,782	499,664	-
Charges for services	5,280	-	47,468	50,465
Fines and forfeits	-	-	-	-
Interest	-	8,495	-	193
Other revenues	22,012	57,131	-	-
Total revenues	27,292	1,081,809	547,132	50,658
Expenditures				
Current:				
General government	52,238	-	608,565	83,655
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and culture	-	1,066,790	-	-
Community and economic development	-	-	-	-
Total expenditures	52,238	1,066,790	608,565	83,655
Revenues over (under) expenditures	(24,946)	15,019	(61,433)	(32,997)
Other financing sources (uses)				
Transfers in	26,470	-	-	-
Transfers out	-	-	-	(15,000)
Total other financing sources (uses)	26,470	-	-	(15,000)
Net change in fund balances	1,524	15,019	(61,433)	(47,997)
Fund balances, beginning of year	37,011	960,588	217,862	169,363
Fund balances, end of year	$ 38,535	$ 975,607	$ 156,429	$ 121,366

Drug Law Enforcement	Community Alternatives	Public Act 511	Concealed Pistol License	Local Corrections Officers Training	County Law Library	Tribal Contribution
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	26,832	-	-	-
-	-	113,977	-	-	-	45,900
-	78,700	75	-	16,994	-	-
1,357	-	-	-	-	6,500	-
16	-	-	-	-	-	-
-	-	-	-	-	-	-
1,373	78,700	114,052	26,832	16,994	6,500	45,900
-	90,397	-	-	-	23,414	11,361
-	-	189,810	11,379	27,836	-	11,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,353
-	90,397	189,810	11,379	27,836	23,414	24,214
1,373	(11,697)	(75,758)	15,453	(10,842)	(16,914)	21,686
-	8,500	75,950	-	-	17,000	-
-	(14,569)	-	-	-	-	(7,114)
-	(6,069)	75,950	-	-	17,000	(7,114)
1,373	(17,766)	192	15,453	(10,842)	86	14,572
32,918	17,914	1	40,396	22,387	1	164,016
$ 34,291	$ 148	$ 193	$ 55,849	$ 11,545	$ 87	$ 178,588

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended September 30, 2018

	Department of Human Services	Child Care	Veterans' Activities	E-911	Totals
Revenues					
Taxes	$ -	$ -	$ -	$ -	$ 587,418
Licenses and permits	-	-	-	-	448,815
Intergovernmental	-	1,018,437	-	237,008	1,921,768
Charges for services	-	85,508	-	1,469,486	1,753,976
Fines and forfeits	-	-	-	-	7,857
Interest	-	-	-	364	9,068
Other revenues	-	-	-	405	79,548
Total revenues	-	1,103,945	-	1,707,263	4,808,450
Expenditures					
Current:					
General government	-	-	-	-	869,630
Public safety	-	-	-	1,500,487	1,741,012
Health and welfare	2,353	2,136,706	1,070	-	2,140,129
Recreation and culture	-	-	-	-	1,066,790
Community development	-	-	-	-	1,353
Total expenditures	2,353	2,136,706	1,070	1,500,487	5,818,914
Revenues over (under) expenditures	(2,353)	(1,032,761)	(1,070)	206,776	(1,010,464)
Other financing sources (uses)					
Transfers in	-	900,000	-	-	1,027,920
Transfers out	-	-	-	-	(36,683)
Total other financing sources (uses)	-	900,000	-	-	991,237
Net change in fund balances	(2,353)	(132,761)	(1,070)	206,776	(19,227)
Fund balances, beginning of year	2,523	601,321	16,235	513,082	2,795,618
Fund balances, end of year	$ 170	$ 468,560	$ 15,165	$ 719,858	$ 2,776,391

concluded.

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Geographical Information System Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	$ 7,500	$ 7,500	$ 5,280	$ (2,220)
Other revenues	22,000	22,000	22,012	12
Total revenues	29,500	29,500	27,292	(2,208)
Expenditures				
Current:				
General government	56,496	56,496	52,238	(4,258)
Revenue under expenditures	(26,996)	(26,996)	(24,946)	2,050
Other financing sources (uses)				
Transfers in	26,470	26,470	26,470	-
Net change in fund balance	(526)	(526)	1,524	2,050
Fund balance, beginning of year	37,011	37,011	37,011	-
Fund balance, end of year	$ 36,485	$ 36,485	$ 38,535	$ 2,050

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 571,000	$ 571,000	$ 587,418	$ 16,418
Licenses and permits	382,200	382,200	421,983	39,783
Intergovernmental	-	-	6,782	6,782
Interest	1,000	1,000	8,495	7,495
Other revenues	96,000	96,000	57,131	(38,869)
Total revenues	1,050,200	1,050,200	1,081,809	31,609
Expenditures				
Current:				
Recreation and culture:				
Administration	576,436	676,436	471,511	(204,925)
Coldwater Lake County Park	125,025	125,025	118,110	(6,915)
Deerfield County Park	117,720	117,720	115,438	(2,282)
Herrick County Park	110,023	110,023	86,935	(23,088)
Meridian County Park	5,356	5,356	5,253	(103)
Pere Marquette Rail Trail	3,005	3,005	3,900	895
Maintenance shop	278,277	278,277	265,643	(12,634)
Total expenditures	1,215,842	1,315,842	1,066,790	(249,052)
Net change in fund balance	(165,642)	(265,642)	15,019	280,661
Fund balance, beginning of year	960,588	960,588	960,588	-
Fund balance, end of year	$ 794,946	$ 694,946	$ 975,607	$ 280,661

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Friend of the Court Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 561,659	$ 561,659	$ 499,664	$ (61,995)
Charges for services	51,200	51,200	47,468	(3,732)
Total revenues	612,859	612,859	547,132	(65,727)
Expenditures				
Current:				
General government	732,581	732,581	608,565	(124,016)
Net change in fund balance	(119,722)	(119,722)	(61,433)	58,289
Fund balance, beginning of year	217,862	217,862	217,862	-
Fund balance, end of year	$ 98,140	$ 98,140	$ 156,429	$ 58,289

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Register of Deeds Automation Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	$ 50,000	$ 50,000	$ 50,465	$ 465
Interest	155	155	193	38
Total revenues	50,155	50,155	50,658	503
Expenditures				
Current:				
General government	26,250	106,250	83,655	(22,595)
Revenues over (under) expenditures	23,905	(56,095)	(32,997)	23,098
Other financing sources (uses)				
Transfers out	(15,000)	(15,000)	(15,000)	-
Net change in fund balance	8,905	(71,095)	(47,997)	23,098
Fund balance, beginning of year	169,363	169,363	169,363	-
Fund balance, end of year	$ 178,268	$ 98,268	$ 121,366	$ 23,098

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Law Enforcement Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	$ 500	$ 500	$ 1,357	$ 857
Interest	-	-	16	16
Total revenues	500	500	1,373	873
Expenditures				
Current:				
Public safety	1,500	1,500	-	(1,500)
Net change in fund balance	(1,000)	(1,000)	1,373	2,373
Fund balance, beginning of year	32,918	32,918	32,918	-
Fund balance, end of year	$ 31,918	$ 31,918	$ 34,291	$ 2,373

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Alternatives Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	$ 76,000	$ 76,000	$ 78,700	$ 2,700
Expenditures				
Current:				
General government	70,958	70,958	90,397	19,439
Revenues over (under) expenditures	5,042	5,042	(11,697)	(16,739)
Other financing sources (uses)				
Tranfers in	-	-	8,500	(8,500)
Transfers out	(14,569)	(14,569)	(14,569)	-
Total other financiing sources (uses)	(14,569)	(14,569)	(6,069)	(8,500)
Net change in fund balance	(9,527)	(9,527)	(17,766)	(8,239)
Fund balance, beginning of year	17,914	17,914	17,914	-
Fund balance, end of year	$ 8,387	$ 8,387	$ 148	$ (8,239)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Act 511 Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 137,618	$ 137,618	$ 113,977	$ (23,641)
Charges for services	100	100	75	(25)
Total revenues	137,718	137,718	114,052	(23,666)
Expenditures				
Current:				
Public safety	205,668	205,668	189,810	(15,858)
Revenues over (under) expenditures	(67,950)	(67,950)	(75,758)	(7,808)
Other financing sources (uses)				
Transfers in	67,950	67,950	75,950	8,000
Net change in fund balance	-	-	192	192
Fund balance, beginning of year	1	1	1	-
Fund balance, end of year	$ 1	$ 1	$ 193	$ 192

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Concealed Pistol License Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 24,000	$ 24,000	$ 26,832	$ 2,832
Expenditures				
Current:				
Public safety	11,250	19,250	11,379	(7,871)
Net change in fund balance	12,750	4,750	15,453	10,703
Fund balance, beginning of year	40,396	40,396	40,396	-
Fund balance, end of year	$ 53,146	$ 45,146	$ 55,849	$ 10,703

