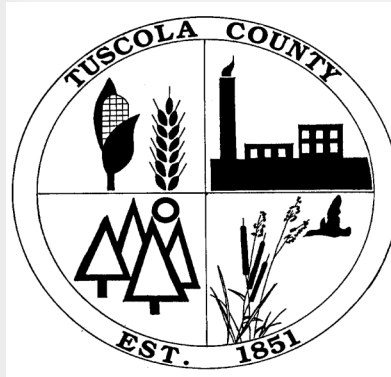


# **TUSCOLA COUNTY MICHIGAN**



## **Comprehensive Annual Financial Report**

**Year Ended December 31, 2009**

**Comprehensive Annual Financial Report  
Of  
Tuscola County, Michigan  
Caro, Michigan**



**For the Year Ended  
December 31, 2009**

Issued by:

County Controller's Department  
Michael R. Hoagland, Controller/Administrator



# TUSCOLA COUNTY, MICHIGAN

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>SECTION ONE: INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i - xii
List of Principal Officers.....	xiii
Organizational Chart .....	xiv
GFOA Certificate .....	xv
<b>SECTION TWO: FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-15
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	16
Statement of Activities .....	17-18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund .....	23-24
Health Department.....	25
Statement of Net Assets – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	27
Statement of Cash Flows – Proprietary Funds .....	28-29
Statement of Fiduciary Net Assets – Fiduciary Funds .....	30
Notes to Basic Financial Statements .....	31-68

# TUSCOLA COUNTY, MICHIGAN

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>Required Supplementary Information</b>	
Municipal Employees Retirement System of Michigan – Schedule of Funding Progress and Employer Contributions .....	69
<b>Supplementary Information</b>	
General Fund	
Schedule of Revenues and Other Financing Sources – Budget and Actual.....	70-72
Schedule of Expenditures and Other Financing Uses – Budget and Actual.....	73-82
Nonmajor Governmental Funds	
Combining Balance Sheet .....	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	84
Combining Balance Sheet – Special Revenue Funds.....	85-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds .....	89-92
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – Budget and Actual .....	93-104
Combining Balance Sheet – Capital Project Funds.....	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds .....	106
Nonmajor Enterprise Funds	
Combining Statement of Net Assets .....	107
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	108
Combining Statement of Cash Flows .....	109
Internal Service Funds	
Combining Statement of Net Assets .....	110
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	111
Combining Statement of Cash Flows .....	112
Fiduciary Funds	
Combining Balance Sheet – Fiduciary Funds .....	113
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	114
Component Unit	
Statement of Net Assets and Governmental Fund Balance Sheet – Drain Commission .....	115
Statement of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balance – Drain Commission .....	116

# TUSCOLA COUNTY, MICHIGAN

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>SECTION THREE: STATISTICAL SECTION</b>	
Net Assets by Component	117
Changes in Net Assets	118-119
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds and General Governmental Tax Revenues by Source	121
Assessed Value and Estimated Actual Value of Taxable Property	122
Property Tax Rates Direct and Overlapping Governments	123
Principal Property Taxpayers	124
Property Tax Levies and Collections	125
Ratio of Outstanding Debt by Type	126
Ratios of General Bonded Debt Outstanding	127
Direct and Overlapping Governmental Activities Debt	128
Legal Debt Margin Information	129
Demographic and Economic Statistics	130
Principal Employers	131
Full-time Equivalent County Employees by Function	132
Operating Indicators by Function	133
Capital Asset Statistics by Function	134

# TUSCOLA COUNTY, MICHIGAN

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>SECTION FOUR: SINGLE AUDIT SECTION</b>	
Schedule of Expenditures of Federal Awards .....	135
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 <i>Governmental Auditing Standards</i> .....	136-137
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	138-139
Schedule of Findings and Questioned Costs .....	140-143
Summary Schedule of Prior Audit Findings.....	144

## **I . INTRODUCTORY SECTION**

**The Introductory Section contains:**

- ❖ Letter of Transmittal
- ❖ List of Principal Officers
- ❖ Organization Chart
- ❖ Certificate of Achievement

# TUSCOLA COUNTY

## CONTROLLER/ADMINISTRATOR'S OFFICE

Michael R. Hoagland  
Controller/Administrator  
mhoagland@tuscolacounty.org

207 E. Grant Street  
Caro, Michigan 48723

Telephone  
989-672-3700

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June 24, 2010

To the Honorable Board of Commissioners and Citizens of Tuscola County:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Tuscola County for the fiscal year ended December 31, 2009.

This report consists of management's representations concerning the finances of Tuscola County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Tuscola County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Tuscola County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Tuscola County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Tuscola County's financial statements have been audited by Rehmann & Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Tuscola County for the fiscal year ended December 31, 2009 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Tuscola County's financial statements for the fiscal year ended December 31, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Tuscola County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor



agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Tuscola County's separately issued Single Audit Report.

GAAP requires 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. Tuscola County's MD&A can be found immediately following the report of the independent auditors.

## **I - Profile of the Government**

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Tuscola County was incorporated in 1851 and is located in the east central portion of the lower peninsula of the state. The County occupies an area of approximately 816 square miles and serves a population of over 55,000.

County government is operated under a five member elected County Board of Commissioners. Members are elected on a partisan basis by district. Districts are established every 10 years through an apportionment process. (See attached County organizational chart). The County Board of Commissioners is responsible, among other things, for adoption of balanced annual operational and capital improvement budgets, determining tax levies, property equalization among local governmental units, establishing certain policies, appointing members to various boards and commissions, and appointing certain County officials.

In 1986, the Board of Commissioners established an appointed County Controller-Administrator position to be the Chief Administrative/Accounting Officer of the County. The duties of this position involve the management of the following: Recycling Operation, Mosquito Abatement, Equalization, Building and Grounds, Animal Control, Information Systems Department, Risk Management, Human Resources Department, Payroll Department, Corporate Council and Accounting-Budgeting Department and is also responsible for other statutory functions of the position.

The offices of Prosecuting Attorney, Sheriff, Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large on a partisan basis and serve for a four-year term. The Judicial branch of government consists of three judges with one each in Circuit/Family Court, District Court, and Probate Court. All judges are elected at large on a non-partisan basis and serve a six-year term.

Tuscola County provides a full range of services which include: police; dispatch; courts; jail; vital records maintenance; drainage; public health; child support and custody; care of abused, neglected, and delinquent youth; building codes; animal control; emergency services/homeland security; economic development; recycling; mosquito abatement; medical care facility; etc. <http://www.tuscolacounty.org/>

## **II - Annual County Budget Development and Reporting Process**

The annual budget, in conjunction with monthly financial reports and the annual Comprehensive Annual Financial Report, are the foundations for Tuscola County's financial planning and control.

All agencies of Tuscola County are required to submit annual budget appropriation requests to the Controller-Administrator. The Controller-Administrator uses these requests as the starting point for developing a proposed budget. The Controller-Administrator then presents this proposed budget to the Board of Commissioners for review. Departments who are not in agreement with their budget have opportunities to address specific concerns with the Board of Commissioners. Budget Public Hearings are required to be held and adoption of a final budget is required no later than December 31, which is the close of Tuscola County's fiscal year.

The appropriated budget is prepared by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 23-24 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets this comparison is presented in the governmental fund subsection of this report, which starts on page 93.

## **III - Economic Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific economic and overall environment within which the County of Tuscola operates.

### **Economic Indicators of Concern**

All major economic indicators reveal that the county and state economies are amongst the worst in the nation. Michigan has the highest unemployment rate in the nation. The economies of Tuscola County and the State of Michigan have, and continue to be devastated by unprecedented declines in the American automobile industry that have had both spiraling and rippling effects with far reaching consequences not only on the manufacturing base, but also on the retail and service sectors of the economy.

For decades, the automobile industry was the engine powering the Michigan economy. Over the past eight years, hundreds of thousands of quality jobs have been permanently eliminated from this essential industrial base. Michigan's ten year structural state budget crisis continues for the 2010/2011 fiscal year. The state budget is directly linked and nearly a mirror image to the domestic auto industry's struggles. The number of auto workers has been reduced by over two-thirds in the last 10 years. Both General Motors and Chrysler have filed Chapter 11 Bankruptcy and have received major loans from the Federal Government. Predictions by University of Michigan economists and other entities making economic forecasts are that further job losses will occur in the manufacturing sector of the state.

Tuscola County is experiencing great financial pressures because of the significant systemic economic downturn. Overall, economic problems are negatively impacting the revenue base and the ability of the County to maintain service levels. County unemployment, mortgage foreclosures, declining residential property values, shrinking household income, an aging population, reduced community and economic development activity, and educational attainment are consistently lagging behind statewide and national averages. According to the U.S. Census, the July 2009 population estimate for Tuscola County was 55,395. This is a decline of 2,871 or 4.9% from the year 2000 population of 58,266. Tuscola County's unemployment rate continues to increase. In May 2009, the unemployment rate was 17.4% compared to May of 2008 at 9.8%. Land values declined from 2008 to 2009 resulting in reductions in property tax revenue available to the county to deliver services.

This was the first decline in property tax revenue in approximately 25 years. The residential class of land is experiencing the largest declines. The number of property foreclosures has been skyrocketing over the past several years which are negatively impacting property values. Most concerning is that further declines are projected over the next several years. Property tax is the single largest source of revenue to the general fund. The importance of property tax revenue cannot be overstated because it represents 45% of the total revenue for operations. Property tax value declines are clearly a result of the significantly weakened economy.

### **Positive Steps Taken to Rebuild the Economy**

The County and other entities have taken positive steps to rebuild and strengthen the local economy in working to reverse the trends described above. Major County economic development activities during 2009 include the following:

#### **Job Retention/Creation**

Recent positive economic development activities that have retained and/or created new jobs with the assistance of the County Economic Development Corporation (EDC) and other economic development entities are outlined below.

- The EDC provided small business counseling to the new owners of the automotive parts manufacturing firm in Millington. The new owners decided to keep all 120 jobs in Tuscola County, and no employees were laid off. **Advanced Decorative Systems** was formerly called Kaumagraph Corporation and has been in Millington since 1984. The new owners say that the future of the company looks bright.
- The Village of Cass City reported last month that the **Dairy Farmers of America** has purchased 40 acres of land in the Cass City Industrial Park. Although plans are not firmed up, local officials are optimistic that a large milk or dairy processing plant will be built there which will benefit a large number of Dairy Farmers of America members in the region. Between 25 and 35 new jobs could be created in Cass City.
- The Tuscola County EDC and City of Caro provided gap financing to a new manufacturing company (**Nu-Way Plastics**) which is expected to begin operations in early July. The new firm will manufacture medical equipment and plastic consumer products. The company will use an existing building that became vacant about two years ago. The firm expects to hire about 43 employees by July of 2011.

- The former Grede Foundry in Vassar was purchased by **Metavation** in late 2009. The Tuscola County EDC worked with the City of Vassar and the Michigan EDC to retain 82 of the previous 95 jobs at the plant. The foundry had been for sale for quite some time and there were fears that the plant would be shut down.
- The Village of Cass City has approved a tax abatement application for **Walbro Engine Management**, which has been located in Tuscola County since 1953. The manufacturing firm will purchase about \$4 million worth of new equipment which will be used to make multi-layer fuel tanks for the marine and consumer product markets. About 15 new jobs will be created by January of 2011, and several part time employees have recently been hired in Cass City.

### **Revolving Loan Fund**

The Tuscola County Economic Development Corporation (EDC) has administered a Revolving Loan Fund designated for Tuscola County projects. This has been an excellent tool for local economic development. The fund serves the gap financing needs of small businesses and entrepreneurs and has helped businesses and individuals in all economic segments of the economy and in all geographic areas of the County. The need for gap financing occurs when a financial institution is willing to provide a percentage of the loan, yet they are unable to lend the full amount requested in order to launch or expand the business due to what is perceived as a higher risk loan than the financial institution is willing to bear. The revolving loan fund supplements conventional financing and under no circumstances replaces traditional financing through a financial institution.

The demand for financing of small businesses and local entrepreneurs far exceeds the present capital distribution capabilities of the Tuscola County EDC's Revolving Loan Fund. The Tuscola County EDC has a need for capital for the Revolving Loan Fund. A grant application has been submitted to the Federal Government for \$100,000 to increase the capital available to the Revolving Loan Fund.

### **Enterprise Facilitation**

For the past three years, citizens and local officials have been working to energize and rebuild the economy through entrepreneurship with the implementation of an Enterprise Facilitation Program. Enterprise facilitation is a "bottom up" people-centered approach to economic development involving an Enterprise Facilitator working with a community-based board to provide free one-on-one confidential business management and networking advice to aspiring entrepreneurs and existing businesses to achieve success.

Approximately 40 clients have already utilized program services. Major areas where assistance has been provided by the Enterprise Facilitator and Management Board include: marketing of product-service and financial management. Individuals and businesses are aware and appreciate the Enterprise Facilitation Program principles and methodology. The community has grown to understand and appreciate that enterprise facilitation is an important component to overall economic development.

### **Economic Gardening**

This program assists the growth of promising, emerging small businesses by providing access to a coordinated and comprehensive market information research "infrastructure." This infrastructure integrates databases provided through local libraries and the State of

Michigan's Electronic Library (MeL). These integrated databases are complemented by value-adding technical assistance. This information provides businesses with market research and competitive intelligence which in many cases enables them to substantially improve their growth prospects. The success of the 2008 program was influential in the awarding of a second United States Department of Agriculture grant of \$40,000 to continue the program in 2009.

### **Thumb Area Tourism Council Advances**

The Thumb Area Tourism Council, Inc. (TATC), a registered 501(c) (6) nonprofit organization, is a central tourism resource and destination marketing organization dedicated to increasing visibility of the tourism industry within Michigan's thumb area in an effort to attract tourism-related dollars and economic growth to the region.

TATC's objective is to promote the thumb area as a travel destination rich in natural scenic beauty, strong cultural heritage, year-round recreation, and community-related entertainment and events. Promotional efforts of Thumb Area Tourism include local, regional, and statewide marketing endeavors, community involvement and sponsorships, and much more. TATC is confident these promotional efforts will lead to a rise in economic growth for the area with the influx of new visitors, residents and business owners. A web site has been created which identifies businesses and tourism attractions – [www.thumbtourism.org](http://www.thumbtourism.org).

### **Saginaw Bay Coastal Initiative**

The Saginaw Bay Coastal Initiative is an important program to improve the environment of the bay and surrounding areas along with capitalizing on the bay as a tremendous asset for tourism/recreation and economic development. Some of the projects include: tourism enhancement, improvement to fisheries, muck removal and control, wetland protection, increasing access to the bay, phragmites control, and river shed improvements, etc.

### **Coastal Zone Management Grant**

A Coastal Zone Management Grant was received to identify problems and implement solutions to make the northern coastal area of the County a point of destination and to increase tourism and economic development in this part of the County. This plan will position the County for grant funds to help solve problems and complement the overall work being done by the Saginaw Bay Coastal Initiative.

