GENERAL APPROPRIATIONS BUDGET

Fiscal Budget 2015/2016
Adopted September 22, 2016

REVENUES and EXPENDITURES	ENGR. WS	TWP WS	MAINT/ GEN OPER.	2016C Budget
TRANSPORTATION FUND				
546-1 MTF-Engineering	$ -	$ -	$ 10,000	$ 10,000
546-2 MTF-Primary Rd.			2,950,000	2,950,000
546-3 MTF-Local Rd.			1,700,000	1,700,000
546-4 MTF-Primary Urban			300,000	300,000
546-5 MTF-Local Urban			50,000	50,000
Total Transportation Funds	$ -	$ -	$ 5,010,000	$ 5,010,000
STATE GRANTS:				
547 State Critical Brg.	$ 73,004	$ -	$ -	$ 73,004
548 State General Fund Grant			426,656	426,656
549-2 State Cat. A	87,880			87,880
551 TED D Funds Rural	227,902			227,902
Total State Grants	$ 388,786	$ -	$426,656.00	$ 815,442
FEDERAL GRANTS:				
510-3 Fed. Aid Hazard Elim. Safety	$ -	$ -	$ -	$ -
510-5 Fed. Aid-Critical Brg.	389,357			389,357
510-7 Federal STP(ISTEA D Enhancement)	519,747			519,747
510-9 Federal Cat D	45,065			45,065
511-2 Federal Urban STP	40,925			40,925
511-5 Federal B.I.A. Critical Bridge	602,185			602,185
Total Federal Grants	$ 1,597,279	$ -	$ -	$ 1,597,279
LOCAL UNITS:				
583-4 Township Contributions	$ 301,067	$4,636,562	$ -	$ 4,937,629
583-5 Village Contributions		2,633		2,633
583-6 Other Govt. Contrib.	0	0		0
Total Local Units	$ 301,067	$ 4,639,196	$ -	$ 4,940,263
OTHER REVENUES:				
476 Permits	$ -	$ -	$ 33,600	$ 33,600
643 Salvage Sales			3,760	3,760
644/645 Misc. Revenues			700	700
665 Interest Earned			6,954	6,954
667/668 Oil/Gas Roy./Rents			7,110	7,110
675 Other Contributions-Tribal	0		3,995	3,995
676 Other Contributions-Private	224,939	8,678	0	233,617
693.1 G/(L) on Disposal of Eq/Mat'l.			247,085	247,085
697 Installment/Lease Proceeds (2016 Cat)			240,525	240,525
Total Other Revenues	$ 224,939	$ 8,678	$ 543,729	$ 777,346
GRAND TOTAL REVENUES	$ 2,512,071	$ 4,647,873	$ 5,980,385	$ 13,140,330