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Corrections Officers Training Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	$ 20,000	$ 20,000	$ 16,994	$ (3,006)
Expenditures				
Current:				
Public safety	20,000	20,000	27,836	7,836
Net change in fund balance	-	-	(10,842)	(10,842)
Fund balance, beginning of year	22,387	22,387	22,387	-
Fund balance, end of year	$ 22,387	$ 22,387	$ 11,545	$ (10,842)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - County Law Library Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and Forfeits	$ 6,500	$ 6,500	$ 6,500	$ -
Expenditures				
Current:				
General government	18,700	18,700	23,414	4,714
Revenues under expenditures	(12,200)	(12,200)	(16,914)	(4,714)
Other financing sources (uses)				
Transfers in	12,200	12,200	17,000	4,800
Net change in fund balance	-	-	86	86
Fund balance, beginning of year	1	1	1	-
Fund balance, end of year	$ 1	$ 1	$ 87	$ 86

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Tribal Contribution Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 20,642	$ 20,642	$ 45,900	$ 25,258
Expenditures				
Current:				
General government	-	-	11,361	11,361
Public safety	5,550	5,550	11,500	5,950
Recreation and culture	12,492	12,492	-	(12,492)
Community development	2,600	2,600	1,353	(1,247)
Total expenditures	20,642	20,642	24,214	3,572
Revenues over expenditures	-	-	21,686	21,686
Other financing sources (uses)				
Transfers out	-	-	(7,114)	(7,114)
Net change in fund balance	-	-	14,572	14,572
Fund balance, beginning of year	164,016	164,016	164,016	-
Fund balance, end of year	$ 164,016	$ 164,016	$ 178,588	$ 14,572

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Department of Human Services Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Expenditures				
Current:				
Health and welfare	-	-	2,353	2,353
Net change in fund balance	-	-	(2,353)	(2,353)
Fund balance, beginning of year	2,523	2,523	2,523	-
Fund balance, end of year	$ 2,523	$ 2,523	$ 170	$ (2,353)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 925,000	$ 925,000	$ 1,018,437	$ 93,437
Charges for services	100,000	100,000	85,508	(14,492)
Total revenues	1,025,000	1,025,000	1,103,945	78,945
Expenditures				
Current:				
Health and welfare	2,340,275	2,340,275	2,136,706	(203,569)
Revenues over (under) expenditures	(1,315,275)	(1,315,275)	(1,032,761)	282,514
Other financing sources (uses)				
Transfers in	900,000	900,000	900,000	-
Net change in fund balance	(415,275)	(415,275)	(132,761)	282,514
Fund balance, beginning of year	601,321	601,321	601,321	-
Fund balance, end of year	$ 186,046	$ 186,046	$ 468,560	$ 282,514

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Veterans' Activities Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Expenditures				
Current:				
Health and welfare:				
Veterans affairs relief	2,000	2,000	1,070	(930)
Net change in fund balance	(2,000)	(2,000)	(1,070)	930
Fund balance, beginning of year	16,235	16,235	16,235	-
Fund balance, end of year	$ 14,235	$ 14,235	$ 15,165	$ 930

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - E-911 Special Revenue Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 215,000	$ 215,000	$ 237,008	$ 22,008
Charges for services	1,523,000	1,523,000	1,469,486	(53,514)
Interest	500	500	364	(136)
Other revenue	500	500	405	(95)
Total revenues	1,739,000	1,739,000	1,707,263	(31,737)
Expenditures				
Current:				
Public safety	1,557,443	1,557,443	1,500,487	(56,956)
Net change in fund balance	181,557	181,557	206,776	25,219
Fund balance, beginning of year	513,082	513,082	513,082	-
Fund balance, end of year	$ 694,639	$ 694,639	$ 719,858	$ 25,219

Nonmajor Enterprise Funds

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

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

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

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

Combining Statement of Net Position

Nonmajor Enterprise Funds
September 30, 2018

	Building Inspection	Concessions	PA 105	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 547,966	$ 5,186	$ 49,859	$ 603,011
Accounts receivable	1,339	9,199	-	10,538
Inventories	-	11,108	-	11,108
Prepaids	2,132	-	-	2,132
Total current assets	551,437	25,493	49,859	626,789
Noncurrent assets:				
Capital assets being depreciated, net	25,112	95,372	-	120,484
Total assets	576,549	120,865	49,859	747,273
Deferred outflows of resources				
Deferred pension amounts	19,831	-	-	19,831
Liabilities				
Current liabilities:				
Accounts payable	1,141	12,523	39	13,703
Accrued wages	8,366	-	-	8,366
Due to other funds	-	6,790	-	6,790
Current portion of long-term debt	4,686	-	-	4,686
Total current liabilities	14,193	19,313	39	33,545
Noncurrent liabilities:				
Long term debt, net of current	7,031	-	-	7,031
Net pension liability	137,028	-	-	137,028
Total noncurrent liabilities	144,059	-	-	144,059
Total liabilities	158,252	19,313	39	177,604
Deferred inflows of resources				
Deferred pension amounts	11,611	-	-	11,611
Net position				
Investment in capital assets	25,112	95,372	-	120,484
Unrestricted	401,405	6,180	49,820	457,405
Total net position	$ 426,517	$ 101,552	$ 49,820	$ 577,889

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

Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Building Inspection	Concessions	PA 105	Totals
Operating revenues				
Charges for services	$ 476,658	$ 14,427	$ 7,844	$ 498,929
Sales	-	299,224	-	299,224
Total operating revenues	476,658	313,651	7,844	798,153
Operating expenses				
Personnel services	309,966	-	-	309,966
Supplies	6,057	-	239	6,296
Contractual services	12,799	1,560	-	14,359
Other services and charges	10,282	6,058	-	16,340
Cost of goods sold	-	158,866	-	158,866
Depreciation	12,445	68,384	-	80,829
Total operating expenses	351,549	234,868	239	586,656
Operating income	125,109	78,783	7,605	211,497
Nonoperating revenues				
Interest revenue	-	173	48	221
Income before transfers	125,109	78,956	7,653	211,718
Transfers out	-	(297,743)	-	(297,743)
Change in net position	125,109	(218,787)	7,653	(86,025)
Net position, beginning of year	301,408	320,339	42,167	663,914
Net position, end of year	$ 426,517	$ 101,552	$ 49,820	$ 577,889

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Building Inspection	Concessions	PA 105	Totals
Cash flows from operating activities				
Cash received from customers	$ 475,799	$ 313,617	$ 7,844	$ 797,260
Cash payments for goods and services	(30,767)	(159,003)	(200)	(189,970)
Cash payments to employees	(315,380)	-	-	(315,380)
Net cash provided by operating activities	129,652	154,614	7,644	291,910
Cash flows from noncapital financing activities				
Transfers out	-	(297,743)	-	(297,743)
Cash flows from capital and related financing activities				
Acquisition/construction of capital assets	(14,896)	-	-	(14,896)
Cash flows from investing activities				
Interest and dividends received	-	173	48	221
Net change in cash and cash equivalents	114,756	(142,956)	7,692	(5,612)
Cash and cash equivalents:				
Beginning of year	433,210	148,142	42,167	623,519
End of year	$ 547,966	$ 5,186	$ 49,859	$ 603,011
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	$ 125,109	$ 78,783	$ 7,605	$ 211,497
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	12,445	68,384	-	80,829
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(859)	(34)	-	(893)
Inventories	-	(149)	-	(149)
Prepaids	(66)	-	-	(66)
Deferred outflows of resources related to pension	7,321	-	-	7,321
Accounts payable	144	7,630	39	7,813
Accrued wages	963	-	-	963
Due to other funds	(1,707)	-	-	(1,707)
Compensated absences	1,697	-	-	1,697
Net pension liability	(19,377)	-	-	(19,377)
Deferred inflows of resources related to pension	3,982	-	-	3,982
Net cash provided by operating activities	$ 129,652	$ 154,614	$ 7,644	$ 291,910

Agency Funds

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

Agency Funds

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

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

The *Inmate Trust Fund* is used to account for cash held on behalf of inmates lodged in the county jail.