### **Airport Infrastructure Investments**

The Tuscola Area Airport Authority has invested over 4 million dollars in improvements over the past 15 years. The Airport Authority was established by a number of local municipalities in Tuscola County. Improvements have included: road access realignment, runway extension, runway rehabilitation, parallel taxiway construction, taxiway extension, administration building construction, security fencing, replacement of fuel tanks, parking lot construction and tree cutting. The Tuscola Area Airport is used as an economic development tool throughout Tuscola County.

A crosswind runway would be a helpful addition to increase airport usability, safety, effectiveness and efficiency. The crosswind runway would aid the airport and future economic development by increasing air traffic and improving safety. A 5000 foot runway is essential for jets to land at the airport more safely.

### **Industrial Park Upgrades**

As of February 2009, the Village of Mayville became the fifth community in Tuscola County to establish an industrial park. Local funding was used to purchase a parcel of vacant land and to make initial infrastructure improvements at the park. In 2009, Mayville was awarded a U.S. Department of Agriculture Rural Business Enterprise Grant to make essential electrical infrastructure improvements for the park. The City of Caro has purchased additional property adjacent to the Caro Renaissance Zone and the Caro Industrial Park. The City is taking steps to market this property in further developing the Caro Industrial Park. The land is properly zoned. The Village of Reese is developing plans for a Green Technology and Light Industrial Park. Many infrastructure improvements will be needed in Reese. Other industrial parks are located in Millington, Vassar and Cass City as well.

### **Sewer and Water System Infrastructure Upgrades**

Local governmental units in the County continue to make vital improvements to sewer and water systems by financing through bonds. Maintaining and upgrading the County sewer and water infrastructure is critical to economic development and the well-being of residents. The most significant project in 2009 was the financing to extend the central water system from Hampton Township in Bay County into Wisner Township area of Tuscola County. Actual construction is anticipated to begin in 2011. Other recent sewer and/or water upgrades have occurred in: Denmark Township, the City of Caro, the Village of Millington and the Village of Kingston.

### **Brownfield Redevelopment Grant**

Tuscola County received a \$400,000 Brownfield Redevelopment Grant in 2007 for clean-up of environmentally damaged sites. The objective of the program is to eliminate environmental problems that have occurred at these sites so the land can be properly used. Further information and possible use of these funds for clean-up is available by contacting James McLoskey (Tuscola County Economic Development Corporation Director) at 989-673-2849.

## **IV - State Financial Trends – Impact County**

The State continues to experience enormous financial problems. Multiple years of billion dollar reductions have been made to close the structural gap between state revenues and expenditures. Unfortunately, because Tuscola County government, in many respects is an extension of state government, state financial adjustments and a weak state/local economy have impacted Tuscola County financial capabilities.

Tremendous financial challenges have confronted Tuscola County over the past several years and the problem is anticipated to continue in 2010 and 2011. Unprecedented cuts have been made in state revenue traditionally provided to the County. These cuts, combined with a small County allocated (general fund) millage of 3.9 mills, modest tax base and declines in key County revenue sources have negatively impacted the ability to maintain County services. For the past several years, the County Board has made timely adjustments to these changing financial conditions and must continue to do so in order to maintain long-term financial stability.

## **V – 2009 County Activity Summary**

### **Wind Energy Potentials**

New State mandates require a percentage of wind and other renewable energy sources to be in use by 2012. Tuscola County has been identified by wind energy companies as having significant potential with as many as 500 wind generators that could be located in the County in the next three or four years. Considerable amounts of private land have been leased for wind generators. Most of this land is in the northern and central portions of the County. International Transmission Company is currently planning upgrades to transmission lines so the increase in electrical generation can be moved through the transmission grid system.

Wind generators are taxed personal property providing the potential for increased revenue to county and local governments in several years. A committee has been formed in the Thumb to review fair and equitable methods of taxing wind generators.

### **County Bond Rating Upgraded**

Even with all of the financial issues confronting the County, the County bond rating was upgraded from A- to A+ in 2009. This is a tribute to the strong and capable financial management of Tuscola County. This upgrade would not have occurred without the demonstrated commitment of the Board of Commissioners and County management to live within its financial means.

### **Wisner Township Area Water Project**

This is an estimated \$3.8 million project to bring fresh water to the Wisner Township area from Bay County. The United States Department of Agriculture (USDA) Rural Development is offering a grant to fund 45% of the project cost. Also the USDA would provide a 40 year low interest loan to fund other portions of the project cost. In much of this area the water is undrinkable and has to be transported. Actual construction is expected to begin in 2011.

### **Innovation in Service Delivery**

Difficult financial times are forcing rethinking and changes in how services are delivered. In 2009, there were two outstanding examples of intergovernmental cooperation in Tuscola County. An agreement between the City of Caro and Tuscola County for the County Equalization Department to provide assessing services to the City was approved. This new agreement is advantageous to taxpayers and to City of Caro/County government. Also, the signing of an agreement with Huron County to share the services and cost of the Tuscola County Environmental Health Officer and Information Technology Director was approved.

### **Jail Overcrowding**

County jail overcrowding continues to be a problem. This situation is forcing the County to pay to house prisoners in other County jails. The problem has existed for the past five years. In 2009, the County spent approximately \$148,000 to house prisoners in other counties. Behavioral Health programs used to pay for County prisoner mental medical costs. These costs have now been shifted to the County by the State. With the State's decision to release state prisoners early, local probation department caseloads have increased putting more pressure on the local judicial and corrections system. The County is in the process of reviewing the potentials of implementing a tether program as a potential method of reducing prisoner housing costs.

### **Energy Grant**

Tuscola County in conjunction with Huron and Sanilac Counties has received approximately \$490,000 in federal grant funds to make county and local governmental offices more energy efficient. Some of the projects to be implemented with the grant include: installation of solar energy panels at the Municipal Building in Cass City, installation of a wind energy generator at the Municipal Building in the Village of Mayville, street lighting upgrades in the City of Caro, non-motorized planning in the Village of Harbor Beach, County and Watertown Township lighting, and conducting energy audits throughout the region.

### **Reduced Mosquito Abatement Levy**

After a financial analysis, it was determined the Mosquito Abatement millage levy for the 2010 budget year could be reduced by .07 mills from the original .6316 mills to .5616 mills resulting in a total reduction in property taxes paid of approximately \$104,662 or an average of approximately \$3.50 per household.

### **National Flood Insurance Program**

Significant changes have been made by the Federal Government in determining property that is in the floodplain and procedures that local units of government must follow for citizens to qualify for floodplain insurance through the National Flood Insurance Program. More information regarding these changes will become available in 2010.

### **JAG Grant**

The Thumb Narcotics Unit has been awarded a federal JAG Grant in the amount of \$400,000 to help support drug enforcement efforts. The Tuscola County Sheriff's Department will receive an amount of \$174,000 from the total grant which will be used to assign a full-time deputy to the Thumb Narcotics Unit for the next three years. This grant will not only allow a full-time deputy to assist in the detection and apprehension of drug offenders, but will also enable the deputy to receive invaluable training in this field in order to be of more assistance to the Sheriff's Department once the grant is finished.

### **Airport Zoning Ordinance**

Progress continues to be made by the County Planning Commission and Board of Commissioners in the development of a recommended Airport Zoning Ordinance with objectives including: private property owner's rights/interests with wind and other alternative sources of energy, needs of agriculture, the role of Tuscola Area Airport in meeting transportation and economic development needs, and citizen/air traffic safety.

### **Child Care Costs**

County costs for care of abused, neglected and delinquent children are mandated by state law and these costs continue to increase. Total State and County costs were approximately \$1.1 million for 2008 with the county share of approximately \$607,000. County costs are projected to be even higher for 2009 at \$785,000 and by 2010 the county share of the costs are projected to increase to over \$800,000.

### **Prescription Discount Card**

The prescription discount card program began full operation on June 22, 2009. The program is available to Tuscola County residents. Use of this card can provide 22% reduction in the retail price of prescription drugs and will be accepted by most pharmacies in the County. It is provided by the National Association of Counties (NACo) and



implemented by the Tuscola County Board of Commissioners. Additional information can be obtained by calling toll free 1-877-321-2652 or visiting the NACo website at [www.caremark.com/naco](http://www.caremark.com/naco) for assistance with the program.

### **County Web Site**

The County web site has become a vital tool to local units of government and the public. Examples of current available information include: top news stories impacting the County, Board minutes/agendas, election coverage, tax sales, land record searches, County departments/contact information, employment opportunities, financial reports, activity reports and online forms and services.

### **H1N1Flu**

The Health Department had significant involvement in dealing with the H1N1 influenza virus during 2009. In addition to providing vaccines, there are many things that can be done to reduce the flu in our schools, communities, workplaces, and homes. For more information and updates on vaccination clinics for the H1N1 and seasonal flu, please contact Tuscola County Health Department (Ann Hepfer R.N.B.S. at 989-673-8114) or visit the following website at [www.tchd.us](http://www.tchd.us)

### **Special Purpose Millage Renewals**

Millage renewals which will be voted in August of 2010 include the Road Patrol and Senior Citizens. The Road Patrol renewal is critical to maintain public safety throughout the County. The Senior Citizen millage has been in place for many years and helps to provide essential services to senior citizens such as home delivered meals, transportation and flu shots.

## **VI - Effective Financial Policies**

The County has established long-standing effective financial policies that have stood the tests of time and financial pressures. Although the County has several financial related policies, the two most significant ones are: maintaining a minimum general fund balance and management of how delinquent tax revolving funds are used on an annual basis. It is interesting to note that financial policies that have recently been recommended in Huron and other counties have been in place in Tuscola County for years. Well-reasoned fiscal policy is integral to maintaining fiscal stability and a strong bond rating on a long-term basis. The following is a summary of these two key County financial policies.

- **General Fund Unreserved Fund Balance** – The current County policy stipulates a 10% undesignated fund balance in the general fund which is maintained. This reflects only slightly more than one month's operational expenses. The County auditors have previously explained the need to maintain an undesignated fund balance in the general fund of 10% to preserve positive cash flow, cover unexpected emergencies and maintain a good bond rating. In 2002, adjustments were made by transferring delinquent tax reserves to establish a general fund balance at the recommended 10% level.
- **Delinquent Tax Revolving Funds** – One of the cornerstones of County finances has been the proper management of delinquent tax revolving funds. The delinquent tax policy of the County is to not spend principle, to use annual net income for operational and capital improvement needs and to maintain a self-funding

arrangement. (Self-funding enables the County to pay local taxing units in full for their share of current taxes that are determined to be delinquent on an annual basis rather than borrow funds). It is essential to continue sound management of County financial policies and practices involving delinquent tax funds. Fiscal discipline and management of these funds are vital to overall long-term County financial stability.

## **VII - Cash Management Policies and Practices**

During the year, idle cash was temporarily invested in obligations of the U.S. Government and in Certificates of Deposit ranging from 30 to 180 days maturity, in daily interest savings accounts and in interest-bearing checking accounts. Funds are kept in a pooled cash account with various banks.

## **VIII - Pension and Other Post Employment Benefits**

The County sponsors a defined-benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the County must pay for each of the existing units in the plan to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, Tuscola County fully funds each year's annual required contribution to the pension plan as determined by the actuary. The County was funded 91.2% on an average for all units as of December 31, 2009. In 2001, the county was 115% funded.

The County provides full coverage health care benefits to its employees. Retirees are not covered, but they can continue on the county plan at their cost. Due to strong financial management and application of numerous cost-savings methods, Tuscola County has been able to keep increases below the industry average. Tuscola County's average increase has been 4.8% over the past 5 years, which is well below industry average increases. The main cost saving method was switching to a self-funded plan with a specific level of re-insurance. Other options have been to increase co-pay on drugs, offer mail order prescriptions with discounts for generic drugs, offer an opt-out incentive to reduce the number of employees on the County plan, and, the most recent, to offer a menu of plans with a specific employee premium co-payment for a specific level of coverage.

## **IX - Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008. This was the ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

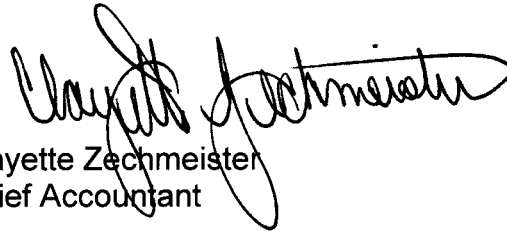
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Tuscola County Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Tuscola County's finances.

Respectfully submitted,



Michael R. Hoagland  
Controller/Administrator



Clayette Zechmeister  
Chief Accountant

## The Board of Commissioners

Gerald Peterson  
District 5  
Chairperson

District 1     Amanda Roggenbuck  
District 2     Thomas Bardwell

District 3     Tom Kern  
District 4     Roy Petzold

### Administration

County Controller/Administrator

Michael Hoagland

### Elected Officials

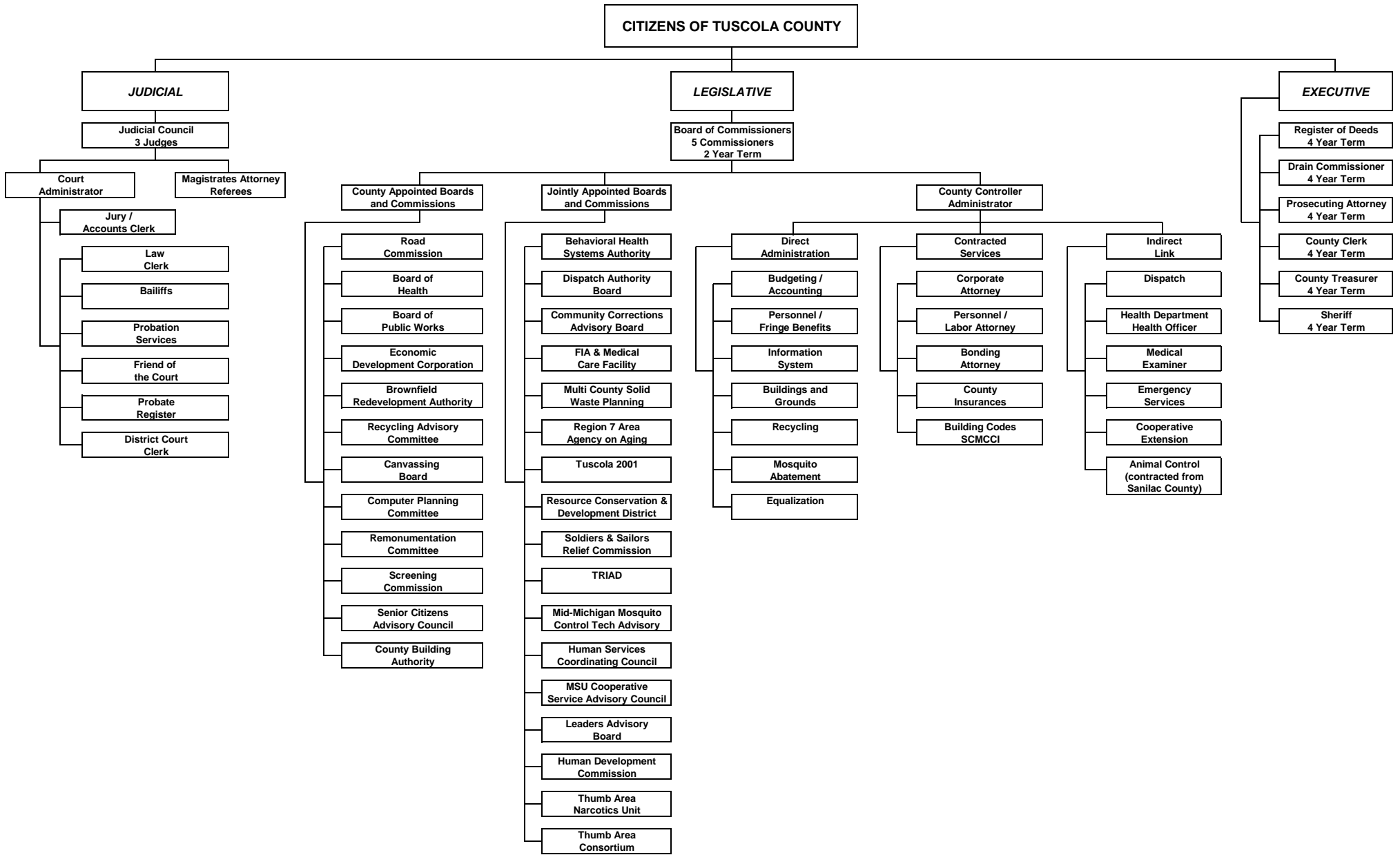
Circuit Court Judge  
District Court Judge  
Probate Court Judge  
Prosecutor  
Sheriff  
County Clerk  
Register of Deeds  
Drain Commissioner  
Treasurer