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Adopted September 22, 2016

REVENUES and EXPENDITURES	ENGR. WS	TWP WS	MAINT/ GEN OPER.	2016C Budget
PRIMARY ROAD EXPENSES:				
451 Construction/Capacity Improvements	$ -	$ -	$ -	**$ -**
459 Preservation Improvements	1,490,232	2,094,344		**3,584,577**
460 Structural Improvements	188,319			**188,319**
465 Primary Traffic Signals	15,757			**15,757**
468 Routine & Preventative Maintenance	71,434			**71,434**
467 Routine & Preventative Maintenance	0	121,280	1,434,923	**1,556,203**
Total Primary Expense	$ 1,765,742	$ 2,215,624	$ 1,434,923	**$ 5,416,290**
LOCAL ROAD EXPENSES:				
489/493 Preservation Improvements	$ 1,195,739	$ 2,250,483	$ -	**$ 3,446,222**
490 Structural Improvements	25,000			**25,000**
495 Traffic Signals	5,285			**5,285**
497 Routine & Preventative Maintenance	0	529,997	2,348,400	**2,878,397**
498 Road Structure Maintenance	0			**0**
Total Local Expense	$ 1,226,024	$ 2,780,481	$ 2,348,400	**$ 6,354,905**
EQUIPMENT EXPENSE:				
510 Equipment Expense Direct (Incl. Deprec.)	$ -	$ -	$ 1,159,500	**$ 1,159,500**
511 Equipment Expense Indirect			477,000	**$ 477,000**
512 Equipment Expense Operating (Fuel)			400,000	**$ 400,000**
Less: Equipment Rental			(1,625,000)	**$ (1,625,000)**
Net Equipment Expense	$ -	$ -	$ 411,500	**$ 411,500**
OTHER EXPENDITURES:				
515 Administration	$ -	$ -	$ 618,400	**$ 618,400**
Depreciation (Admin/Engr)			17,000	**17,000**
Purchase Discounts			(4,476)	**(4,476)**
Net Administrative Expense	$ -	$ -	$ 630,924	**$ 630,924**
900 CAPITAL OUTLAY	$ -	$ -	$ 1,609,457	**$ 1,609,457**
Less: Equip. Retrmts(689)			(18,538)	**(18,538)**
Less: Depreciation			(598,700)	**(598,700)**
Net Capital Outlay	$ -	$ -	$ 992,219	**$ 992,219**
519/521 Maint. Svcs-Other Units/Non-Road Projects	$ -	$ -	$ 2,160	**$ 2,160**
990 Brush Tractor Lease-Principal			40,330	**40,330**
990 New Caterpillar 140M2 Motor Grader			8,688	**8,688**
990 New 2016 Caterpillar Motor Grader			20,939	**20,939**
990 Brush Tractor Lease-Interest			1,227	**1,227**
990 INTEREST EXPENSE-Motor Grader			4,700	**4,700**
990 INTEREST EXPENSE-2016 Motor Grader			579	**579**
975 LONG-TERM Carter Building Lease Principal			128,622	**128,622**
975 LONG-TERM Carter Building Lease Interest			5,218	**5,218**
Total Other	$ -	$ -	$ 212,463	**$ 212,464**
GRAND TOTAL EXPENDITURES	$ 2,991,766	$ 4,996,105	$ 6,030,429	**$ 14,018,301**
INCREASE / (DECREASE) FROM REVENUE	$ (479,695)	$ (348,232)	$ (50,044)	**$ (877,971)**
Beginning Fund Balance				**$ 5,618,997**
ENDING FUND BALANCE				**$ 4,741,026**
Less Inventory and Prepaids				**$ (365,326)**
Less MERS				**$ -**
NET ENDING FUND BALANCE				**$ 4,375,700**

NOTE 8 - LONG-TERM DEBT (Continued)
Annual debt service requirements:

Year End September 30	Installments Payable Principal	Installments Payable Interest	Total
2016	$ 77,734	$ 11,056	$ 88,790
2017	38,289	8,939	47,228
2018	39,199	8,029	47,228
2019	222,792	2,987	225,779
2020	31,602	2,238	33,840
2021 – 2023	76,153	2,216	78,369
Total	$ 485,769	$ 35,465	$ 521,234

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits, the County Road Commission provides post-employment health care insurance benefits to all retired employees by a group insurance plan. The benefits are provided in accordance with articles of the union agreement, which includes the provision that upon retirement, the commission contributes $150 to $350 per month for health coverage per retiree based on years of service scale for employees hired before January 1, 2010 only. The Commission's obligation ceases upon the employee attaining the minimum age for Medicare coverage.

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

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

Funding Policy. Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2015, the Commission contributed $4,200 to the plan. Total member contributions were $15,127.

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

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual required contribution	$	29,889
Interest on OPEB obligation		2,296
Annual OPEB cost (expense)		32,185
Contributions made		(4,200)
Increase in net OPEB obligation		27,985
Net OPEB obligation – beginning of year		57,397
Net OPEB obligation – end of year	$	85,382

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2014, and 2015 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 26,795	53%	$ 30,173
2014	34,424	21%	57,397
2015	32,185	13%	85,382

Funded Status and Funding Progress: As of September 30, 2015, the actuarial accrued liability for benefits was $380,119, a portion of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was $904,718, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36%. The actuarial value of plan assets and funded ratio was 14.3%.

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

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

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

Assumptions About Healthcare Costs: The 2015 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums – Health Care Cost Trend Rate – was one percent.

Other Assumptions and Methods: The inflation rate was assumed to be 2.5 percent. Based on expected returns of the investments, the investment rate of return was assumed to be 7.0 percent. The value of the Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants - The Road Commission has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Road Commission. In the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements included herein or on the overall financial position of the Road Commission at September 30, 2015.

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

The Road Commission from time to time is named as a defendant in accident claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. Insurance coverage related to these claims and lawsuits, if any, is categorized under the general liability insurance program. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission's current liability for these matters, if any, have been recorded.

There are nonaccident liability and condemnation lawsuits currently pending against the Road Commission claiming amounts for damages and relief without stated limitations. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission's current liability for these matters, if any, have been recorded.