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

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

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

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

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2018

	Trust and Agency	Inmate Trust	Employee Flexible Benefits Plan
Assets			
Cash and cash equivalents	$ 4,851,683	$ 20,582	$ 17,287
Liabilities			
Due to other governmental units:			
Federal/State	$ 277,144	$ -	$ -
Local	4,493,314	-	-
Due to individuals and agencies	81,225	20,582	17,287
Total liabilities	$ 4,851,683	$ 20,582	$ 17,287

Payroll	Library Penal Fines	Central Michigan District Health Department	Totals
$ 3,554	$ 400,835	$ 1,896,662	$ 7,190,603
$ -	$ -	$ -	$ 277,144
-	400,835	1,896,662	6,790,811
3,554	-	-	122,648
$ 3,554	$ 400,835	$ 1,896,662	$ 7,190,603

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds
For the Year Ended September 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
Trust and Agency				
Assets				
Cash and cash equivalents	$ 7,730,344	$ 45,188,199	$ 48,066,860	$ 4,851,683
Liabilities				
Due to other governmental units:				
Federal/State	$ 165,953	$ 2,045,454	$ 1,934,263	$ 277,144
Local	7,151,282	36,046,482	38,704,450	4,493,314
Due to individuals and agencies	413,109	4,883,085	5,214,969	81,225
Total liabilities	$ 7,730,344	$ 42,975,021	$ 45,853,682	$ 4,851,683
Inmate Trust				
Assets				
Cash and cash equivalents	$ 40,901	$ 771,602	$ 791,921	$ 20,582
Liabilities				
Due to individuals and agencies	$ 40,901	$ 964,343	$ 984,662	$ 20,582
Employee Flexible Benefits Plan				
Assets				
Cash and cash equivalents	$ 17,433	$ 81,669	$ 81,815	$ 17,287
Liabilities				
Due to individuals and agencies	$ 17,433	$ 81,667	$ 81,813	$ 17,287
Payroll				
Assets				
Cash and cash equivalents	$ 72,603	$ 31,694,278	$ 31,763,327	$ 3,554
Liabilities				
Due to individuals and agencies	$ 72,603	$ 7,612,848	$ 7,681,897	$ 3,554
Library Penal Fines				
Assets				
Cash and cash equivalents	$ 374,457	$ 653,307	$ 626,929	$ 400,835
Liabilities				
Due to other governmental units:				
Local	$ 372,832	$ 294,274	$ 266,271	$ 400,835
Due to individuals and agencies	1,625	-	1,625	-
Total liabilities	$ 374,457	$ 294,274	$ 267,896	$ 400,835
Central Michigan District Health Department				
Assets				
Cash and cash equivalents	$ 560,591	$ 22,438,673	$ 21,102,602	$ 1,896,662
Liabilities				
Due to other governmental units:				
Local	$ 560,591	$ 11,348,448	$ 10,012,377	$ 1,896,662
Total - all agency funds				
Assets				
Cash and cash equivalents	$ 8,796,329	$ 100,827,728	$ 102,433,454	$ 7,190,603
Liabilities				
Due to other governmental units:				
Federal/State	$ 165,953	$ 2,045,454	$ 1,934,263	$ 277,144
Local	8,084,705	47,689,204	48,983,098	6,790,811
Due to individuals and agencies	545,671	13,541,943	13,964,966	122,648
Total liabilities	$ 8,796,329	$ 63,276,601	$ 64,882,327	$ 7,190,603

Combining Balance Sheet

Drainage Districts
September 30, 2018

	Debt Service Funds			
	County Drain	Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220
Assets				
Cash and cash equivalents	$ 122,744	$ 141,052	$ -	$ 224,531
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	519,525	504,808	-	168,356
Total assets	$ 642,269	$ 645,860	$ -	$ 392,887
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - special assessments	519,525	504,808	-	168,356
Fund balances				
Restricted:				
Debt service	122,744	141,052	-	224,531
Capital projects	-	-	-	-
Total fund balances	122,744	141,052	-	224,531
Total liabilities deferred inflows of resources and fund balances	$ 642,269	$ 645,860	$ -	$ 392,887

Debt Service Funds						
Bachelder Drain Debt	Figg Drain Debt	Lewis Drain Debt	Lake Isabella Drain Debt	Tice Drain Debt	Myers Drain Debt	Leonard Drain Debt
$ 186,797	$ 325,857	$ 520,588	$ -	$ 21,883	$ 74,731	$ 115,741
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
527,345	1,251,919	1,514,303	-	557,143	227,858	448,703
$ 714,142	$ 1,577,776	$ 2,034,891	$ -	$ 579,026	$ 302,589	$ 564,444
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
527,345	1,251,919	1,514,303	-	557,143	227,858	448,703
186,797	325,857	520,588	-	21,883	74,731	115,741
-		-	-	-	-	-
186,797	325,857	520,588	-	21,883	74,731	115,741
$ 714,142	$ 1,577,776	$ 2,034,891	$ -	$ 579,026	$ 302,589	$ 564,444

continued...

Combining Balance Sheet

Drainage Districts
September 30, 2018

	Debt Service Funds			
	Cahoon Drain Debt	County Line Drain Debt	Jennings Drain Debt	Oberlin Drain Debt
Assets				
Cash and cash equivalents	$ 10,792	$ 29,264	$ 5,835	$ 84
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	705,726	359,695	553,605	110,097
Total assets	$ 716,518	$ 388,959	$ 559,440	$ 110,181
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - special assessments	705,726	359,695	553,605	110,097
Fund balances				
Restricted:				
Debt service	10,792	29,264	5,835	84
Capital projects	-	-	-	-
Total fund balances	10,792	29,264	5,835	84
Total liabilities deferred inflows of resources and fund balances	$ 716,518	$ 388,959	$ 559,440	$ 110,181

Debt Service Funds		Capital Project Funds		
Tripp Drain Debt	Blanchard Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	Totals
$ -	$ -	$ 50,218	$ 2,482,360	$ 4,312,477
-	-	-	2,455,570	2,455,570
-	-	-	25,724	25,724
-	-	312,796	50,000	362,796
500,000	1,106,700	-	-	9,055,783
$ 500,000	$ 1,106,700	$ 363,014	$ 5,013,654	$ 16,212,350
$ -	$ -	$ -	$ 207,569	$ 207,569
-	-	50,000	312,796	362,796
-	-	50,000	520,365	570,365
500,000	1,106,700	-	-	9,055,783
-	-	-	-	1,779,899
-	-	313,014	4,493,289	4,806,303
-	-	313,014	4,493,289	6,586,202
$ 500,000	$ 1,106,700	$ 363,014	$ 5,013,654	$ 16,212,350

concluded.

Reconciliation

Fund Balances of the Drains Component Unit
to Net Position of the Drains Component Unit
September 30, 2018

Fund balances - drain component unit	$ 6,586,202
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,013,414
Capital assets being depreciated, net	23,387,972
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred long-term receivables	9,055,783
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	84,393
Long-term debt not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes payable	(10,944,412)
Accrued interest on bonds and notes payable	(143,083)
Net position of drains component unit	$ 29,040,269

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Drainage Districts
For the Year Ended September 30, 2018

	Debt Service Funds			
	County Drain	Saunders Extension	Childs Creek & Dubois Drain	Beltinck Debt Retirement 220
Revenues				
Special assessments	$ 139,294	$ 93,286	$ -	$ 43,995
Interest	181	190	-	280
Other	-	-	-	-
Total revenues	139,475	93,476	-	44,275
Expenditures				
Debt service:				
Principal	131,732	61,160	-	44,450
Interest and fiscal charges	23,438	25,227	-	10,951
Capital outlay	-	-	-	-
Total expenditures	155,170	86,387	-	55,401
Revenues over (under) expenditures	(15,695)	7,089	-	(11,126)
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(983)	-	-	-
Total other financing sources (uses)	(983)	-	-	-
Net change in fund balances	(16,678)	7,089	-	(11,126)
Fund balances, beginning of year	139,422	133,963	-	235,657
Fund balances, end of year	$ 122,744	$ 141,052	$ -	$ 224,531

Debt Service Funds						
Bachelder Drain Debt	Figg Drain Debt	Lewis Drain Debt	Lake Isabella Drain Debt	Tice Drain Debt	Myers Drain Debt	Leonard Drain Debt
$ 100,306	$ 130,200	$ 198,590	$ 85,309	$ 57,004	$ 23,925	$ 85,366
1,172	388	860	12	50	93	449
-	-	-	-	-	-	-
101,478	130,588	199,450	85,321	57,054	24,018	85,815
55,000	95,000	120,000	90,000	34,750	14,138	30,950
36,854	37,735	68,581	1,688	23,081	9,230	21,699
-	-	-	-	-	-	-
91,854	132,735	188,581	91,688	57,831	23,368	52,649
9,624	(2,147)	10,869	(6,367)	(777)	650	33,166
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,409)	-	-	-
-	-	-	(1,409)	-	-	-
9,624	(2,147)	10,869	(7,776)	(777)	650	33,166
177,173	328,004	509,719	7,776	22,660	74,081	82,575
$ 186,797	$ 325,857	$ 520,588	$ -	$ 21,883	$ 74,731	$ 115,741

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Drainage Districts
For the Year Ended September 30, 2018