Patrick Joslyn  
Kim Glaspie  
William Kent  
Mark Reene  
Leland Teschendorf  
Margie White  
Daniel Grimshaw  
Robert Mantey  
Patricia Donovan-Gray

### Appointed Officials

Director of Facilities & Buildings and Codes  
Dispatch Director  
Equalization Director  
Friend of the Court  
Mosquito Abatement Director  
Juvenile Director  
Undersheriff  
Director of Information Systems  
MSU/Co-op Director  
Recycling Coordinator  
Health Officer  
District Court Administrator  
Circuit Court Administrator

Mike Miller  
Robert Klenk  
Walter Schlichting  
Mary Lou Burns  
Jenifer Robb  
Robert Popielarz  
Glen Skrent  
Steven Lark  
Hal Hudson  
Kate Neese  
Gretchen Tenbusch  
Donna Fraczek  
Kyle Jaskulka



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tuscola County  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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



A large, stylized handwritten signature in black ink, appearing to read "JEFFREY R. ENOS".

President

A smaller, more legible handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

## **II . FINANCIAL SECTION**

The Financial Section Contains:

- ❖ Independent Auditor's Report
- ❖ Management Discussion and Analysis
- ❖ Basic Financial Statements
- ❖ Notes to Financial Statements
- ❖ Required Supplementary Information
- ❖ Supplementary Financial Information

**INDEPENDENT AUDITORS' REPORT**

June 24, 2010

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Tuscola County, Michigan*** as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Tuscola County, Michigan***'s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 71% and 89% respectively, of assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, are based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Tuscola County Medical Care Facility were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Tuscola County, Michigan***, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund and the Health Department Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2010, on our consideration of ***Tuscola County, Michigan***'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, presented on pages 3-15, and the historical pension supplementary information for the Municipal Employees Retirement System of Michigan including the Schedule of Funding Progress and Employer Contributions presented on page 69 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ***Tuscola County, Michigan***'s basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*", and is also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large initial 'L'.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of *Tuscola County, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

#### **Asset Information**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$38,464,771 (net assets). Of this amount, \$25,057,446 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted assets, significant portions of these assets can only be used for specific purposes.
- The County's total net assets increased by \$615,751 from 2008.
- The capital asset portion of the total net assets had a decrease of (\$674,378). In 2008, these assets were \$26,091,789 compared to \$25,417,411 in 2009. The business-type activities decrease is (\$686,137) and the governmental activities had a modest increase of \$11,759.
- The restricted portion of total net assets increased by \$273,014 in comparison to the restricted net assets in 2008.
- The unrestricted portion of total net assets increased by \$140,368. This is mostly due to the increase of business-type activities of \$175,152. The difference is a decrease in the governmental activities of (\$34,784).

#### **Fund Balance Information.**

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,855,444. Approximately 66 percent of this total amount, \$4,492,854 is available for spending at the government's discretion (unreserved fund balance).
- The general fund's unreserved-undesignated fund balance was \$833,391 or approximately 7 percent of the total general fund expenditures and transfers out at the end of the current fiscal year. The total fund balance for the general fund was \$1,571,893.

## **Overview of the Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety (including the jail), public works, health and welfare, and culture and recreation. The business-type activities of the County include the delinquent tax collections, Medical Care Facility and other enterprise funds that consist of public works activities for local units.

The government-wide financial statements include not only Tuscola County itself (known as the primary government), but also a legally separate Road Commission, Brownfield Redevelopment, and Drain Commission Office. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Tuscola County Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-18 of this report.

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

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

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

The County maintains 41 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Health Department Fund each of which are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, debt service funds, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The general fund and major governmental fund financial statements can be found on pages 23-26 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 93.

**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 delinquent tax collections and Medical Care Facility activities, and other funds that consist of public works activities for local units. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Tuscola County uses internal service funds to account for its health insurance, retirement supplement and the workman's compensation funds.

Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility, Delinquent Tax Revolving Fund, Caro Sewer System, and the Denmark Sewer System which are considered to be major funds of the County, and other enterprise funds that are considered nonmajor enterprise funds. The detail for the nonmajor enterprise funds can be found on pages 107-109. The internal service funds are combined in a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* on pages 110-112.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 30 of this report.

**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. The notes to the financial statements can be found on pages 31-68 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 70-116 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tuscola County, assets exceeded liabilities by \$38,464,771 at the close of the most recent fiscal year.

The following tables show net assets for governmental and business-type activities, in addition to a comparison of 2008 and 2009 balances.

	Governmental Activities		Business-Type Activities		Totals	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 13,248,701	\$ 12,942,733	\$ 25,629,561	\$ 26,154,631	\$ 38,878,262	\$ 39,097,364
Capital assets, net	5,834,184	5,845,943	20,257,605	19,571,468	26,091,789	25,417,411
<b>Total assets</b>	<b>19,082,885</b>	<b>18,788,676</b>	<b>45,887,166</b>	<b>45,726,099</b>	<b>64,970,051</b>	<b>64,514,775</b>
Long-term liabilities outstanding	1,656,877	1,589,680	20,581,627	19,492,163	22,238,504	21,081,843
Other liabilities	3,842,972	3,909,398	1,039,555	1,058,763	4,882,527	4,968,161
<b>Total liabilities</b>	<b>5,499,849</b>	<b>5,499,078</b>	<b>21,621,182</b>	<b>20,550,926</b>	<b>27,121,031</b>	<b>26,050,004</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	4,922,081	5,059,405	4,030,033	4,425,078	8,952,114	9,484,483
Restricted	2,407,986	2,012,008	1,241,842	1,910,834	3,649,828	3,922,842
Unrestricted	6,252,969	6,218,185	18,994,109	18,839,261	25,247,078	25,057,446
<b>Total net assets</b>	<b>\$ 13,583,036</b>	<b>\$ 13,289,598</b>	<b>\$ 24,265,984</b>	<b>\$ 25,175,173</b>	<b>\$ 37,849,020</b>	<b>\$ 38,464,771</b>

One of the largest portions of the County's net assets of \$25,067,446 reflects its unrestricted net assets. This is a decrease from 2008 of \$189,632. The overall decrease is the result of a reduction in the business-type activities of \$154,848 and \$34,784 in the governmental activities.

The restricted portion of the County's net assets, \$3,922,842 represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in the government as a whole, as well as for its business-type activities. The governmental activities however, have been reporting declines for three years. For 2007, the reduction was (\$55,292), in 2008 we have a larger reduction of (\$1,064,273) and for 2009 the decline is (\$293,438)

## Tuscola County Changes in Net Assets

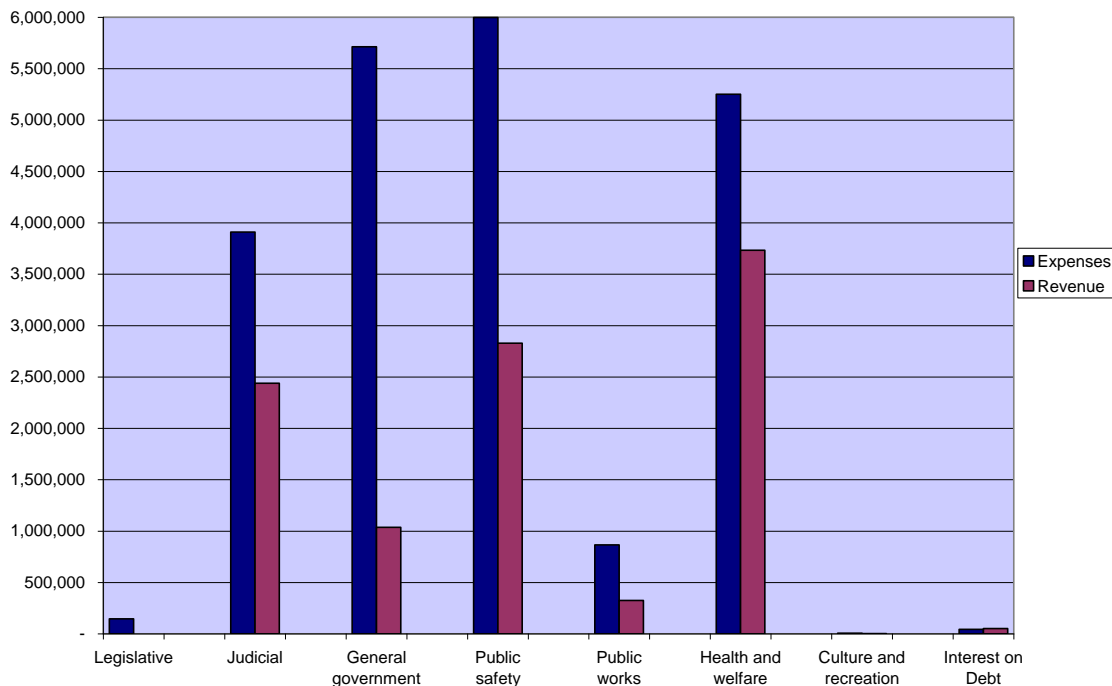
	Governmental Activities		Business-Type Activities		Totals	
	2008	2009	2008	2009	2008	2009
<b>Revenues:</b>						
Program revenue:						
Charges for services	\$ 5,379,562	\$ 5,472,463	\$ 14,131,189	\$ 15,615,211	\$ 19,510,751	\$ 21,087,674
Operating grants and contributions	4,854,054	4,891,058	-	-	4,854,054	4,891,058
Capital grants and contributions	127,155	50,264	3,495,097	589,188	3,622,252	639,452
General Revenue:						
Property taxes	8,329,785	8,899,366	1,773,731	1,812,867	10,103,516	10,712,233
Grants and contributions not restricted to specific programs	589,645	1,184,605	-	-	589,645	1,184,605
Unrestricted investment earnings	312,610	270,797	229,178	137,287	541,788	408,084
Other revenues	-	11,241	302,614	523,536	302,614	534,777
Total revenues	<u>19,592,811</u>	<u>20,779,794</u>	<u>19,931,809</u>	<u>18,678,089</u>	<u>39,524,620</u>	<u>39,457,883</u>
<b>Expenses:</b>						
Legislative	119,951	146,185	-	-	119,951	146,185
Judicial	3,665,853	3,909,720	-	-	3,665,853	3,909,720
General Government	5,580,391	5,711,900	-	-	5,580,391	5,711,900
Public Safety	5,628,777	5,997,680	-	-	5,628,777	5,997,680
Public Works	939,794	865,143	-	-	939,794	865,143
Health and Welfare	5,463,407	5,250,554	-	-	5,463,407	5,250,554
Culture and Recreation	6,043	6,541	-	-	6,043	6,541
Interest on debt	50,441	42,620	-	-	50,441	42,620
Medical Care Facility	-	-	14,476,962	16,390,118	14,476,962	16,390,118
Delinquent property tax	-	-	2,478	1,455	2,478	1,455
Caro Sewer System	-	-	81,246	111,530	81,246	111,530
Caro Sewage (Refunding)	-	-	22,715	18,682	22,715	18,682
Mayville Storm Sewer	-	-	59,233	58,267	59,233	58,267
Richville Water System	-	-	34,833	31,578	34,833	31,578
Millington Sewer System	-	-	3,994	3,769	3,994	3,769
Denmark Sewer System	-	-	3,576,078	88,849	3,576,078	88,849
Tax Foreclosure	-	-	114,590	215,711	114,590	215,711
Total expenses	<u>21,454,657</u>	<u>21,930,343</u>	<u>18,372,129</u>	<u>16,919,959</u>	<u>39,826,786</u>	<u>38,850,302</u>
Change in net assets before transfers	(1,861,846)	(1,150,549)	1,559,680	1,758,130	(302,166)	607,581
Transfers - internal activities	797,573	857,111	(751,517)	(848,941)	46,056	8,170
Change in net assets	(1,064,273)	(293,438)	808,163	909,189	(256,110)	615,751
Net assets-beginning of year, as restated	<u>14,647,309</u>	<u>13,583,036</u>	<u>23,457,821</u>	<u>24,265,984</u>	<u>38,105,130</u>	<u>37,849,020</u>
<b>Net assets-end of year</b>	<u>\$ 13,583,036</u>	<u>\$ 13,289,598</u>	<u>\$ 24,265,984</u>	<u>\$ 25,175,173</u>	<u>\$ 37,849,020</u>	<u>\$ 38,464,771</u>



**Governmental Activities.** Governmental activities decreased the County’s net assets by (\$293,438) for fiscal year 2009. This decrease is (\$770,835) less than the decrease in 2008.

- Some of the factors that may explain this occurrence are that expenditures are continuing to increase. All governmental activities, with the exception of public works, interest on debt, and health and welfare had a total increase of \$771,011 in expenditures prior to transfers from a year ago.
- Property taxes including general operating and all special purpose millages have an increase of \$569,581 for 2009. For fiscal year 2008, they are reported as \$8,329,785 and for 2009, they are reported as \$8,899,366.
- Grants and contributions not restricted to specific programs appear to have an increase of \$594,960 from 2008. The state revenue sharing was reactivated in September of 2008 and therefore we only had 3 months to record for that year. The remainder of the total \$1,014,042 was recorded as a transfer in from the revenue sharing reserve fund. When we compare the actual difference from 2008 and 2009 for revenue sharing we show a decreased of \$422,335.