	Debt Service Funds			
	Cahoon Drain Debt	County Line Drain Debt	Jennings Drain Debt	Oberlin Drain Debt
Revenues				
Special assessments	$ 54,131	$ 79,662	$ 53,030	$ 9,970
Interest	23	160	7	1
Other	-	-	-	-
Total revenues	54,154	79,822	53,037	9,971
Expenditures				
Debt service:				
Principal	39,931	33,750	29,137	5,850
Interest and fiscal charges	15,075	16,808	18,065	4,037
Capital outlay	-	-	-	-
Total expenditures	55,006	50,558	47,202	9,887
Revenues over (under) expenditures	(852)	29,264	5,835	84
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	10,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	10,000	-	-	-
Net change in fund balances	9,148	29,264	5,835	84
Fund balances, beginning of year	1,644	-	-	-
Fund balances, end of year	$ 10,792	$ 29,264	$ 5,835	$ 84

Debt Service Funds		Capital Project Funds		
Tripp Drain Debt	Blanchard Drain Debt	County Drain Revolving	County Drain Construction & Maintenance	Totals
$ -	$ -	$ -	$ 247,591	$ 1,401,659
-	-	81	39,926	43,873
-	-	-	129,546	129,546
-	-	81	417,063	1,575,078
-	-	-	150,000	935,848
-	-	-	3,677	316,146
-	-	-	1,468,171	1,468,171
-	-	-	1,621,848	2,720,165
-	-	81	(1,204,785)	(1,145,087)
-	-	-	1,673,000	1,673,000
-	-	-	-	10,000
-	-	-	(7,608)	(10,000)
-	-	-	1,665,392	1,673,000
-	-	81	460,607	527,913
-	-	312,933	4,032,682	6,058,289
$ -	$ -	$ 313,014	$ 4,493,289	$ 6,586,202

concluded.

Reconciliation

Net Change in Fund Balances of the Drains Component Unit
to Change in Net Position of the Drains Component Unit
For the Year Ended September 30, 2018

Net change in fund balances - drains component unit	$ 527,913
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital assets purchased/constructed	985,782
Depreciation expense	(535,927)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in deferred long-term receivables	812,412
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The net increase (decrease) in the net position of the internal service funds is reported with governmental activities.	
Net change in net position of the internal service fund	7,740
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term debt in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term debt in the statement of net position.	
Issuance of long-term debt	(1,673,000)
Principal payments on long-term debt	935,848
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term debt	(8,755)
Change in net position of drains component unit	$ 1,052,013

Statement of Net Position

Drainage District - Drain Tile Internal Service Fund
September 30, 2018

Assets		
Cash and cash equivalents	$	65,050
Inventories		19,343
Total assets	$	84,393
Net position		
Unrestricted	$	84,393

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

Drainage District - Drain Tile Internal Service Fund
For the Year Ended September 30, 2018

Revenues		
Sales	$	44,624
Expenses		
Materials		36,884
Change in net position		7,740
Net position, beginning of year		76,653
Net position, end of year	$	84,393

Statement of Cash Flows

Drainage District - Drain Tile Internal Service Fund
For the Year Ended September 30, 2018

Cash flows from operating activities		
Cash received from customers	$	44,624
Cash payments for goods and services		(38,217)
Net change in cash and cash equivalents		6,407
Cash and cash equivalents:		
Beginning of year		58,643
End of year	$	65,050
Reconciliation of change in net position to net cash provided by operating activities		
Change in net position	$	7,740
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities that used cash:		
Inventories		(853)
Accounts payable		(480)
Net cash provided by operating activities	$	6,407

ISABELLA COUNTY, MICHIGAN

Statement of Net Position

Board of Public Works
September 30, 2018

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	$ -	$ 21,668	$ 21,668
Cash at fiscal agent	514,370	-	514,370
Receivables, net	2,650,000	25,285	2,675,285
Capital assets not being depreciated	-	16,000	16,000
Capital assets being depreciated, net	-	22,198	22,198
Total assets	3,164,370	85,151	3,249,521
Deferred outflows of resources			
Deferred charge on bond refunding	72,507	-	72,507
Liabilities			
Accounts payable and accrued liabilities	59,370	17,001	76,371
Unearned revenue	394,124	-	394,124
Long-term liabilities:			
Due within one year	455,000	-	455,000
Due in more than one year	2,650,000	-	2,650,000
Total liabilities	3,558,494	17,001	3,575,495
Net position			
Investment in capital assets	-	38,198	38,198
Restricted:			
Debt service	60,876	-	60,876
Unrestricted (deficit)	(382,493)	29,952	(352,541)
Total net position	$ (321,617)	$ 68,150	$ (253,467)

Statement of Activities

Board of Public Works
For the Year Ended September 30, 2018

		Program Revenues		Net (Expense) Revenues	
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**
Governmental activities:					
Board of public works	$ 127,492	$ -	$ 116,009	$ (11,483)	$ -
Business-type activities:					
Board of public works	31,760	46,029	-	-	14,269
Net program revenue	$ 159,252	$ 46,029	$ 116,009	(11,483)	14,269
General revenues					
Unrestricted investment earnings				-	109
Change in net position				(11,483)	14,378
Net position (deficit), beginning of year				(310,134)	53,772
Net position (deficit), end of year				$ (321,617)	$ 68,150

Combining Balance Sheet

Board of Public Works
Governmental Funds
September 30, 2018

	Debt Service Funds		
	Union Township Wastewater Treatment	Union Township Water System	Totals
Assets			
Cash held by fiscal agent	$ 394,124	$ 120,246	$ 514,370
Lease receivable	2,650,000	-	2,650,000
Due from other funds	37,040	-	37,040
Total assets	$ 3,081,164	$ 120,246	$ 3,201,410
Liabilities			
Due to other funds	$ -	$ 37,040	$ 37,040
Unearned revenue	394,124	-	394,124
Total liabilities	394,124	37,040	431,164
Deferred inflows of resources			
Unavailable revenue - lease receivable	2,650,000	-	2,650,000
Fund balances			
Restricted	37,040	83,206	120,246
Total liabilities, deferred inflow of resources and fund balances	$ 3,081,164	$ 120,246	$ 3,201,410

Reconciliation

Fund Balances of Governmental Funds of the Board of Public Works Component Unit
to Net Position of the Governmental Activities of the Board of Public Works Component Unit
September 30, 2018

Fund balances - governmental funds - Board of Public Works	$ 120,246
Amounts reported for *governmental activities* in the statement of net position are different because:	
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred long-term receivables	2,650,000
Long-term debt and related deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes payable	(3,105,000)
Deferred charge on refunding	72,507
Accrued interest on bonds and notes payable	(59,370)
Net position of governmental activities - Board of Public Works	$ (321,617)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Board of Public Works
Governmental Funds
For the Year Ended September 30, 2018

	Debt Service Funds		
	Union Township Wastewater Treatment	Union Township Water System	Totals
Revenues			
Intergovernmental - local	$ 419,766	$ 151,243	$ 571,009
Expenditures			
Debt service:			
Principal	355,000	85,000	440,000
Interest and fiscal charges	64,766	62,412	127,178
Total expenditures	419,766	147,412	567,178
Net change in fund balances	-	3,831	3,831
Fund balances, beginning of year	37,040	79,375	116,415
Fund balances, end of year	$ 37,040	$ 83,206	$ 120,246

Reconciliation

Net Change in Fund Balances of the governmental funds of the Board of Public Works Component Unit
to Change in Net Position of Governmental Activities the Board of Public Works Component Unit
For the Year Ended September 30, 2018

Net change in fund balances of governmental funds - Board of Public Works	$	3,831
Amounts reported for *governmental activities* in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.		
Change in deferred long-term receivables		(455,000)
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term debt in the statement of net position.		
Principal payments on long-term debt		440,000
Some expenses reported in the statement of activates do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Deferred charge on refunding		(7,251)
Change in accrued interest payable on long-term debt		6,937
Change in net position of governmental activities - Board of Public Works	$	(11,483)

Statement of Net Position

Board of Public Works - Enterprise Fund
Lake Isabella Water Supply System
September 30, 2018

Assets		
Current assets:		
Cash and cash equivalents	$	21,668
Accounts receivable		25,285
Total current assets		46,953
Noncurrent assets:		
Capital assets not being depreciated		16,000
Capital assets being depreciated, net		22,198
Total noncurrent assets		38,198
Total assets		85,151
Liabilities		
Accounts payable and accrued liabilities		17,001
Net position		
Investment in capital assets		38,198
Unrestricted		29,952
Total net position	$	68,150

ISABELLA COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Net Position

Board of Public Works - Enterprise Fund
Lake Isabella Water Supply System
For the Year Ended September 30, 2018

Revenues	
Charges for services	$ 46,029
Expenses	
Personnel services	9,609
Supplies	2,130
Utilities	2,532
Contractual services	13,362
Depreciation	3,156
Other	971
Total expenses	31,760
Operating income	14,269
Nonoperating revenues	
Interest income	109
Change in net position	14,378
Net position, beginning of year	53,772
Net position, end of year	$ 68,150

Statement of Cash Flows

Board of Public Works - Enterprise Fund
Lake Isabella Water Supply System
For the Year Ended September 30, 2018

Cash flows from operating activities		
Cash received from customers	$	37,910
Cash payments for goods and services		(12,720)
Net cash provided by operating activities		25,190
Cash flows from capital and related financing activities		
Acquisition/construction of capital assets		(15,000)
Cash flows from investing activities		
Interest received		109
Net change in cash and cash equivalents		10,299
Cash and cash equivalents:		
Beginning of year		11,369
End of year	$	21,668

Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	14,269
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		3,156
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable		(8,119)
Accounts payable		15,884
Net cash provided by operating activities	$	25,190

STATISTICAL SECTION

ISABELLA COUNTY, MICHIGAN

Statistical Section Table of Contents

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

		Page
Financial Trends	These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. (Tables 1-4)	155
Revenue Capacity	These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes. (Tables 5-9)	165
Debt Capacity	These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. (Tables 10-13)	172
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. (Table 14-16)	177
Operating Information	These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. (Tables 17-18)	181

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

Net Position by Component

Last Ten Fiscal Years

	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	$ 13,669,179	$ 13,481,108	$ 13,621,811	$ 13,030,558
Restricted	5,269,315	4,872,321	3,528,717	2,903,804
Unrestricted (deficit)	(1,578,584)	(1,725,563)	1,096,840	3,743,803
Total governmental activities	$ 17,359,910	$ 16,627,866	$ 18,247,368	$ 19,678,165
Business-type activities				
Net investment in capital assets	$ 1,108,106	$ 1,286,733	$ 1,423,200	$ 1,455,010
Restricted	-	-	350,000	350,000
Unrestricted	8,534,022	8,573,804	7,675,320	9,403,965
Total business-type activities	$ 9,642,128	$ 9,860,537	$ 9,448,520	$ 11,208,975
Primary government				
Net investment in capital assets	$ 14,777,285	$ 14,767,841	$ 15,045,011	$ 14,485,568
Restricted	5,269,315	4,872,321	3,878,717	3,253,804
Unrestricted	6,955,438	6,848,241	8,772,160	13,147,768
Total primary government	$ 27,002,038	$ 26,488,403	$ 27,695,888	$ 30,887,140

Table 1 - Unaudited

2014	2013	2012	2011	2010	2009
$ 12,414,882	$ 11,884,156	$ 11,430,374	$ 11,424,516	$ 11,656,812	$ 11,631,381
4,774,534	4,497,495	4,733,613	4,652,196	449,996	649,345
12,789,431	11,690,749	10,909,768	11,233,500	13,835,102	13,565,998
$ 29,978,847	$ 28,072,400	$ 27,073,755	$ 27,310,212	$ 25,941,910	$ 25,846,724
$ 1,636,046	$ 1,405,648	$ 6,537,343	$ 6,125,310	$ 6,120,965	$ 5,900,138
350,000	350,000	566,147	605,557	597,232	1,087,003
9,897,272	10,133,828	17,600,762	15,928,820	14,673,443	12,414,510
$ 11,883,318	$ 11,889,476	$ 24,704,252	$ 22,659,687	$ 21,391,640	$ 19,401,651
$ 14,050,928	$ 13,289,804	$ 17,967,717	$ 17,549,826	$ 17,777,777	$ 17,531,519
5,124,534	4,847,495	5,299,760	5,257,753	1,047,228	1,736,348
22,686,703	21,824,577	28,510,530	27,162,320	28,508,545	25,980,508
$ 41,862,165	$ 39,961,876	$ 51,778,007	$ 49,969,899	$ 47,333,550	$ 45,248,375

Change in Net Position

Last Ten Fiscal Years

	2018	2017	2016	2015
Expenses				
Governmental activities:				
General government	$ 10,430,062	$ 11,863,489	$ 12,092,262	$ 10,870,079
Public safety	7,787,004	7,660,384	7,831,619	7,120,091
Public works	622,151	680,225	626,388	497,128
Health and welfare	5,434,018	297,673	485,698	423,975
Culture and recreation	1,060,491	5,796,511	6,478,989	6,346,368
Community and economic development	263,314	937,252	963,879	904,810
Interest on long-term debt	29,097	41,126	42,997	98,065
	25,626,137	27,276,660	28,521,832	26,260,516
Business-type activities:				
Delinquent tax	219,381	363,633	569,796	379,153
Building inspections	366,529	369,458	384,258	352,828
Recycling facility	1,210,634	1,161,993	1,069,899	1,040,113
Concessions	234,868	221,673	201,812	231,245
Medical care facility	-	-	-	-
	2,031,412	2,116,757	2,225,765	2,003,339
Total primary government expenses	27,657,549	29,393,417	30,747,597	28,263,855
Program revenues				
Governmental activities:				
Charges for services:				
General government	2,257,527	2,518,550	2,872,758	2,706,910
Public safety	2,243,496	1,844,867	1,947,806	1,741,185
Health and welfare	231,115	31,752	26,636	17,484
Culture and recreation	421,983	259,719	353,901	274,621
Community and economic development	44,396	401,626	412,195	389,947
Operating grants and contributions	4,960,741	4,147,196	4,464,476	4,950,360
Capital grants and contributions	6,500	89,607	38,920	13,040
	10,165,758	9,293,317	10,116,692	10,093,547
Business-type activities:				
Charges for services:				
Delinquent tax	772,058	821,178	814,021	720,086
Building inspections	476,658	405,426	352,600	346,840
Recycling facility	633,117	764,538	572,053	531,197
Concessions	313,651	369,171	320,894	342,860
Medical care facility	-	-	-	-
Operating grants and contributions	206,197	399,268	271,930	165,300
Capital grants and contributions	-	-	-	-
	2,401,681	2,759,581	2,331,498	2,106,283
Total primary government program revenues	12,567,439	12,052,898	12,448,190	12,199,830

Table 2 - Unaudited

2014	2013	2012	2011	2010	2009
$ 10,051,170	$ 10,178,468	$ 9,951,030	$ 9,519,926	$ 9,799,291	$ 9,500,081
7,112,889	7,276,762	7,094,068	7,043,762	6,841,410	6,738,044
242,005	242,392	230,021	209,533	225,971	250,084
289,280	226,684	242,477	214,605	205,914	209,415
5,783,379	5,959,473	5,827,870	5,774,589	5,979,709	6,407,529
833,562	769,779	596,249	604,405	746,056	866,072
114,830	143,230	185,223	212,604	217,606	224,791
24,427,115	24,796,788	24,126,938	23,579,424	24,015,957	24,196,016
349,329	312,806	267,016	205,902	160,524	189,073
304,450	273,768	255,209	236,522	212,858	253,795
1,020,239	981,435	1,125,230	1,082,746	1,001,916	897,922
256,820	284,061	551,900	235,313	239,422	200,022
-	-	11,142,288	11,164,093	10,614,196	10,554,367
1,930,838	1,852,070	13,341,643	12,924,576	12,228,916	12,095,179
26,357,953	26,648,858	37,468,581	36,504,000	36,244,873	36,291,195
2,923,473	3,128,327	3,265,951	3,043,776	2,908,399	2,941,321
1,969,112	3,041,601	2,791,059	2,635,438	2,725,489	2,629,612
21,047	13,715	7,712	6,733	4,933	8,888
282,756	418,918	356,106	398,781	504,500	536,869
347,735	328,447	345,848	336,200	342,994	283,249
4,570,129	5,101,328	4,938,237	5,148,434	5,246,429	5,459,794
8,472	46,169	29,811	72,819	30,430	111,188
10,122,724	12,078,505	11,734,724	11,642,181	11,763,174	11,970,921
643,695	875,716	721,251	729,239	967,436	718,410
417,505	369,585	297,834	318,352	249,272	198,042
595,105	632,811	740,951	931,803	687,810	426,162
305,405	374,519	329,029	266,553	308,364	319,879
-	-	11,787,761	9,662,823	9,067,589	8,864,193
256,373	170,524	247,850	977,303	1,341,355	670,013
-	-	5,147	5,212	70,011	-
2,218,083	2,423,155	14,129,823	12,891,285	12,691,837	11,196,699
12,340,807	14,501,660	25,864,547	24,533,466	24,455,011	23,167,620