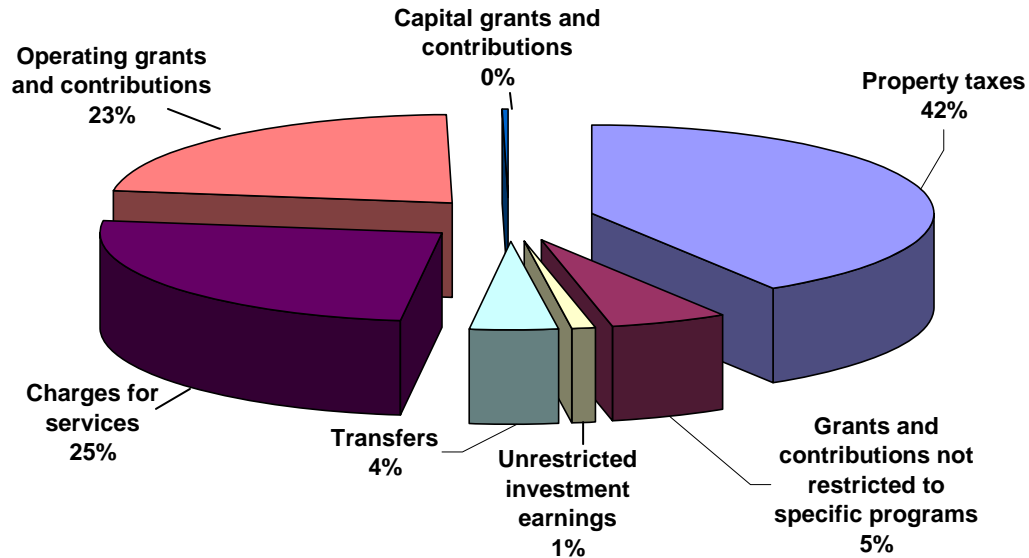
**Expenses and Program Revenues - Governmental Activities**



- The statement of activities for program revenues for the governmental activities shows program revenue at \$10,413,785 which is short of covering governmental expenses by \$11,516,558. Our governmental activities depend on general revenues like property taxes and transfers to end the year in a positive balance.

The statement of activities can be found on pages 17-18.

### Revenues by Source - Governmental Activities

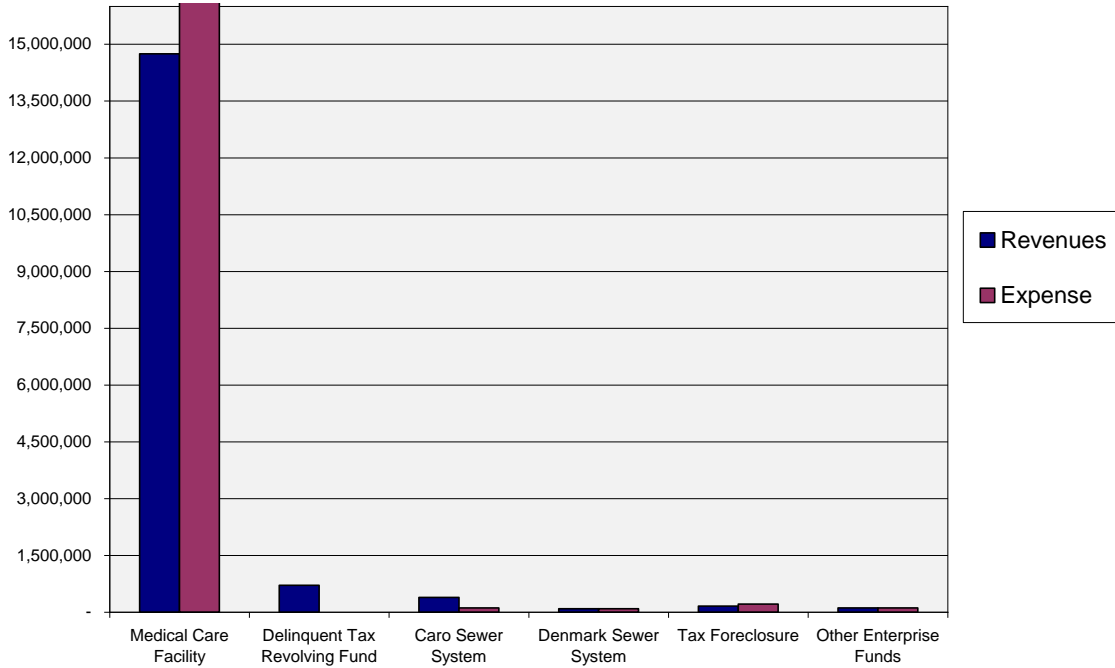


**Business-Type Activities.** Business-type activities increased the County's net assets by \$909,189. This is a modest increase from 2008 of \$101,026. Revenues have decreased from 2008 by \$1,253,720. The main reason for this substantial drop is from the capital grants and contributions category.

Key elements of the changes are as follows:

- The Caro Sewer Project is nearing completion for fiscal year 2009. Ending with an increase in net assets of \$276,513 from year ending 2008.
- The Denmark Sewer Project was completed in 2008 and the recording of Capital grants, as well as the expense have substantially decreased for 2009.
- Medical Care Facility has an increase in net assets of \$559,238 from 2008. This shows a smaller growth than the year ending 2008 of \$934,074.
- Delinquent Tax Revolving Fund assets prior to transfers are showing income of \$776,841 compared to \$733,331 in 2008. What we continue to monitor is the decline in interest earnings. In 2008, the earnings were \$132,637 and for 2009 they are trending down at \$68,255. This is a substantial decrease of \$64,382. However, the interest on taxes for operating revenues is up \$83,719 from 2008. This is interest we are charging on delinquent property taxes with penalties. This trend seems to be keeping the income stable in this fund.

**Expense and Program Revenues - Business-type Activities**

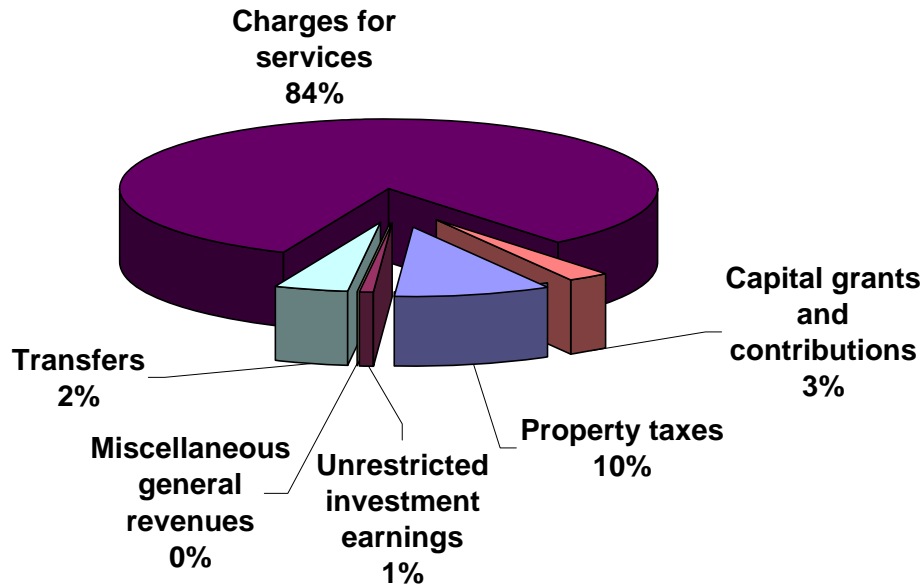


Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System and Denmark Sewer Systems. Other nonmajor business-type funds or enterprise funds are Caro Sewage Disposal (refunded), Mayville Storm Sewer, Richville Water System, Millington Sewer System and the Tax Foreclosure Fund.

Additional information on these nonmajor enterprise funds can be found on pages 107-109.

The majority of revenues for all business-type activities come from charges for services. This accounts for 84 percent of the total revenue or \$15,615,211.

### Revenues by Source - Business-type Activities



### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,855,444. Of this total amount, \$4,492,854 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. However, the *unreserved fund balance* amount is further separated into *unreserved-designated fund balance* of \$883,198 and *unreserved-undesignated fund balance* of \$3,609,656. The *unreserved-designated fund balance* has been assigned for specific purposes, such as compensated absences, retirement contributions and wage schedule implementation for the Health Department, and subsequent year's expenditures for other governmental funds. The remainder of *fund balance* is reserved to indicate that it is not available for new spending because it has already been committed to: 1) \$310,000 to cover advances to component units

2) \$6,800 to cover for cemetery maintenance 3) \$1,997,443 for capital projects 4) \$40,596 to cover prepaid items and 5) \$7,751 for restricted contributions.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,256,998 while total fund balance was \$1,571,893. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 10 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund decreased by \$645,067 during the current fiscal year. The use of fund balance was planned for in fiscal year 2009. We also anticipate the use of fund balance for 2010.

The Health Department fund had an increase of \$20,475 in fund balance for the current year, for an ending fund balance of \$657,720.

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

Unrestricted net assets at the end of the year amounted to \$18,839,261. The Medical Care Facility Fund was \$5,853,564, the Delinquent Tax Revolving Fund ended at \$5,684,231 and the Caro Sewer System Fund finished at \$6,946,392. All other unrestricted net assets of the nonmajor enterprise funds are \$355,074.

The Medical Care Facility Fund had an increase of net assets for the year of \$559,238 and the Caro Sewer System fund has progressed in 2009, and ended the year with increased net assets of \$276,513. The combined nonmajor total net assets increased by \$73,442.

### **General Fund Budgetary Highlights**

The differences between the original and final amended budgets for expenditures and transfers out resulted in an increase of \$229,255. Variances between budget and actual show a decrease in fund balance of (\$645,067).

### **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounted to \$25,417,411 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. This is a decrease of (\$674,378) from 2008.

**County of Tuscola**  
**Capital assets (net of depreciation)**

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2009	2009	2009
Land	\$ 560,646	\$ -	\$ 560,646
Construction in Progress	-	7,276,390	7,276,390
Buildings	2,529,780	7,197,303	9,727,083
Improvements	1,440,720	641,114	2,081,834
Vehicles	431,586	-	431,586
Equipment	1,377,980	4,456,661	5,834,641
Health Dept Accum. Depreciation	(494,769)	-	(494,769)
Total	<u>\$5,845,943</u>	<u>\$19,571,468</u>	<u>\$25,417,411</u>

Additional information on the County's capital assets can be found in note III C on pages 45-49 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$33,573,132. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$11,155,306 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

The County's bond rating was upgraded in 2004 from BBB+ to A- and continued to remain at the A- status for 2008. In July 2009 Tuscola County was upgraded to an A+.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total taxable valuation. The current debt limitation for the County is \$149,517,573 which is significantly higher than the County's current outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III F on pages 50-54 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the County's budget for the 2010 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2009 was 16.0 percent, which is an increase from an average rate of 2.1 percent a year ago. This is higher than the State's average unemployment rate of 13.6 percent and the national average rate of 9.3 percent.
- State revenue sharing is expected to be \$40,873 less for 2010 from the 2009. We are still unsure what the state has planned for their 1<sup>st</sup> quarter of 2011 or our last quarter of 2010. There is a possibility that further reductions are forthcoming.
- Trends in property values are affecting taxable values and property tax revenues. There is a 1 to 1 correlation between total taxable value and property tax revenue. A 1% drop in total taxable value will result in a 1% drop in property tax revenue. We are expecting a drop of property tax revenue in the coming years ahead.
- Residential values decline and property foreclosures escalate. Property equalization studies verify this disturbing trend. Area realtors soberly describe homes that previously sold for \$130,000 to \$140,000 are now selling for \$90,000 to \$95,000. Property foreclosures are a direct indicator of economic conditions.
- The 2010 General Fund adopted budget of \$12,092,500 is a decrease of \$684,500 from the 2009 adopted budget of \$12,777,000. However the 2010 budget has been further reduced by \$72,328 through budget amendments. The 2010 budget is balanced primarily through transfers, one-time sources of funds, reducing FTE, and the use of fund balance.
- Declining major sources of revenue. The earnings on investments, Register of Deeds fees and additional Jail revenues continue to decline, and are not expected to increase in 2010.
- The further reduction of some federal and state grants continues to put pressure on local funds to keep vital programs for Health and Public Safety.

## **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tuscola County Controller's Office, 207 E. Grant St., Caro, Michigan 48723.

## **BASIC FINANCIAL STATEMENTS**



**TUSCOLA COUNTY**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Road Commission	Brownfield Redevelopment	Drain Commission	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 1,361,565	\$ 2,392,342	\$ 3,753,907	\$ 30,987	\$ -	\$ 1,096,776	\$ 1,127,763
Investments	5,508,484	1,481,344	6,989,828	-	-	5,919,199	5,919,199
Receivables	5,961,916	16,957,352	22,919,268	3,360,236	8,102	9,657,439	13,025,777
Advance to component units	310,000	-	310,000	-	-	-	-
Internal balances	(293,337)	293,337	-	-	-	-	-
Prepaid items and other assets	40,596	208,160	248,756	118,196	-	-	118,196
Inventory	53,509	-	53,509	356,715	-	-	356,715
Restricted cash	-	1,943,825	1,943,825	1,214,667	-	-	1,214,667
Restricted investments	-	2,878,271	2,878,271	-	-	-	-
Capital assets, net:							
Assets not being depreciated	560,646	7,276,390	7,837,036	31,810,005	-	-	31,810,005
Assets being depreciated	5,285,297	12,295,078	17,580,375	45,075,844	-	16,844,586	61,920,430
<b>Total assets</b>	<b>18,788,676</b>	<b>45,726,099</b>	<b>64,514,775</b>	<b>81,966,650</b>	<b>8,102</b>	<b>33,518,000</b>	<b>115,492,752</b>
<b>Liabilities</b>							
Accounts payable	570,954	418,837	989,791	877,070	8,102	180,433	1,065,605
Accrued liabilities	467,173	424,360	891,533	260,069	-	-	260,069
Advance from primary government	-	-	-	-	-	310,000	310,000
Unearned revenue	2,871,271	215,566	3,086,837	-	-	-	-
Noncurrent liabilities:							
Due within one year	400,102	1,471,500	1,871,602	-	-	1,534,857	1,534,857
Due in more than one year	1,189,578	18,020,663	19,210,241	1,335,983	-	9,620,449	10,956,432
<b>Total liabilities</b>	<b>5,499,078</b>	<b>20,550,926</b>	<b>26,050,004</b>	<b>2,473,122</b>	<b>8,102</b>	<b>11,645,739</b>	<b>14,126,963</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	5,059,405	4,425,078	9,484,483	76,885,849	-	5,689,280	82,575,129
Restricted for:							
Debt service	-	1,907,916	1,907,916	-	-	2,790,888	2,790,888
Capital projects	1,997,443	-	1,997,443	-	-	3,734,654	3,734,654
Donor contributions	7,751	2,918	10,669	-	-	-	-
Cemetery maintenance							
Nonexpendable	6,800	-	6,800	-	-	-	-
Expendable	14	-	14	-	-	-	-
Unrestricted	6,218,185	18,839,261	25,057,446	2,607,679	-	9,657,439	12,265,118
<b>Total net assets</b>	<b>\$ 13,289,598</b>	<b>\$ 25,175,173</b>	<b>\$ 38,464,771</b>	<b>\$ 79,493,528</b>	<b>\$ -</b>	<b>\$ 21,872,261</b>	<b>\$ 101,365,789</b>

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

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary government</b>						
Governmental activities:						
Legislative	\$ 146,185	\$ -	\$ -	\$ -	\$ -	\$ (146,185)
Judicial	3,906,995	2,724	1,335,407	1,103,077	-	(1,471,235)
General government	5,720,339	(8,439)	806,527	230,215	-	(4,675,158)
Public safety	5,997,680	-	1,811,889	1,016,033	-	(3,169,758)
Public works	865,143	-	324,593	-	-	(540,550)
Health and welfare	5,256,609	(6,055)	1,191,633	2,541,733	-	(1,517,188)
Culture and recreation	6,541	-	2,414	-	-	(4,127)
Interest on debt	42,620	-	-	-	50,264	7,644
<b>Total governmental activities</b>	<b>21,942,112</b>	<b>(11,770)</b>	<b>5,472,463</b>	<b>4,891,058</b>	<b>50,264</b>	<b>(11,516,557)</b>
Business-type activities:						
Medical care facility	16,390,118	-	14,746,024	-	-	(1,644,094)
Delinquent property tax	1,455	-	710,041	-	-	708,586
Caro sewer system	111,530	-	-	-	388,043	276,513
Caro sewage disposal (refunded)	18,682	-	-	-	18,682	-
Mayville storm sewer	58,267	-	-	-	58,267	-
Richville water system	31,578	-	-	-	31,578	-
Millington sewer system	3,769	-	-	-	3,769	-
Denmark sewer system	88,849	-	-	-	88,849	-
Tax foreclosure	215,711	-	159,146	-	-	(56,565)
<b>Total business-type activities</b>	<b>16,919,959</b>	<b>-</b>	<b>15,615,211</b>	<b>-</b>	<b>589,188</b>	<b>(715,560)</b>
<b>Total primary government</b>	<b>\$ 38,862,071</b>	<b>\$ (11,770)</b>	<b>\$ 21,087,674</b>	<b>\$ 4,891,058</b>	<b>\$ 639,452</b>	<b>\$ (12,232,117)</b>
<b>Component units</b>						
Road commission	\$ 9,661,526	\$ -	\$ 1,033,037	\$ 9,459,794	\$ -	\$ 831,305
Brownfield redevelopment	160,225	-	-	160,225	-	-
Drain commission	1,055,059	-	-	-	1,358,808	303,749
<b>Total component units</b>	<b>\$ 10,876,810</b>	<b>\$ -</b>	<b>\$ 1,033,037</b>	<b>\$ 9,620,019</b>	<b>\$ 1,358,808</b>	<b>\$ 1,135,054</b>

continued...

**TUSCOLA COUNTY**

**STATEMENT OF ACTIVITIES (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2009**

<b>Functions / Programs</b>	<b>Primary Government</b>			<b>Component Units</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Road Commission</b>	<b>Brownfield Redevelopment</b>	<b>Drain Commission</b>	<b>Total</b>
<b>Changes in net assets</b>							
Net revenue (expense)	\$ (11,516,557)	\$ (715,560)	\$ (12,232,117)	\$ 831,305	\$ -	\$ 303,749	\$ 1,135,054
General revenues:							
Property taxes	8,899,366	1,812,867	10,712,233	1,663,382	-	-	1,663,382
Grants and contributions not restricted to specific programs	1,184,605	-	1,184,605	-	-	-	-
Unrestricted investment earnings	270,796	137,287	408,083	24,427	-	45,852	70,279
Other revenue	11,241	523,536	534,777	35,072	-	-	35,072
Transfers - internal activities	857,111	(848,941)	8,170	-	-	-	-
Total general revenues and transfers	11,223,119	1,624,749	12,847,868	1,722,881	-	45,852	1,768,733
Change in net assets	(293,438)	909,189	615,751	2,554,186	-	349,601	2,903,787
Net assets, beginning of year, as restated	13,583,036	24,265,984	37,849,020	76,939,342	-	21,522,660	98,462,002
<b>Net assets, end of year</b>	<b>\$ 13,289,598</b>	<b>\$ 25,175,173</b>	<b>\$ 38,464,771</b>	<b>\$ 79,493,528</b>	<b>\$ -</b>	<b>\$ 21,872,261</b>	<b>\$ 101,365,789</b>

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

**TUSCOLA COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-09</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 573,826	\$ 787,739	\$ 1,361,565
Investments	3,397,056	-	2,111,428	5,508,484
Receivables:				
Taxes receivable	727,174	-	2,804,650	3,531,824
Taxes receivable - delinquent	10,771	-	28,463	39,234
Accounts receivable	489,338	133,801	564,131	1,187,270
Due from other funds	773,808	-	1,537,219	2,311,027
Due from federal	-	-	10,000	10,000
Due from state	79,194	38,109	248,463	365,766
Due from other governmental units	9,358	34,952	-	44,310
Prepaid expenditures	4,895	35,701	-	40,596
Inventory	-	53,509	-	53,509
Advances to component unit	310,000	-	-	310,000
<b>Total assets</b>	<b>\$ 5,801,594</b>	<b>\$ 869,898</b>	<b>\$ 8,092,093</b>	<b>\$ 14,763,585</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 209,792	\$ 92,912	\$ 172,216	\$ 474,920
Accrued liabilities	70,455	52,645	89,649	212,749
Due to other governments	-	-	22,389	22,389
Due to other funds	3,445,910	-	327,895	3,773,805
Deposits payable	-	-	21,000	21,000
Deferred revenue	503,544	66,621	2,833,113	3,403,278
<b>Total liabilities</b>	<b>4,229,701</b>	<b>212,178</b>	<b>3,466,262</b>	<b>7,908,141</b>
<b>Fund balance</b>				
Reserved for:				
Advances to component units	310,000	-	-	310,000
Cemetery maintenance	-	-	6,800	6,800
Restricted contributions	-	7,751	-	7,751
Capital projects	-	-	1,997,443	1,997,443
Prepaid items	4,895	35,701	-	40,596
Unreserved:				
Designated for compensated absences	-	144,599	-	144,599
Designated for retirement contribution	-	136,383	-	136,383
Designated for wage schedule implementation	-	35,510	-	35,510
Designated for data mgt/capital improvements	-	47,000	-	47,000
Designated for subsequent year's expenditures:				
General fund	423,607	-	-	423,607
Special revenue funds	-	-	96,099	96,099
Undesignated	833,391	250,776	-	1,084,167
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	2,525,475	2,525,475
Permanent funds	-	-	14	14
<b>Total fund balance</b>	<b>1,571,893</b>	<b>657,720</b>	<b>4,625,831</b>	<b>6,855,444</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,801,594</b>	<b>\$ 869,898</b>	<b>\$ 8,092,093</b>	<b>\$ 14,763,585</b>

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

TUSCOLA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

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<b>Fund balances - total governmental funds</b>	\$ 6,855,444
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	12,988,005
Subtract: accumulated depreciation	(7,142,062)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add: deferred delinquent property taxes	532,007
Add: long-term receivables - due from other governments	783,135
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	875,884
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: bonds payable	(770,000)
Subtract: notes payable	(16,538)
Subtract: accrued interest payable	(13,135)
Subtract: compensated absences	(803,142)
<b>Net assets of governmental activities</b>	<u><u>\$ 13,289,598</u></u>

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

**TUSCOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Health Department 9-30-09</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 5,770,370	\$ -	\$ 2,691,820	\$ 8,462,190
Licenses and permits	448,601	161,534	-	610,135
Intergovernmental				
Federal	121,412	1,851,185	1,196,053	3,168,650
State	1,858,359	-	1,135,696	2,994,055
Local	-	-	484,203	484,203
Charges for services	1,742,200	530,996	1,347,638	3,620,834
Fines and forfeits	43,340	-	6,798	50,138
Interest and rents	577,452	-	64,238	641,690
Reimbursements and refunds	513,292	-	30,946	544,238
Other	-	24,665	80,104	104,769
<b>Total revenues</b>	<u>11,075,026</u>	<u>2,568,380</u>	<u>7,037,496</u>	<u>20,680,902</u>
<b>Expenditures</b>				
Current:				
Legislative	146,040	-	-	146,040
Judicial	2,758,808	-	1,100,123	3,858,931
General government	3,776,271	-	1,434,214	5,210,485
Public safety	2,647,518	-	2,846,524	5,494,042
Public works	864,916	-	-	864,916
Health and welfare	479,039	2,971,043	1,661,697	5,111,779
Culture and recreation	-	-	6,541	6,541
Other	242,903	-	-	242,903
Capital outlay	-	-	1,109,845	1,109,845
Debt service - principal	-	-	125,565	125,565
Debt service - interest	-	-	44,490	44,490
<b>Total expenditures</b>	<u>10,915,495</u>	<u>2,971,043</u>	<u>8,328,999</u>	<u>22,215,537</u>
Revenues over (under) expenditures	<u>159,531</u>	<u>(402,663)</u>	<u>(1,291,503)</u>	<u>(1,534,635)</u>
<b>Other financing sources (uses)</b>				
Transfer in	849,941	423,138	1,288,510	2,561,589
Transfer out	<u>(1,654,539)</u>	<u>-</u>	<u>(49,939)</u>	<u>(1,704,478)</u>
<b>Total other financing sources (uses)</b>	<u>(804,598)</u>	<u>423,138</u>	<u>1,238,571</u>	<u>857,111</u>
Net change in fund balances	(645,067)	20,475	(52,932)	(677,524)
Fund balance, beginning of year	<u>2,216,960</u>	<u>637,245</u>	<u>4,678,763</u>	<u>7,532,968</u>
<b>Fund balance, end of year</b>	<u>\$ 1,571,893</u>	<u>\$ 657,720</u>	<u>\$ 4,625,831</u>	<u>\$ 6,855,444</u>

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

**TUSCOLA COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009**

<b>Net change in fund balances - total governmental funds</b>	\$ (677,524)
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	641,156
Subtract: depreciation expense	(603,178)
 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 the following fiscal year.	
Add: change in deferred delinquent property taxes	437,176
Subtract: change in long-term receivables	(111,870)
 Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add: principal payments on long-term liabilities	125,565
Add: decrease in accrued interest payable	1,870
 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 governmental funds.	
Subtract: increase in the accrual of compensated absences	(58,368)
Subtract: loss on the disposal of capital assets	(26,219)
 Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	
Subtract: net loss from governmental activities accounted for in internal service funds	<u>(22,046)</u>
<b>Change in net assets of governmental activities</b>	<u><u>\$ (293,438)</u></u>

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

**TUSCOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>				
Taxes	\$ 5,884,700	\$ 5,884,700	\$ 5,770,370	\$ (114,330)
Licenses and permits	478,392	485,392	448,601	(36,791)
Intergovernmental				
Federal	119,063	121,751	121,412	(339)
State	1,987,262	1,992,530	1,858,359	(134,171)
Charges for services	1,770,920	1,772,220	1,742,200	(30,020)
Fines and forfeits	52,050	43,050	43,340	290
Interest and rents	592,505	600,130	577,452	(22,678)
Other	546,749	546,799	513,292	(33,507)
<b>Total revenues</b>	<u>11,431,641</u>	<u>11,446,572</u>	<u>11,075,026</u>	<u>(371,546)</u>
<b>Expenditures</b>				
Legislative				
Board of commissioners	133,165	151,859	146,040	(5,819)
Judicial				
Circuit court	1,252,544	1,381,512	1,381,512	-
District court	1,077,458	1,078,258	1,035,043	(43,215)
Probate court	290,058	301,789	293,049	(8,740)
Jury commission	4,800	4,800	4,464	(336)
Adult probation	48,000	48,000	44,740	(3,260)
<b>Total judicial</b>	<u>2,672,860</u>	<u>2,814,359</u>	<u>2,758,808</u>	<u>(55,551)</u>
General government				
Elections	10,580	15,892	14,591	(1,301)
Legal	47,000	53,000	48,407	(4,593)
County clerk	413,954	416,468	399,004	(17,464)
Controller	366,482	366,482	352,996	(13,486)
Equalization	208,117	205,202	202,007	(3,195)
Prosecuting attorney	493,078	493,878	471,547	(22,331)
Cooperative reimbursement - prosecutor	169,498	169,498	163,791	(5,707)
Register of deeds	301,078	301,078	285,208	(15,870)
Treasurer	373,540	373,540	350,152	(23,388)
Cooperative extension	134,431	134,431	131,735	(2,696)
Computer operations	397,888	401,824	401,824	-
Building and grounds	865,024	865,024	791,560	(73,464)
Drain commission	177,994	178,854	163,449	(15,405)
Livestock claims	525	525	-	(525)
<b>Total general government</b>	<u>3,959,189</u>	<u>3,975,696</u>	<u>3,776,271</u>	<u>(199,425)</u>
Public safety				
Courthouse security	146,297	148,197	135,607	(12,590)
Sheriff's department	2,189,817	2,193,359	2,110,117	(83,242)
Liquor/traffic enforcement	4,398	4,398	3,425	(973)
Marine safety	23,063	20,450	20,449	(1)
Secondary road patrol	117,974	117,974	113,424	(4,550)
Thumb area narcotics group	27,709	31,635	32,575	940
Planning commission	12,550	12,550	9,216	(3,334)
Plat board	656	656	-	(656)
Emergency services	102,561	102,561	99,700	(2,861)
Animal shelter	127,000	127,000	123,005	(3,995)
<b>Total public safety</b>	<u>2,752,025</u>	<u>2,758,780</u>	<u>2,647,518</u>	<u>(111,262)</u>



**TUSCOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Public works				
Building codes	\$ 340,000	\$ 340,000	\$ 299,597	\$ (40,403)
Department of public works	3,100	2,840	2,570	(270)
Drains at large	562,749	562,749	562,749	-
Total public works	<u>905,849</u>	<u>905,589</u>	<u>864,916</u>	<u>(40,673)</u>
Health and welfare				
Substance abuse	65,000	65,000	63,162	(1,838)
Medical examiner	40,973	40,973	37,796	(3,177)
Veterans' burial	18,000	21,720	21,720	-
Economic development	57,877	57,877	57,877	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	19,000	19,000	10,241	(8,759)
Total health and welfare	<u>489,093</u>	<u>492,813</u>	<u>479,039</u>	<u>(13,774)</u>
Other	<u>261,933</u>	<u>252,056</u>	<u>242,903</u>	<u>(9,153)</u>
<b>Total expenditures</b>	<u>11,174,114</u>	<u>11,351,152</u>	<u>10,915,495</u>	<u>(435,657)</u>
Revenues over expenditures	<u>257,527</u>	<u>95,420</u>	<u>159,531</u>	<u>64,111</u>
<b>Other financing sources (uses)</b>				
Transfer in	921,752	968,849	849,941	(118,908)
Transfer out	<u>(1,602,886)</u>	<u>(1,655,103)</u>	<u>(1,654,539)</u>	<u>564</u>
<b>Total other financing sources (uses)</b>	<u>(681,134)</u>	<u>(686,254)</u>	<u>(804,598)</u>	<u>(118,344)</u>
Net change in fund balance	(423,607)	(590,834)	(645,067)	(54,233)
Fund balance, beginning of year	<u>2,216,960</u>	<u>2,216,960</u>	<u>2,216,960</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,793,353</u>	<u>\$ 1,626,126</u>	<u>\$ 1,571,893</u>	<u>\$ (54,233)</u>