Change in Net Position

Last Ten Fiscal Years

	2018	2017	2016	2015
Net (expenses) revenues				
Governmental activities	$ (15,460,379)	$ (17,983,343)	$ (18,405,140)	$ (16,166,969)
Business-type activities	370,269	642,824	105,733	102,944
Total primary government net expense	(15,090,110)	(17,340,519)	(18,299,407)	(16,064,025)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	13,454,955	13,096,866	12,933,132	12,640,166
State shared revenue	1,268,181	1,255,625	1,243,491	1,241,312
Unrestricted grants and contributions	495,729	520,942	494,694	829,107
Unrestricted investment earnings	125,013	97,377	74,993	70,725
Other revenues	200,802	217,407	334,083	167,374
Transfers	647,743	740,000	1,893,950	550,000
Total governmental activities	16,192,423	15,928,217	16,974,343	15,498,684
Business-type activities:				
Property taxes	-	-	-	-
Unrestricted investment earnings	59,065	31,466	22,674	90,673
Other revenues	-	-	5,088	3,551
Transfers	(647,743)	(740,000)	(1,893,950)	(550,000)
Total business-type activities	(588,678)	(708,534)	(1,866,188)	(455,776)
Total primary government	15,603,745	15,219,683	15,108,155	15,042,908
Changes in net position				
Governmental activities	732,044	(2,055,126)	(1,430,797)	(668,285)
Business-type activities	(218,409)	(65,710)	(1,760,455)	(352,832)
Total primary government changes in net position	$ 513,635	$ (2,120,836)	$ (3,191,252)	$ (1,021,117)

Table 2 - Unaudited

2014	2013	2012	2011	2010	2009
$ (14,304,391)	$ (12,718,283)	$ (12,392,214)	$ (11,937,243)	$ (12,252,783)	$ (12,225,095)
287,245	571,085	788,180	(33,291)	462,921	(898,480)
(14,017,146)	(12,147,198)	(11,604,034)	(11,970,534)	(11,789,862)	(13,123,575)
12,642,259	11,934,960	11,264,546	11,689,532	11,681,218	10,832,634
995,270	948,914	942,120	-	-	-
812,668	729,054	626,255	516,595	507,766	507,392
71,988	40,477	50,587	56,898	64,998	172,972
353,023	193,523	142,867	141,178	93,987	125,420
396,076	(130,000)	(14,581)	45,305	-	90,000
15,271,284	13,716,928	13,011,794	12,449,508	12,347,969	11,728,418
-	-	1,094,046	1,090,229	1,287,847	1,385,061
86,149	107,985	146,133	145,576	143,908	182,859
31,911	8,077	1,625	110,838	95,313	103,670
(396,076)	130,000	14,581	(45,305)	-	(90,000)
(278,016)	246,062	1,256,385	1,301,338	1,527,068	1,581,590
14,993,268	13,962,990	14,268,179	13,750,846	13,875,037	13,310,008
966,893	998,645	619,580	512,265	95,186	(496,677)
9,229	817,147	2,044,565	1,268,047	1,989,989	683,110
$ 976,122	$ 1,815,792	$ 2,664,145	$ 1,780,312	$ 2,085,175	$ 186,433

concluded.

ISABELLA COUNTY, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2018	2017	2016	2015
General fund				
Nonspendable	$ 70,672	$ 54,375	$ 57,833	$ 48,774
Assigned	3,331,980	4,788,096	5,082,391	3,073,275
Unassigned	5,300,917	4,764,319	5,611,774	7,970,365
Reserved				
Unreserved				
Total general fund	8,703,569	9,606,790	10,751,998	11,092,414
All other governmental funds				
Nonspendable	7,873	46,734	47,238	82,140
Restricted	5,271,702	4,842,045	3,501,036	2,858,438
Committed	38,683	54,925	81,573	669,741
Assigned	46,614	46,843	-	-
Reserved				
Unreserved, reported in:				
Special revenue funds				
Debt service funds				
Total all other governmental funds	5,364,872	4,990,547	3,629,847	3,610,319
Total all governmental funds	$ 14,068,441	$ 14,597,337	$ 14,381,845	$ 14,702,733

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

Table 3 - Unaudited

2014	2013	2012	2011	2010	2009
$ 55,628	$ 41,001	$ 41,530	$ 36,477		
3,097,321	3,063,686	3,020,750	2,958,362		
7,869,977	6,300,152	5,371,626	4,697,759		
				$ 38,147	$ 64,690
				6,786,588	6,214,950
11,022,926	9,404,839	8,433,906	7,692,598	6,824,735	6,279,640
97,151	148,844	104,109	970,630		
3,671,083	4,570,594	4,845,364	4,753,910		
591,963	457,593	300,685	259,646		
-	-	-	-		
				573,744	743,008
				3,316,250	3,999,598
				1,181,276	1,009,339
4,360,197	5,177,031	5,250,158	5,984,186	5,071,270	5,751,945
$ 15,383,123	$ 14,581,870	$ 13,684,064	$ 13,676,784	$ 11,896,005	$ 12,031,585

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2018	2017	2016	2015
Revenues				
Taxes and special assessments	$ 13,341,536	$ 13,256,738	$ 12,984,397	$ 12,892,823
Licenses and permits	569,366	519,329	539,884	491,750
Intergovernmental	5,844,499	5,381,666	6,010,487	6,164,258
Charges for services	4,303,766	4,203,003	4,291,135	4,006,683
Fines and forfeits	149,042	173,908	166,783	208,841
Interest and rent	478,359	418,106	701,525	661,330
Contributions	239,796	197,923	212,634	657,714
Other revenue	755,294	619,474	341,506	211,489
Total revenues	25,681,658	24,770,147	25,248,351	25,294,888
Expenditures				
General government	11,051,966	10,588,359	10,751,157	10,265,973
Public safety	7,933,236	7,019,442	6,904,261	6,730,652
Public works	309,515	311,051	565,096	478,372
Health and welfare	5,428,675	5,592,663	5,889,326	6,159,223
Culture and recreation	1,066,790	842,038	881,414	881,966
Other	684,963	782,796	975,074	778,566
Capital outlay	280	495,854	411,957	283,250
Debt service:				
Principal	350,000	350,000	791,729	754,102
Interest and fiscal charges	32,872	47,747	293,175	293,174
Total expenditures	26,858,297	26,029,950	27,463,189	26,625,278
Excess of revenues over (under) expenditures	(1,176,639)	(1,259,803)	(2,214,838)	(1,330,390)
Other financing sources (uses)				
Transfers in	2,289,963	3,576,294	4,410,252	2,396,938
Transfers out	(1,642,220)	(2,836,294)	(2,516,302)	(1,746,938)
Total other financing sources (uses)	647,743	740,000	1,893,950	650,000
Net change in fund balance	$ (528,896)	$ (519,803)	$ (320,888)	$ (680,390)
Debt service as a percentage of noncapital expenditures	1.5%	1.6%	4.0%	4.0%

Table 4 - Unaudited

2014	2013	2012	2011	2010	2009
$ 12,871,889	$ 12,094,789	$ 11,509,423	$ 11,584,266	$ 11,735,590	$ 10,966,957
453,337	477,251	451,006	418,847	429,897	357,423
5,830,859	6,156,755	5,932,033	5,557,400	5,226,707	5,477,999
4,373,826	5,651,331	5,563,755	5,196,396	5,266,974	5,362,434
248,534	284,880	257,853	293,265	236,544	199,954
668,069	632,066	639,336	649,038	664,139	753,732
433,670	517,428	464,465	443,155	-	-
345,555	269,826	185,003	171,339	596,854	607,111
25,225,739	26,084,326	25,002,874	24,313,706	24,156,705	23,725,610
9,578,054	9,523,692	9,343,780	8,859,985	9,306,627	8,920,239
6,782,321	6,840,398	6,579,415	6,420,087	6,387,256	6,122,729
232,163	232,383	220,353	200,959	219,239	242,899
5,626,061	5,754,149	5,600,066	5,546,263	5,804,995	6,240,506
813,424	749,408	581,121	553,369	705,234	738,896
655,758	661,849	665,905	788,299	797,636	675,429
65,752	255,678	99,236	5,282	80,637	389,329
773,856	745,788	741,925	766,850	715,000	750,000
293,174	293,175	293,175	293,175	275,661	252,188
24,820,563	25,056,520	24,124,976	23,434,269	24,292,285	24,332,215
405,176	1,027,806	877,898	879,437	(135,580)	(606,605)
1,769,673	1,269,512	1,868,619	2,470,224	3,578,875	4,339,800
(1,373,597)	(1,399,512)	(1,883,200)	(2,424,919)	(3,578,875)	(4,249,800)
396,076	(130,000)	(14,581)	45,305	-	90,000
$ 801,252	$ 897,806	$ 863,317	$ 924,742	$ (135,580)	$ (516,605)
4.4%	4.2%	4.3%	4.6%	4.2%	4.9%

Governmental Activities Tax Revenue by Source

Last Ten Fiscal Years

Fiscal Year	Property Tax
2018	$ 13,454,955
2017	13,096,866
2016	12,933,132
2015	12,640,166
2014	12,642,259
2013	11,934,960
2012	11,264,546
2011	11,689,532
2010	11,681,218
2009	11,002,634

ISABELLA COUNTY, MICHIGAN

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(rate per $1,000 of assessed value)

Fiscal Year	A.V. Real Property		A.V. Personal Property	Total Assessed Valuation	Total Direct Tax Rate
	Agriculture/ Residential	Commercial/ Industrial			
2018	$ 1,622,872,540	$ 524,730,024	$ 126,296,029	$ 2,273,898,593	9.3996
2017	1,595,416,010	516,258,066	121,099,536	2,232,773,612	9.3996
2016	1,567,017,396	494,692,800	118,952,744	2,180,662,940	9.3996
2015	1,537,364,463	490,359,261	126,167,761	2,153,891,485	9.3996
2014	1,464,742,254	446,647,572	120,690,993	2,032,080,819	9.3996
2013	1,410,121,499	449,752,506	137,740,937	1,997,614,942	9.1720
2012	1,387,832,752	453,018,650	123,973,688	1,964,825,090	8.9220
2011	1,420,391,692	472,871,897	122,386,720	2,015,650,309	8.9220
2010	1,462,927,237	474,667,593	124,625,346	2,062,220,176	8.9220
2009	1,539,266,015	509,139,302	123,792,826	2,172,198,143	9.0129

Source: Isabella County Equalization Department

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

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

Table 6 - Unaudited

Total Taxable Value	Estimated Actual Value	Taxable Value as a Percentage of True Cash Value
$ 1,806,146,131	$ 4,547,797,186	39.71%
1,758,379,688	4,465,547,224	39.38%
1,720,335,250	4,361,325,880	39.45%
1,711,805,770	4,307,782,970	39.74%
1,664,679,324	4,064,161,638	40.96%
1,658,603,851	3,995,229,884	41.51%
1,622,754,247	3,929,650,180	41.30%
1,627,829,213	4,031,300,618	40.38%
1,617,447,158	4,124,440,352	39.22%
1,657,956,466	4,344,396,286	38.16%

ISABELLA COUNTY, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per $1,000 of assessed value)

	Direct Obligations - Isabella County			Overlapping Rates		
Fiscal Year	Operating Millage (1)	Special Millage	Total County Millage	State Education Tax (2)	Local School Districts	Intermediate Schools
2018	6.6100	2.7896	9.3996	6.0000	20.3700 - 26.0000	2.6756 - 5.2985
2017	6.6100	2.7896	9.3996	6.0000	20.4400 - 26.0000	2.6756 - 5.2985
2016	6.6100	2.7896	9.3996	6.0000	20.4500 - 26.0000	2.6756 - 5.2985
2015	6.6100	2.7896	9.3996	6.0000	20.4500 - 26.0000	2.0385 - 5.2985
2014	6.6100	2.7896	9.3996	6.0000	19.8500 - 26.0000	2.0385 - 5.2985
2013	6.6100	2.5620	9.1720	6.0000	19.8500 - 26.0000	2.0385 - 5.2985
2012	6.6100	2.6620	9.2720	6.0000	20.5600 - 26.0140	2.0385 - 5.0859
2011	6.6100	2.3120	8.9220	6.0000	20.2300 - 26.2640	2.0385 - 5.0859
2010	6.6100	2.3120	8.9220	6.0000	20.4300 - 26.2640	2.0385 - 5.0859
2009	6.4700	2.5429	9.0129	6.0000	20.4000 - 26.2640	2.0385 - 5.0859

(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.

Source: Isabella County Equalization Department

Overlapping Rates						
	Community Colleges			Cities		
Library Districts	Mid-Michigan Community College	Montcalm Community College	Townships	Mt. Pleasant	Clare	Villages
.9931 - 1.75	1.2232	2.7187	0.9872 - 5.4970	16.2500	21.2500	1.8420 - 11.5000
.9931 - 1.75	1.2232	2.7191	0.9872 - 5.4970	16.2500	21.2500	1.8420 - 11.5000
.9931 - 1.75	1.2232	2.7200	0.9938 - 5.4864	16.2500	18.2500	1.8424 - 11.5000
.9931 - 1.75	1.2232	2.7200	0.9938 - 5.4864	16.2500	18.2500	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9938 - 5.4864	16.2500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9976 - 5.1619	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 5.1595	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 5.7108	15.7500	19.0000	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	0.9980 - 3.0000	15.7500	19.2475	1.8463 - 13.0000
.9931 - 1.75	1.2232	2.7292	1.0000 - 2.9941	15.7500	19.2402	1.8463 - 13.0000

Ten Largest Ad Valorem Taxpayers

Current Year and Nine Years Ago

Taxpayer	2018 Taxable Assessed Valuation	2018 Rank	2018 Percentage of Total Assessed Valuation	2009 Total Assessed Valuation	2009 Rank	2009 Percentage of Total Assessed Valuation
Consumers Energy	$47,870,235	1	2.65%	$ 28,639,759	1	1.73%
HSRE-Quad V Holding 2 LLC (Formerly Campus Crest)	22,591,575	2	1.25%			
Morbark LLC (Formerly Morbark Inc.)	10,011,278	3	0.55%	8,527,171	6	0.51%
Mt. Pleasant Hospitality LLC	9,240,573	4	0.51%			
PEP-CMU LLC (Formerly GFII)	8,808,677	5	0.49%			
Deerfield Village LLC	8,700,612	6	0.48%	9,511,900	5	0.57%
Westpoint Village LLC	7,670,702	7	0.42%			
Lexington Ridge Apts LLC	7,137,300	8	0.40%	7,938,873	9	0.48%
Jamestown Mt Pleasant Apt LLC	6,695,209	9	0.37%			
Tall Grass Apartments LLC	6,153,749	10	0.34%			
American Mitsuba Corp (formerly CME Corp)				14,397,407	2	0.87%
Sterling Wy Associates LLC				7,942,277	8	0.48%
Saginaw Chippewa Indian Tribe				11,655,435	3	0.70%
Bluegrass Crossings LLC				10,706,200	4	0.65%
Copper Beech Townhome				6,978,867	10	0.42%
Menard, Inc.				8,063,534	7	0.49%

Source: Isabella County Equalization Department

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents[1] Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount [2]	Percentage of Levy
2018	(2)	(2)	(2)	(2)	(2)	(2)	(2)
2017	$ 73,371,500	$ 69,785,738	95.11%	$ 3,585,762	$ 1,910,284	$ 71,696,022	97.72%
2016	72,178,585	68,547,174	94.97%	3,631,411	1,438,267	69,985,441	96.96%
2015	71,563,655	67,958,016	94.96%	3,589,022	3,060,239	71,018,255	99.24%
2014	69,838,758	66,202,847	94.79%	3,635,911	3,560,617	69,763,464	99.89%
2013	68,483,244	64,654,008	94.41%	3,829,236	3,824,362	68,478,370	99.99%
2012	66,335,710	62,839,145	94.73%	3,496,565	3,490,718	66,329,863	99.99%
2011	65,801,343	62,256,607	94.61%	3,544,736	3,540,364	65,796,971	99.99%
2010	65,359,749	61,319,535	93.82%	3,938,193	3,937,182	65,256,717	99.84%
2009	65,950,129	61,676,929	93.52%	4,273,200	4,270,160	65,947,089	100.00%

(1) Delinquent Tax Collection represents amounts received in the indicated fiscal year.
(2) Tax settlement not completed.

Source: Isabella County Administration / Isabella County Treasurer

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities: General Obligation Bonds	Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2018	$ 605,946	$ -	$ 605,946	0.03%	$ 9
2017	950,000	-	950,000	0.04%	13
2016	1,300,000	-	1,300,000	0.06%	28
2015	2,300,000	-	2,300,000	0.10%	33
2014	3,225,000	-	3,225,000	0.15%	55
2013	4,135,000	-	4,135,000	0.19%	69
2012	4,943,782	5,629,018	10,572,800	0.54%	150
2011	5,752,893	5,958,583	11,711,476	0.67%	167
2010	6,557,005	6,292,876	12,849,881	0.75%	194
2009	7,266,117	6,664,649	13,930,766	0.80%	217

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2018	$ 605,946	$ 43,408	$ 562,538	0.03%	$ 8
2017	950,000	36,272	913,728	0.05%	13
2016	1,300,000	33,883	1,266,117	0.07%	18
2015	2,300,000	537,181	1,762,819	0.10%	25
2014	3,225,000	1,008,322	2,216,678	0.13%	31
2013	4,135,000	1,407,011	2,727,989	0.16%	39
2012	4,943,782	1,403,402	3,540,380	0.22%	50
2011	5,752,893	1,308,152	4,444,741	0.27%	63
2010	6,557,005	1,233,301	5,323,704	0.33%	78
2009	7,266,117	1,067,364	6,198,753	0.37%	91