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

**TUSCOLA COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HEALTH DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>				
Licenses and permits	\$ 156,761	\$ 153,277	\$ 161,534	\$ 8,257
Intergovernmental				
Federal/state	1,745,731	1,921,161	1,851,185	(69,976)
Charges for services	581,980	551,295	530,996	(20,299)
Other	<u>28,566</u>	<u>23,590</u>	<u>24,665</u>	<u>1,075</u>
<b>Total revenues</b>	2,513,038	2,649,323	2,568,380	(80,943)
<b>Expenditures</b>				
Current				
Health and welfare	<u>2,916,177</u>	<u>3,096,029</u>	<u>2,971,043</u>	<u>(124,986)</u>
Revenues (under) expenditures	(403,139)	(446,706)	(402,663)	44,043
<b>Other financing sources</b>				
Transfer in	<u>403,139</u>	<u>423,139</u>	<u>423,138</u>	<u>(1)</u>
Net change in fund balance	-	(23,567)	20,475	44,042
Fund balance, beginning of year	<u>637,245</u>	<u>637,245</u>	<u>637,245</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 637,245</u></u>	<u><u>\$ 613,678</u></u>	<u><u>\$ 657,720</u></u>	<u><u>\$ 44,042</u></u>

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

**TUSCOLA COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	Enterprise Funds					Total	Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 2,392,341	\$ -	\$ 1	\$ -	\$ -	\$ 2,392,342	\$ -
Investments	1,481,344	-	-	-	-	1,481,344	-
Receivables:							
Taxes receivable - delinquent	19,528	2,683,516	-	-	-	2,703,044	-
Accounts receivable	2,669,280	-	-	-	-	2,669,280	377
Allowance for uncollectible accounts	(105,684)	-	-	-	-	(105,684)	-
Due from other funds	-	711,801	-	-	358,381	1,070,182	1,169,441
Due from other governmental units	-	236,430	367,664	82,523	256,705	943,322	-
Other assets	23,981	-	-	-	-	23,981	-
Restricted cash	1,943,825	-	-	-	-	1,943,825	-
Restricted investments	-	2,878,271	-	-	-	2,878,271	-
<b>Total current assets</b>	<b>8,424,615</b>	<b>6,510,018</b>	<b>367,665</b>	<b>82,523</b>	<b>615,086</b>	<b>15,999,907</b>	<b>1,169,818</b>
Noncurrent assets:							
Due from other governmental units	-	-	6,611,390	2,075,000	2,061,000	10,747,390	-
Net pension asset	184,179	-	-	-	-	184,179	-
Capital assets, net	12,295,078	-	7,276,390	-	-	19,571,468	-
<b>Total noncurrent assets</b>	<b>12,479,257</b>	<b>-</b>	<b>13,887,780</b>	<b>2,075,000</b>	<b>2,061,000</b>	<b>30,503,037</b>	<b>-</b>
<b>Total assets</b>	<b>20,903,872</b>	<b>6,510,018</b>	<b>14,255,445</b>	<b>2,157,523</b>	<b>2,676,086</b>	<b>46,502,944</b>	<b>1,169,818</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	362,130	48,942	4,458	-	3,307	418,837	-
Accrued and other liabilities	292,818	-	28,205	22,023	30,705	373,751	293,934
Due to other funds	-	776,845	-	-	-	776,845	-
Patient trust fund	35,909	-	-	-	-	35,909	-
Deposits payable	14,700	-	-	-	-	14,700	-
Unearned revenue	215,566	-	-	-	-	215,566	-
Bonds payable, current	850,000	-	335,000	60,500	226,000	1,471,500	-
<b>Total current liabilities</b>	<b>1,771,123</b>	<b>825,787</b>	<b>367,663</b>	<b>82,523</b>	<b>260,012</b>	<b>3,307,108</b>	<b>293,934</b>
Noncurrent liabilities:							
Bonds payable, net of current portion	7,350,000	-	6,611,390	2,075,000	2,061,000	18,097,390	-
Deferred costs	(76,727)	-	-	-	-	(76,727)	-
<b>Total long-term liabilities</b>	<b>7,273,273</b>	<b>-</b>	<b>6,611,390</b>	<b>2,075,000</b>	<b>2,061,000</b>	<b>18,020,663</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,044,396</b>	<b>825,787</b>	<b>6,979,053</b>	<b>2,157,523</b>	<b>2,321,012</b>	<b>21,327,771</b>	<b>293,934</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	4,095,078	-	330,000	-	-	4,425,078	-
Restricted for:							
Donor contributions	2,918	-	-	-	-	2,918	-
Debt service	1,907,916	-	-	-	-	1,907,916	-
Unrestricted	5,853,564	5,684,231	6,946,392	-	355,074	18,839,261	875,884
<b>Total net assets</b>	<b>\$ 11,859,476</b>	<b>\$ 5,684,231</b>	<b>\$ 7,276,392</b>	<b>\$ -</b>	<b>\$ 355,074</b>	<b>\$ 25,175,173</b>	<b>\$ 875,884</b>

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

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2009

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
<b>Operating revenue</b>							
Charges for services	\$ 14,746,024	\$ 710,041	\$ -	\$ -	\$ 159,146	\$ 15,615,211	\$ 1,911,738
Other operating revenue	328,336	-	-	-	195,200	523,536	-
<b>Total operating revenue</b>	<b>15,074,360</b>	<b>710,041</b>	<b>-</b>	<b>-</b>	<b>354,346</b>	<b>16,138,747</b>	<b>1,911,738</b>
<b>Operating expenses</b>							
Operation and maintenance	15,005,320	1,455	-	-	-	15,006,775	1,920,438
Benefits and claims	-	-	-	-	-	-	13,346
Administration	-	-	-	-	215,711	215,711	-
Depreciation	1,038,600	-	-	-	-	1,038,600	-
<b>Total operating expenses</b>	<b>16,043,920</b>	<b>1,455</b>	<b>-</b>	<b>-</b>	<b>215,711</b>	<b>16,261,086</b>	<b>1,933,784</b>
Operating income (loss)	(969,560)	708,586	-	-	138,635	(122,339)	(22,046)
<b>Nonoperating revenue (expenses)</b>							
Property taxes	1,812,867	-	-	-	-	1,812,867	-
Interest and rent	62,129	68,255	-	-	6,903	137,287	-
Loss on sale of capital assets	(2,568)	-	-	-	-	(2,568)	-
Amortization of discount and issuance costs	(11,259)	-	-	-	-	(11,259)	-
Interest expense and fiscal charges	(332,371)	-	(111,530)	(88,849)	(112,296)	(645,046)	-
<b>Total nonoperating revenue (expenses)</b>	<b>1,528,798</b>	<b>68,255</b>	<b>(111,530)</b>	<b>(88,849)</b>	<b>(105,393)</b>	<b>1,291,281</b>	<b>-</b>
Income (loss) before capital contributions and transfers	559,238	776,841	(111,530)	(88,849)	33,242	1,168,942	(22,046)
Capital contributions	-	-	388,043	88,849	112,296	589,188	-
<b>Transfers</b>							
Transfers out	-	(776,845)	-	-	(72,096)	(848,941)	-
Change in net assets	559,238	(4)	276,513	-	73,442	909,189	(22,046)
Net assets, beginning of year	11,300,238	5,684,235	6,999,879	-	281,632	24,265,984	897,930
<b>Net assets, end of year</b>	<b>\$ 11,859,476</b>	<b>\$ 5,684,231</b>	<b>\$ 7,276,392</b>	<b>\$ -</b>	<b>\$ 355,074</b>	<b>\$ 25,175,173</b>	<b>\$ 875,884</b>

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

**TUSCOLA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2009**

	Enterprise Funds					Total	Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
<b>Cash flows from operating activities</b>							
Cash received from customers	\$ 14,057,827	\$ 743,622	\$ -	\$ -	\$ 159,146	\$ 14,960,595	\$ 1,911,738
Cash payments for interfund services provided	-	-	-	-	(73,077)	(73,077)	-
Cash received from interfund services provided	-	-	-	-	-	-	16,468
Cash payments to suppliers for goods and services	(7,487,468)	40,584	-	-	(216,076)	(7,662,960)	(1,928,206)
Cash payments to employees for services	(7,011,218)	-	-	-	-	(7,011,218)	-
Other operating revenue	-	-	-	-	195,200	195,200	-
<b>Net cash provided (used) by operating activities</b>	<u>(440,859)</u>	<u>784,206</u>	<u>-</u>	<u>-</u>	<u>65,193</u>	<u>408,540</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>							
Property taxes	363,897	-	-	-	-	363,897	-
Transfers out	-	(776,845)	-	-	(72,096)	(848,941)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>363,897</u>	<u>(776,845)</u>	<u>-</u>	<u>-</u>	<u>(72,096)</u>	<u>(485,044)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>							
Property taxes	1,448,970	-	-	-	-	1,448,970	-
Contributions from local units	-	-	441,531	113,349	334,575	889,455	-
Issuance of long-term debt	-	-	276,511	-	-	276,511	-
Principal paid on long-term debt	(800,000)	-	(330,000)	(24,500)	(220,000)	(1,374,500)	-
Interest paid on long-term debt	(332,371)	-	(111,530)	(88,849)	(114,575)	(647,325)	-
Purchases and construction of capital assets	(80,561)	-	(276,511)	-	-	(357,072)	-
<b>Net cash provided by capital and related financing activities</b>	<u>236,038</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>236,039</u>	<u>-</u>
<b>Cash flows from investing activities</b>							
Sale of investments	78,885	-	-	-	-	78,885	-
Interest and rent	62,129	68,255	-	-	6,903	137,287	-
Loss on sale of capital assets	(2,568)	-	-	-	-	(2,568)	-
Purchase of investments	-	(139,707)	-	-	-	(139,707)	-
<b>Net cash provided (used) by investing activities</b>	<u>138,446</u>	<u>(71,452)</u>	<u>-</u>	<u>-</u>	<u>6,903</u>	<u>73,897</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	297,522	(64,091)	1	-	-	233,432	-
Cash and cash equivalents, beginning of year	4,038,644	64,091	-	-	-	4,102,735	-
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,336,166</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,336,167</u>	<u>\$ -</u>
<b>Statement of net assets classification of cash and cash equivalents</b>							
Cash and cash equivalents	\$ 2,392,341	\$ -	\$ 1	\$ -	\$ -	\$ 2,392,342	\$ -
Restricted cash	1,943,825	-	-	-	-	1,943,825	-
	<u>\$ 4,336,166</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,336,167</u>	<u>\$ -</u>

**TUSCOLA COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2009**

	Enterprise Funds					Total	Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ (969,560)	\$ 708,586	\$ -	\$ -	\$ 138,635	\$ (122,339)	\$ (22,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,038,600	-	-	-	-	1,038,600	-
Bad debt expense	16,502	-	-	-	-	16,502	-
Charity care	319,051	-	-	-	-	319,051	-
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	(776,004)	(107,895)	-	-	-	(883,899)	(377)
Due from other funds	-	173,056	-	-	(73,077)	99,979	16,468
Due from other governmental uni	-	(31,580)	112,331	253	2,279	83,283	-
Other assets	(208,160)	-	-	-	-	(208,160)	-
Accounts payable	107,417	749	(112,680)	-	(365)	(4,879)	-
Accrued and other liabilities	63,664	-	349	(253)	(2,279)	61,481	5,955
Due to other funds	-	44,427	-	-	-	44,427	-
Due to other governments	-	(3,137)	-	-	-	(3,137)	-
Unearned revenue	(32,369)	-	-	-	-	(32,369)	-
<b>Net cash provided (used) by operating activities</b>	<u>\$ (440,859)</u>	<u>\$ 784,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,193</u>	<u>\$ 408,540</u>	<u>\$ -</u>

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

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2009

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,660,283
Accounts receivable	<u>1,000</u>
<b>Total assets</b>	<u><u>\$ 1,661,283</u></u>
<b>Liabilities</b>	
Accrued liabilities	\$ 308,505
Due to other governmental units	298,039
Undistributed receipts	25,833
Undistributed taxes	<u>1,028,906</u>
<b>Total liabilities</b>	<u><u>\$ 1,661,283</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Tuscola County* (the “County”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because they are entities for which the County is considered to financially accountable.

**Blended Component Unit** - The Building Authority has been included as part of the County financial statements since the County appoints the five-member governing authority and the Building Authority provides its services entirely to Tuscola County. The purpose of the Building Authority is to finance through tax-exempt bonds the construction of public facilities for use by the County, with the bonds secured by lease agreements with, and serviced through lease payments from, the County.

**Discretely Presented Component Units** – The following component units are reported separately on the government-wide financial statements to emphasize that they are legally separate from the County.

***Tuscola County Road Commission (the “Road Commission”)*** - The County Board of Commissioners appoints the governing Board of the Road Commission, and the Road Commission deposits money with the County Treasurer. The County has the ability to significantly influence operations of the Road Commission. A complete financial statement can be obtained from the Tuscola County Road Commission, 1733 Mertz Road, Caro, Michigan 48723.

***Brownfield Redevelopment Authority*** - Grant revenues received are restricted to pay site cleanup expenditures and future development depending on the development plan adopted for each project. The members of the governing Board of the Authority are appointed by the County Board of Commissioners and they review and approve development plans for businesses relocating within designated areas of the County where property was once contaminated. The nature and significance of the relationship between the County and the Authority is such that exclusion would cause the reporting entity

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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financial statements to be misleading or incomplete. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 207 E. Grant St., Caro, Michigan 48723.

***Drain Commission*** – The Drain Commission is considered a discrete component unit as the nature and significance of the relationship between the primary government and the Commission is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage Board of Chapter 21 drainage districts consist of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. 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 district. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 440 N. State St., Caro, Michigan 48723.

### **Other Year-Ends**

Health Department – The financial statements of the Health Department are prepared on a September 30 fiscal year.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets 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 the 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 legally separate component units for which the primary government is financial 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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. 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 fund financial statements; the agency funds use the accrual basis of accounting, but do not have a measurement focus. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement – based grants. 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, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *health department fund* accounts for the grant revenues and the related operations of the Tuscola County Health Department.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the Tuscola County Medical Care Facility.

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *Caro sewer system fund* accounts for the construction of the Caro Sewer System. The construction project is funded with bonds payable.

The *Denmark sewer system fund* accounts for the construction of the Denmark Township Sewer System. The construction project is funded by loans and grants from the USDA.

Additionally, the County reports the following fund types:

*Internal service funds* account for the workers compensation, health insurance and retirement services provided to other departments or agencies of the government on a cost reimbursement basis.

*Agency funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

The *Permanent fund* accounts the maintenance of the cemetery grounds.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 delinquent tax revolving and Medical Care Facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of operation and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. Assets, Liabilities and Net Assets or Equity**

#### **1. Deposits and Investments**

All short-term investments that are highly liquid and have an original maturity of three months or less are considered to be cash equivalents.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Statutory Authority

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. 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.
- f. Mutual funds registered under the investments company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County's investment policy allows for all of these types of investments.

### **2. Receivables and Payables**

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

Activity 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."

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### **3. Inventories and Prepaids**

Inventories of the Health Department are valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory for the Road Commission is valued at the lower of cost or market. Inventory items are charged to road construction, maintenance, equipment repairs and operations as they are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **4. Restricted Assets**

Restricted assets are assets that have been set aside for future purposes in the Medical Care Facility and Road Commission.

### **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to Tuscola County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In the Drain Commission component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2003.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The Road Commission has retroactively capitalized the major infrastructure assets acquired on or before December 31, 2003, as permitted by GASB 34.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings	5-30 years
Equipment	5-10 years
Vehicles	5-10 years
Improvements	5-30 years
Infrastructure	8-50 years

Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from 5 to 50 years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

### **6. 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 government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 7. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Annual informational budget summaries are prepared for Enterprise Funds and Internal Service Funds.
- The County Controller is authorized to transfer budgeted amounts from one category to another within an activity and between activities within the same fund in an amount up to \$5,000 for all expenditures. Revisions that alter the total expenditures of any fund or total activity within the General Fund must be approved by the Board of Commissioners. The activity level in the General Fund and Special Revenue Funds is the legal level of control.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (“GAAP”).
- Budget appropriations lapse at year-end.
- The original budget was amended during the year in compliance with local and state laws. The budget to actual expenditures in the financial statements represent the final budgeted expenditures as amended by the County. Supplemental appropriations were necessary during the year.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

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

	<u>Carrying Amount</u>
Government-Wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 3,753,907
Investments	6,989,828
Restricted cash	1,943,825
Restricted investments	2,878,271
Component Units:	
Cash and cash equivalents	1,127,763
Investments	5,919,199
Restricted cash	1,214,667
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>1,660,283</u>
<b>Total</b>	<b><u>\$ 25,487,743</u></b>
Notes to financial statements	
Deposits	\$ 15,850,872
Investments	9,629,971
Cash on hand	<u>6,900</u>
<b>Total</b>	<b><u>\$ 25,487,743</u></b>

#### Deposits and investments

The County chooses to disclose its investments by specifically identifying each. As of year-end, the County had the following investments.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	Carrying Amount (Fair Value)	Maturity Less than 1 Year	Maturity 1-5 Years	Credit Rating
Investments:				
MBIA Governmental Investment Pool	\$ 999,550	\$ 999,550	\$ -	n/a
Commercial Paper	8,630,421	8,630,421	-	A1
<b>Total</b>	<b>\$ 9,629,971</b>	<b>\$ 9,629,971</b>	<b>\$ -</b>	

### **Investment and deposit risk**

*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 maturity dates for each investment are identified above for investments held at year-end.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits 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 summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit. The ratings for each investment are identified above for investments held at year-end.

*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 \$13,602,412 of the County's bank balance of \$16,753,907 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* 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. However, while uninsured and unregistered, the

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk 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 concentration of credit risk. More than 5 percent of the County's investments are in Michigan Class Accounts and commercial paper. All investments held at year-end are reported above.

### B. Receivables

Receivables in the primary government and component units are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Component Units</b>
Taxes	\$ 3,571,058	\$ 2,703,044	\$ -
Accounts	1,187,647	2,669,280	3,368,338
Special assessments			
Due within one year	-	-	969,485
Due after one year	-	-	8,687,954
Intergovernmental			
Due within one year	420,076	943,322	-
Due after one year	783,135	10,747,390	-
Less: allowance for uncollectible accounts	-	(105,684)	-
<b>Total</b>	<b>\$ 5,961,916</b>	<b>\$ 16,957,352</b>	<b>\$ 13,025,777</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 532,007	\$ -
Property taxes receivable (Nonmajor Governmental fund types)		2,804,650
Grant drawdowns prior to meeting all eligibility Requirements (Health Department)	-	66,621
<b>Total</b>	<b><u>\$ 532,007</u></b>	<b><u>\$ 2,871,271</u></b>

### C. Capital Assets

Capital assets activity for the year ended December 31, 2009, was as follows:

#### Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental activities</u></b>				
Capital assets not being depreciated:				
Land	\$ 560,646	\$ -	\$ -	\$ 560,646
Capital assets being depreciated:				
Buildings	6,031,859	-	-	6,031,859
Improvements	1,816,088	316,442	-	2,132,530
Equipment	2,935,010	214,533	(80,265)	3,069,278
Vehicles	1,125,517	110,181	(42,006)	1,193,692
Total capital assets being depreciated	<u>11,908,474</u>	<u>641,156</u>	<u>(122,271)</u>	<u>12,427,359</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less accumulated depreciation:				
Buildings	\$(3,337,156)	\$(164,923)	\$ -	\$(3,502,079)
Improvements	(602,991)	(88,819)	-	(691,810)
Equipment	(1,513,500)	(206,246)	28,448	(1,691,298)
Vehicles	(705,207)	(98,905)	42,006	(762,106)
Health Department	<u>(476,082)</u>	<u>(44,285)</u>	<u>25,598</u>	<u>(494,769)</u>
 Total accumulated depreciation	 <u>(6,634,936)</u>	 <u>(603,178)</u>	 <u>96,052</u>	 <u>(7,142,062)</u>
Total capital assets being depreciated, net	<u>5,273,538</u>	<u>37,978</u>	<u>(26,219)</u>	<u>5,285,297</u>
 <b>Governmental activities capital assets, net</b>	 <u>\$ 5,834,184</u>	 <u>\$ 37,978</u>	 <u>\$ (26,219)</u>	 <u>\$ 5,845,943</u>

The Health Department is audited by other auditors and in their report, capital assets are allocated between asset classifications, however, the corresponding accumulated depreciation and depreciation expense are not allocated between asset classifications.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Business-type activities</u></b>				
Capital assets not being depreciated:				
Construction in progress	\$ <u>6,999,879</u>	\$ <u>276,511</u>	\$ <u>-</u>	\$ <u>7,276,390</u>
 Capital assets being depreciated:				
Land improvements	898,993	2,111	-	901,104
Buildings	9,839,169	7,335	(43)	9,846,461
Equipment	<u>6,958,955</u>	<u>71,115</u>	<u>(10,741)</u>	<u>7,019,329</u>
Total capital assets being depreciated	<u>17,697,117</u>	<u>80,561</u>	<u>(10,784)</u>	<u>17,766,894</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Less accumulated depreciation:				
Land improvements	\$ (191,146)	\$ (68,844)	\$ -	\$ (259,990)
Buildings	(2,152,297)	(496,861)	-	(2,649,158)
Equipment	(2,097,838)	(472,895)	8,065	(2,562,668)
Total accumulated depreciation	(4,441,281)	(1,038,600)	8,065	(5,471,816)
Total capital assets being depreciated, net	13,255,836	(958,039)	(2,719)	12,295,078
<b>Business-type activities capital assets, net</b>	<b>\$ 20,255,715</b>	<b>\$ (681,528)</b>	<b>\$ (2,719)</b>	<b>\$ 19,571,468</b>

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

**Governmental activities:**

Judicial	\$ 4,500
General government	149,940
Public safety	320,151
Health and welfare	128,587

**Total depreciation expense – governmental activities**      \$ 603,178

**Business-type activities:**

Total depreciation expense – Medical Care Facility	\$ 1,038,600
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# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 310,226	\$ 22,838	\$ (333,064)	\$ -
Capital assets being depreciated:				
Infrastructure	18,549,584	333,064	-	18,882,648
Less accumulated depreciation				
Infrastructure	<u>(1,667,070)</u>	<u>(370,992)</u>	<u>-</u>	<u>(2,038,062)</u>
Total capital assets being depreciated	<u>16,882,514</u>	<u>(37,928)</u>	<u>-</u>	<u>16,844,586</u>
<b>Drain commission capital assets, net</b>	<u>\$ 17,192,740</u>	<u>\$ (15,090)</u>	<u>\$ (333,064)</u>	<u>\$ 16,844,586</u>



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

Activity for the Road Commission for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and right of ways	\$ 294,218	\$ -	\$ -	\$ 294,218
Land improvements	<u>30,123,447</u>	<u>1,392,340</u>	<u>-</u>	<u>31,515,787</u>
Total capital assets not being depreciated	<u>30,417,665</u>	<u>1,392,340</u>	<u>-</u>	<u>31,810,005</u>
Capital assets being depreciated:				
Infrastructure	72,311,375	5,783,121	(3,192,987)	74,901,509
Buildings	2,008,479	25,000	-	2,033,479
Equipment	4,874,501	20,586	(13,572)	4,881,515
Depletable assets	<u>282,717</u>	<u>-</u>	<u>-</u>	<u>282,717</u>
Total capital assets being depreciated	<u>79,477,072</u>	<u>5,828,707</u>	<u>(3,206,559)</u>	<u>82,099,220</u>
Less accumulated depreciation:				
Infrastructure	(30,911,726)	(3,586,021)	3,192,987	(31,304,760)
Buildings	(1,064,323)	(52,254)	-	(1,116,577)
Equipment	(4,330,564)	(240,764)	13,572	(4,557,756)
Depletable assets	<u>(44,283)</u>	<u>-</u>	<u>-</u>	<u>(44,283)</u>
Total accumulated depreciation	<u>(36,350,896)</u>	<u>(3,879,039)</u>	<u>3,206,559</u>	<u>(37,023,376)</u>
Total capital assets being depreciated, net	<u>43,126,176</u>	<u>1,949,668</u>	<u>-</u>	<u>45,075,844</u>
<b>Road commission capital assets, net</b>	<u>\$ 73,543,841</u>	<u>\$ 3,342,008</u>	<u>\$ -</u>	<u>\$ 76,885,849</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### D. Interfund Receivables, Payables and Transfers

<b>Due To</b>	<b>Due From</b>			<b>Total</b>
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	
General Fund	\$ -	\$ -	\$ 773,808	\$ 773,808
Nonmajor Governmental Funds	1,206,287	327,895	3,037	1,537,219
Delinquent Tax Revolving Fund	711,801	-	-	711,801
Nonmajor Enterprise Funds	358,381	-	-	358,381
Internal Service Funds	1,169,441	-	-	1,169,441
<b>Total</b>	<b>\$ 3,445,910</b>	<b>\$ 327,895</b>	<b>\$ 776,845</b>	<b>\$ 4,550,650</b>

The General Fund owes \$3,445,910 to the various other fund types as a result of negative cash balances in the County's pooled cash account.

The balance of \$773,808 due to the General Fund from the Delinquent Tax Revolving Fund resulted from net income of the Delinquent Tax Revolving Fund due, but not yet transferred to the General Fund.

All remaining balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### **Advances to/from component units:**

	<b>Receivable</b>	<b>Payable</b>
General	\$ 310,000	\$ -
Drain Commission	-	310,000
<b>Total</b>	<b>\$ 310,000</b>	<b>\$ 310,000</b>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

<b>Transfers from</b>	<b>Transfers to</b>			<b>Total</b>
	General Fund	Health Department	Nonmajor Governmental Funds	
General	\$ -	\$ 414,968	\$ 1,239,571	\$1,654,539
Nonmajor governmental funds	1,000	-	48,939	49,939
Delinquent Tax Revolving Fund	776,845	-	-	776,845
Nonmajor Enterprise Funds	72,096	-	-	72,096
	849,941	414,968	1,288,510	2,553,419
Reconciling item	-	8,170	-	8,170
<b>Total</b>	<b>\$849,941</b>	<b>\$ 423,138</b>	<b>\$ 1,288,510</b>	<b>\$2,561,589</b>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2009.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

### **E. Lease Revenue**

During the end of 2008, the County entered into a lease with the State of Michigan leasing building space to the State to be used by the Department of Human Services. The lease expires on October 31, 2028. The County received lease revenue in the amount of \$267,503. The future minimum lease payments for the remainder of the lease are as follows:

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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<b><u>Year Ending December 31</u></b>	<b><u>Revenue</u></b>
2010	\$ 267,506
2011	267,506
2012	267,506
2013	272,780
2014	299,150
2015-2019	1,534,647
2020-2024	1,701,716
2025-2028	<u>1,403,544</u>
<b>Total</b>	<b><u>\$ 6,014,355</u></b>

### **F. Long-Term Debt**

#### **Changes in long-term debt**

Long-term activity for the year ended December 31, 2009, was as follows:

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Primary Government:</b>					
<b>Governmental activities</b>					
Notes payable	\$ 32,103	\$ -	\$ (15,565)	\$ 16,538	\$ 16,538
Building Authority					
General obligation bonds:					
Tuscola County Series 1999	880,000	-	(110,000)	770,000	115,000
Compensated absences	<u>744,774</u>	<u>595,495</u>	<u>(537,127)</u>	<u>803,142</u>	<u>268,564</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 1,656,877</u>	<u>\$ 595,495</u>	<u>\$ (662,692)</u>	<u>\$ 1,589,680</u>	<u>\$ 400,102</u>
<b>Business-type activities</b>					
General obligation bonds	\$ 9,000,000	\$ -	\$ (800,000)	\$ 8,200,000	\$ 850,000
Less deferred amounts	(85,252)	-	8,525	(76,727)	-
General obligation bonds:					
Mayville Storm Sewer	1,172,000	-	(20,000)	1,152,000	21,000
Millington Sanitary Sewer	80,000	-	(5,000)	75,000	10,000
Richville Water System	615,000	-	(65,000)	550,000	65,000
Caro Area Sewage System	640,000	-	(130,000)	510,000	130,000
Caro Sewer System	6,999,879	276,511	(330,000)	6,946,390	335,000
USDA loans:					
Denmark Sewer System	<u>2,160,000</u>	<u>-</u>	<u>(24,500)</u>	<u>2,135,500</u>	<u>60,500</u>
<b>Business-type activity long-term liabilities</b>	<u>\$ 20,581,627</u>	<u>\$ 276,511</u>	<u>\$ (1,365,975)</u>	<u>\$ 19,492,163</u>	<u>\$ 1,471,500</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component Units:</b>					
Road Commission					
Compensated absences	\$ 50,351	\$ 22,186	\$ -	\$ 72,537	\$ -
Net OPEB obligation	<u>619,398</u>	<u>644,048</u>	<u>-</u>	<u>1,263,446</u>	<u>-</u>
<b>Total Road Commission</b>	<u>\$ 669,749</u>	<u>\$ 666,234</u>	<u>\$ -</u>	<u>\$ 1,335,983</u>	<u>\$ -</u>
 Drain Commission					
General obligation bonds:					
Moore Drain	\$ 3,095,000	\$ -	\$ (150,000)	\$ 2,945,000	\$ 150,000
Bach and Branches Drain	1,830,000	-	(125,000)	1,705,000	125,000
Alder Creek Drain	700,000	-	(100,000)	600,000	100,000
Constant DuRussel	330,000	-	(165,000)	165,000	165,000
Shebon I/C Drain	19,080	-	(9,540)	9,540	9,540
State and Colling Drain	425,000	-	(200,000)	225,000	225,000
Northwest Drain	3,850,000	-	(350,000)	3,500,000	350,000
Sebewaing River					
Intercounty Drain	1,650,000	-	(275,000)	1,375,000	275,000
Reese Drain	365,000	-	(25,000)	340,000	40,000
Notes Payable	<u>386,083</u>	<u>-</u>	<u>(95,317)</u>	<u>290,766</u>	<u>95,317</u>
<b>Total Drain Commission</b>	<u>\$ 12,650,163</u>	<u>\$ -</u>	<u>\$ (1,494,857)</u>	<u>\$ 11,155,306</u>	<u>\$ 1,534,857</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 – 14.8%	\$ 786,538
Business-type activities	7.2 – 8.7%	19,568,890

For the governmental activities, compensated absences are generally liquidated by the general fund.