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

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

Direct and Overlapping Governmental Activities Debt

As of September 30, 2018

Name of Governmental Unit	Net General Obligation Debt Outstanding	% Applicable to County	Amount Applicable to County
Net direct - County	$ 605,946	100.00%	$ 605,946
Overlapping debt			
Cities:			
City of Clare	520,000	10.34%	53,768
City of Mt. Pleasant	2,069,000	100.00%	2,069,000
			2,122,768
Townships:			
Lincoln	44,400	100.00%	44,400
Rolland	365,000	100.00%	365,000
Union	3,105,000	100.00%	3,105,000
			3,514,400
Village:			
Lake Isabella	435,000	100.00%	435,000
School districts:			
Alma	31,619,183	0.01%	3,162
Beal City	3,963,149	100.00%	3,963,149
Chippewa Hills	10,535,000	29.69%	3,127,842
Clare	6,145,000	25.38%	1,559,601
Coleman	6,060,000	12.64%	765,984
Farwell	2,060,000	7.74%	159,444
Montabella	2,175,000	28.54%	620,745
Mt. Pleasant	27,185,000	100.00%	27,185,000
Shepherd	29,733,261	94.47%	28,089,012
St. Louis	13,653,616	2.08%	283,995
Vestaburg	12,970,713	8.05%	1,044,142
			66,802,076
Intermediate School districts:			
Clare-Gladwin ISD	620,000	4.94%	30,628
Gratiot-Isabella ISA	995,000	48.92%	486,754
Montcalm ISD	1,071,000	3.36%	35,986
			553,368
Community colleges:			
Mid-Michigan Community College	850,000	4.94%	41,990
Montcalm Community College	3,085,000	3.36%	103,656
			145,646
Total overlapping debt			73,573,258
Total direct and overlapping debt			$ 74,179,204

Source: Municipal Advisory Council of Michigan

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

Legal Debt Margin

Last Ten Fiscal Years

	2018	2017	2016	2015
Debt limit	$ 180,614,613	$ 175,837,969	$ 172,033,525	$ 171,180,577
Total net debt applicable to limit	2,845,946	3,711,894	4,491,560	5,466,126
Legal debt margin	$ 177,768,667	$ 172,126,075	$ 167,541,965	$ 165,714,451
Total net debt applicable to the limit as a percentage of debt limit	1.58%	2.11%	2.61%	3.19%

Legal Debt Margin Calculation for Fiscal Year 2017

Taxable value	$ 1,806,146,131
Debt limitation - 10 percent of total taxable value in County	180,614,613
Debt applicable to limit	2,845,946
Less:	
Assets in debt service funds	43,408
Total amount of debt applicable to debt limit	2,889,354
Legal debt margin	$ 177,725,259

Note: Under state finance law Isabella County's outstanding general obligation debt shall not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 13 - Unaudited

2014	2013	2012	2011	2010	2009
$ 166,467,932	$ 165,860,385	$ 162,275,425	$ 162,782,921	$ 161,744,716	$ 152,912,268
6,377,238	7,304,890	8,707,623	10,055,873	11,318,724	12,555,661
$ 160,090,694	$ 158,555,495	$ 153,567,802	$ 152,727,048	$ 150,425,992	$ 140,356,607
3.83%	4.40%	5.37%	6.18%	7.00%	8.21%

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2018	(1)	(1)	(1)	(1)	3.30%
2017	71,063	$ 2,348,845,000	$ 33,053	33,053	4.40%
2016	71,282	2,332,921,000	32,728	30,266	3.70%
2015	70,698	2,255,267,000	31,900	30,602	4.60%
2014	70,506	2,175,646,000	30,810	31,056	5.60%
2013	70,436	2,192,286,000	31,125	31,642	6.80%
2012	70,617	2,146,138,000	30,434	30,770	5.90%
2011	70,636	1,975,000,000	27,960	30,893	7.40%
2010	70,311	1,876,000,000	26,678	30,756	7.20%
2009	68,228	1,833,000,000	28,049	29,836	8.50%

Data sources:

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

(1) Information not available.

Ten Largest Principal Employers

Current Year and None Years Ago

Employer	2018 (1)			2009 (2)		
	Employees	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment
Saginaw Chippewa Indian Tribe (3)	3,602	1	10.23%	3,224	1 & 3	9.16%
Central Michigan University	2,693	2	7.65%	2,403	2	6.82%
Delfield Co.	660	3	1.87%	505	6	1.43%
McLaren Central Michigan (4)	506	4	1.44%	663	4	1.88%
Morbark	475	5	1.35%	515	5	1.46%
Mid Michigan College	472	6	1.34%			
McBride Quality Care Services	500	7	1.42%			
Mt. Pleasant Public Schools	466	8	1.32%	500	7	1.42%
Bandit Industries	462	9	1.31%			
Fisher Transport	450	10	1.28%			
Walmart				400	8	1.14%
Meijer Inc.				340	9	0.97%
Unified Brands				325	10	0.92%

(1) Most recent data provided by Middle Michigan Development Company.
(2) Isabella County Comprehensive Annual Financial Report 9/30/2009.
(3) In 2009 the data was reported separately as Soaring Eagle Hotel & Casino 2,510 and Saginaw Chippewa Indian Tribe 714.
(4) In 2009 this employer's name was Central Michigan Community Hospital.

Source:
www.mmdc.org

Full-time Equivalent County Governmental Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014
General service administration	108.9	108.5	112.9	110.1	109.5
Legislative	7.0	7.0	7.0	7.0	7.0
Law enforcement and corrections	53.8	48.4	53.7	50.8	52.4
Public safety and emergency services	20.8	21.3	21.0	22.1	21.4
Health and welfare	27.9	11.6	26.5	25.3	29.1
Culture and recreation	6.9	6.6	8.2	7.9	8.3
Planning and development	3.8	3.8	2.5	3.6	3.4
Other agencies	10.9	10.9	7.5	15.0	16.2
	239.9	218.1	239.3	241.8	247.3

Source: Isabella County Administration Office

Table 16 - Unaudited

2013	2012	2011	2010	2009
102.9	101.5	101.5	101.5	104.0
7.0	7.0	7.0	7.0	7.0
49.9	49.0	50.0	50.0	50.0
21.5	20.7	20.7	20.7	21.4
28.2	31.3	31.3	31.3	31.3
8.3	4.3	4.3	4.3	4.3
2.6	3.0	3.0	3.0	3.0
14.8	12.5	9.0	12.5	12.5
235.2	229.3	226.8	230.3	233.5

ISABELLA COUNTY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015
General government activities				
Trial Court total caseload	12,577	14,737	14,857	13,459
Law enforcement and corrections:				
Number of incarcerated offenders	3,803	4,092	4,064	4,331
Public safety and emergency services:				
Animal control:				
Complaints	1,304	1,711	1,449	1,455
Animal adoptions	567	595	560	972
Health and welfare:				
Health Department:				
Immunizations administered	3,646	5,496	3,586	3,495
House numbering:				
House numbers issued	84	62	61	47
Housing:				
Mortgages granted	-	-	7	4
Recreation and culture:				
Annual vehicle park passes	2,177	2,109	2,089	1,782
Daily vehicle park passes	11,972	12,577	13,390	12,248
Annual boat passes	1,057	941	1,001	739

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

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

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

Table 17 - Unaudited

2014	2013	2012	2011	2010	2009
13,586	13,722	13,453	13,250	16,279	16,130
4,449	6,227	6,012	5,664	5,502	5,610
1,151	1,705	1,861	1,297	1,383	1,618
1,042	1,620	1,576	1,542	1,390	1,371
4,194	4,863	4,365	5,785	5,187 (1)	
48	44	45	52	49	47
9	7	6	-	-	-
1,640	1,447	1,692	1,528	1,560	1,727
10,646	9,425	10,983	10,459	9,858	9,045
653	564	729	576	712	551

Capital Assets Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014
General government:					
Juvenile detention:					
Facilities	2	2	2	2	2
Law enforcement and corrections:					
Sheriff:					
Vehicles	26	23	18	19	20
Boats	1	1	1	1	1
Jail facilities	1	1	1	1	1
Public safety and emergency services:					
Animal control - vehicles	3	2	2	2	2
Emergency services - vehicles	1	2	2	2	2
Community and economic development - vehicles	3	1	1	1	1
Recreation and culture:					
Parks and recreation:					
Parks	5	5	5	5	5
Vehicles	8	7	7	7	7

Source: Isabella County Finance Department

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

Table 18 - Unaudited

2013	2012	2011	2010	2009
2	2	2	2	2
21	23	23	23	23
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
5	5	5	5	5
7	8	8	8	8

Rehmann

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

March 14, 2019

Board of Commissioners
Isabella County
Mt. Pleasant, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Isabella County, Michigan* (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2019. Our report includes a reference to other auditors who audited the financial statements of Isabella County Road Commission, Isabella County Transportation Commission, and the Isabella County Medical Care Facility, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Isabella County Medical Care Facility were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

Rehmann Robson LLC

Schedule of Findings and Responses

For the Year Ended September 30, 2018

None noted.

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Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2018

2017-001 - Material Prior Period Adjustments

During the audit, we identified and proposed material prior period adjustments impacting receivables, revenue, and deferred inflow of resources to record revenue in the correct period (which were approved and posted by management). This matter has been resolved in 2018.