Annual debt service requirements to maturity for general obligation and notes are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 131,538	\$ 37,505	\$ 1,471,500	\$ 609,541
2011	120,000	30,479	1,538,000	562,202
2012	130,000	24,088	1,540,000	511,528
2013	135,000	17,297	1,617,000	457,378
2014	140,000	10,250	1,525,000	402,131
2015-2019	130,000	3,331	5,856,000	1,228,528
2020-2024	-	-	2,428,000	748,008
2025-2029	-	-	1,793,390	490,047
2030-2034	-	-	614,000	337,608
2035-2039	-	-	520,000	195,960
2040-2044	-	-	457,000	101,188
2045-2046	-	-	209,000	12,994
<b>Total</b>	<u>\$ 786,538</u>	<u>\$ 122,950</u>	<u>\$ 19,568,890</u>	<u>\$ 5,657,113</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Component units

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. Long term debt of the Drain Commission will be repaid through special assessments. General obligation bonds and notes currently outstanding are as follows.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75 – 6.5%	\$ 11,155,306

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,534,857	\$ 427,765
2011	1,099,117	371,174
2012	1,104,117	327,454
2013	1,109,115	285,849
2014	1,129,117	243,349
2015-2019	3,653,983	701,832
2020-2024	1,175,000	183,026
2025-2026	<u>350,000</u>	<u>15,378</u>
<b>Total</b>	<b><u>\$ 11,155,306</u></b>	<b><u>\$ 2,555,827</u></b>

### **G. Designated Fund Equity**

The County has recorded various designations of net assets in the proprietary funds that reflect management's plans for use of those funds. Since designations are not appropriate for presentation on the face of the applicable statements of net assets, the designations are listed here.



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The following are the various net asset designations as of December 31, 2009:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 268,564
Designated for debt service on state police building	891,916
Designated for property tax settlements	<u>3,000,000</u>
<b>Total</b>	<b><u>\$ 4,160,480</u></b>

#### IV. OTHER INFORMATION

##### A. Defined Benefit Pension Plans

###### MERS

*Plan Description.* The County, Medical Care Facility, Health Department, and Road Commission defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County, Medical Care Facility, Health Department, and Road Commission participate in the Municipal Employees Retirement System of Michigan (“MERS”), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Funding Policy.* The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are 1.38%-13.84% of annual covered payroll. The Medical Care Facility is required to contribute at an actuarially determined rate; however, they were not required to contribute to the plan for the current year. Employees are required to contribute 1.0%-5.0% of their annual covered payroll. The contribution requirements of the County, Medical Care Facility, Health Department, and Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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County, Medical Care Facility, Health Department, and Road Commission Boards depending on the MERS contribution program adopted by the appropriate Board.

*Annual Pension Cost.* For the year ended December 31, 2009, the annual pension cost of \$423,394 for the County, \$130,908 for the Health Department, and \$116,436 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had a pension cost of \$4,630, which equals their required amount. The required contribution was determined as part of the December 31, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, the date of the latest actuarial valuation, was 28 years.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **General County Plan**

#### **Three-Year Trend Information**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
12/31/07	\$406,387	100%	\$ 0
12/31/08	416,397	100	0
12/31/09	423,394	100	0

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$22,229,277	\$24,362,442	\$2,133,165	91%	\$6,116,289	35%

### Medical Care Facility Plan

The Medical Care Facility's annual pension cost and net pension obligation to MERS for the current year were as follows:

Annual required contribution	\$ 4,630
Less: Interest on net pension asset	(14,784)
Plus: Adjustment to annual required contribution	<u>15,405</u>
Annual pension cost	5,251
Contributions made	<u>4,630</u>
Decrease in net pension asset	621
Net pension (asset), beginning of year	<u>(184,800)</u>
<b>Net pension (asset), end of year</b>	<b><u>\$ (184,179)</u></b>

### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
12/31/07	\$ 0	100%	\$ 185,423
12/31/08	0	100	184,800
12/31/09	4,630	100	184,179

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$10,572,192	\$ 9,682,238	\$ (889,954)	109%	\$7,348,098	(20)%

### Health Department Plan

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/07	\$127,946	100%	\$ 0
9/30/08	129,004	100	0
9/30/09	130,908	100	0

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$6,254,801	\$6,872,962	\$618,161	91%	\$1,349,891	46%

### Road Commission Plan

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$93,840	100%	\$ 0
12/31/08	106,632	100	0
12/31/09	116,436	100	0

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$2,766,674	\$4,064,500	\$1,297,826	68%	\$1,004,970	129%

#### **Road Commission Massachusetts Mutual Plan**

*Plan Description.* The Road Commission defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission provides a single-employer plan administered by the Massachusetts Mutual Life Insurance Company (“Massachusetts Mutual Plan”). The Board of County Road Commissioners establishes and amends the benefit provisions of the participants. The Massachusetts Mutual Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Tuscola County Road Commission, 1733 Mertz Road, Caro, Michigan 48723.

*Funding Policy.* The Road Commission is required to contribute at actuarially determined rates. The current rates are \$.03 per hour for employees and \$.65 per hour for the employer. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

*Annual Pension Cost.* For the year ended December 31, 2008, the Road Commission’s annual pension cost of \$14,268 for the Massachusetts Mutual Plan was less than the Road Commission’s required contribution of \$51,536. The required contribution was determined as part of the April 1, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a rate of return on the investment of present and future assets of 5%. The actuarial value of Massachusetts Mutual Plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability at April 1, 2009, is \$440,258.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 50,962	27%	\$ 37,190
12/31/08	53,234	118	0
12/31/09	51,536	28	37,268

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/01/09	\$93,561	\$533,819	\$440,258	18%	\$2,499,699	18%

### B. Other Post Employment Benefits

#### Plan Description

In addition to the pension benefits described in Note IV. A, the Road Commission provides a single employer defined benefit plan, post employment health care benefits to all employees who retire from the Road Commission with 85 points (years of service plus employee age). Those employees who were hired prior to September 16, 2003, and have accumulated the 85 points receive the health insurance for life. Those hired after September 16, 2003, with the same 85 points will receive health insurance for only 3 years after retirement. Currently 55 active members and 24 retirees are covered.

#### Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Funding Policy

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). Expenditures for post employment health care benefits are recognized as the insurance premiums become due, which amounted to approximately \$459,011 for the year ending December 31, 2009.

### Funding Progress

For the year beginning January 1, 2009, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Annual required contribution	\$ 1,073,328
Interest on net OPEB	29,731
Amounts contributed:	
Payments of current premiums	<u>(459,011)</u>
Increase in net OPEB obligation	644,048
OPEB obligation, beginning of year	<u>619,398</u>
<b>OPEB obligation, end of year</b>	<b><u>\$ 1,263,446</u></b>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the year ended December 31, 2009, are as follows:

Annual OPEB costs	\$ 1,073,328
Percentage contributed	<u>43%</u>
Net OPEB obligation	<b><u>\$ 1,263,446</u></b>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2009	\$	-
Actuarial value of assets		NONE
Actuarial value of liability		13,182,730
Unfunded AAL		13,182,730
Funded ratio		0%
Annual covered payroll		2,461,335
Ratio of UAAL to covered payroll		535%

### **Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding 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.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the alternate calculation method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% salary scale, 4.8% discount rate, and health care premiums increasing by 5.5% to 7.2% per year. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2008 was 30 years.

### **C. Risk Management**

#### **General Liability**

Tuscola 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.



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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During the year ended December 31, 2009, the County carried commercial insurance to cover these risks of loss, unless otherwise disclosed. The County has had no settled claims resulting from these risks that exceed their commercial coverage in the past three years.

### **Component Units:**

#### **Tuscola County Road Commission**

The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability insurance. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Michigan County Road Commission Self-Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for large claims. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Workers' Compensation Benefits**

The County has established a workers' compensation benefits Self-Insurance Plan which is accounted for in an Internal Service Fund. The primary government, including the Health Department and Medical Care Facility as separate units, participate in the Self-Insurance Plan. The Road Commission has obtained workers' compensation insurance through third party agents. The Plan is administered under contractual agreement with Citizens Management, Inc. as third-party administrator.

Under the re-insurance agreement provided by Citizens Management, Inc., the County is responsible for claims for expenses up to an agreed-upon ceiling, but is insured against further loss by a third-party "stop-loss" policy. In order to provide for the re-insurance, the County pays a separate premium. The stop-loss coverage is currently \$250,000 per occurrence.

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Interfund premiums are recognized as expenditures in the contributing funds and interfund revenue is recognized in the Workers' Compensation Insurance Fund as earned.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported ("IBNR"s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are no outstanding claims at the end of 2009.

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

	<u>2008</u>	<u>2009</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	13,765	13,346
Claims Paid	<u>(13,765)</u>	<u>(13,346)</u>
<b>Unpaid Claims</b>	<u>\$ -</u>	<u>\$ -</u>

### Employee Health Benefits

The County has established an employee health benefits Self-Insurance Plan which is accounted for in an Internal Service Fund. The Health Department, Medical Care Facility, and the Road Commission have obtained health insurance through third party agents separate from the rest of the County. The County Plan is administered under contractual agreement with Blue Cross and Blue Shield of Michigan ("BCBSM") as third-party administrator.

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$15,000 per occurrence. The co-insurance arrangements are renegotiated annually with Blue Cross and Blue Shield of Michigan.

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Interfund premiums are treated as quasi-external transactions, meaning that interfund premiums are recognized as expenditures in the contributing funds and interfund revenue is recognized in the Health Insurance Fund as earned. Retirees also make contributions to the Health Insurance Fund, as do former employees under COBRA.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported ("IBNR"s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are outstanding claims at the end of 2009. The provision for IBNR is based upon historical trends.

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

	<u>2008</u>	<u>2009</u>
Unpaid Claims, beginning of year	\$ 189,000	\$ 287,979
Incurred Claims (including IBNR)	1,689,183	1,763,607
Claims Paid	<u>(1,590,204)</u>	<u>(1,757,652)</u>
<b>Unpaid Claims</b>	<b><u>\$ 287,979</u></b>	<b><u>\$ 293,934</u></b>

### D. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st through 2009 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2009 ad valorem tax is levied and collectible by December 1, 2009, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax was recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. This fund was completely used in 2008. As

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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part of this process, the County's tax levy shifted over three years from winter to summer. The property tax shift was completed in 2006 and 100% of the general operating taxes were levied July 1 in 2007.

The taxable value of real and personal property for the December 1, 2008, levy totaled \$1,439,138,522. The taxable value of real and personal property for the July 1, 2009, levy totaled \$1,495,175,733. The tax levy for fiscal year 2009 operations was based on the following rates:

General Operating	3.9141 mills
Road Patrol	.8953 mills
Senior Citizens	.1989 mills
Mosquito	.6316 mills
Recycling	.1500 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2500 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2009 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 mills

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to service the tax notes. This activity is accounted for in the Enterprise Fund (Delinquent Tax Revolving Fund).

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### E. Restatements

During the year ended December 31, 2009, a prior period adjustment in the amount of \$46,061 was necessary to correct the overstatement of expenses during the year ended December 31, 2008, in the Drain Commission Component Unit. The effect on the net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$21,476,599
Prior period adjustment	<u>46,061</u>
<b>Net assets, beginning of year, as restated</b>	<b><u>\$21,522,660</u></b>

### F. Contingencies and Pending Litigation

The County is a defendant in several matters which involve various claims against Tuscola County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely.

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

### G. Operating Leases

The Health Department has entered into an operating lease with the County of Tuscola for office space. The lease provides for monthly payments to the County to cover operational expenditures of the building. The total rental expense under this operating lease for the year ended September 30, 2009, was \$85,676. Lease payments are determined annually by Tuscola County.

The Health Department has an operating lease agreement for a postage meter. Quarterly payments are \$474. The total expensed for the year ended September 30, 2009, was \$1,422.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

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A new postage meter lease was entered into October 1, 2009, with quarterly payments of \$522. Future payments for the next five fiscal years are in the amount of \$2,088 per year.

The Road Commission has entered into various operating leases for road equipment. The future payments due under these leases are as follows:

<b><u>Fiscal Year</u></b> <b><u>Ended</u></b>	<b><u>Principal</u></b>
2010	\$ 357,450
2011	218,130
2012	131,160
2013	72,775
2014	<u>32,900</u>
<b>Total</b>	<b><u>\$ 812,415</u></b>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
HISTORICAL TREND INFORMATION - UNAUDITED**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2003	\$ 16,770,078	\$ 17,822,109	\$ 1,052,031	94%	\$ 5,732,232	18%
2004	17,829,901	18,850,858	1,020,957	95%	5,449,245	19%
2005	18,804,202	20,032,289	1,228,087	94%	5,674,721	22%
2006	20,136,041	21,260,458	1,124,417	95%	6,022,135	19%
2007	21,546,461	22,620,177	1,073,716	95%	6,210,832	17%
2008	22,229,277	24,362,442	2,133,165	91%	6,116,289	35%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2004	\$ 576,381	100%
2005	359,130	100%
2006	364,181	100%
2007	406,387	100%
2008	416,397	100%
2009	423,934	100%



## **SUPPLEMENTARY INFORMATION**

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 5,877,000	\$ 5,877,000	\$ 5,761,724	\$ (115,276)
Payment in lieu of taxes	3,000	3,000	5,292	2,292
Trailer park taxes	4,700	4,700	3,354	(1,346)
<b>Total taxes</b>	<u>5,884,700</u>	<u>5,884,700</u>	<u>5,770,370</u>	<u>(114,330)</u>
<b>Licenses and permits</b>				
Marriage licenses	1,800	1,800	1,896	96
Building code licenses	340,000	340,000	299,597	(40,403)
Dog licenses	110,000	110,000	109,151	(849)
Unified court licenses	17,000	17,000	12,333	(4,667)
Other	9,592	16,592	25,624	9,032
<b>Total licenses and permits</b>	<u>478,392</u>	<u>485,392</u>	<u>448,601</u>	<u>(36,791)</u>
<b>Intergovernmental</b>				
Federal				
Co-op reimbursement - prosecutor	72,000	72,000	72,013	13
Marine safety	23,063	21,825	20,449	(1,376)
Civil defense	24,000	24,000	25,807	1,807
Byrne JAG	-	3,926	3,143	(783)
State				
SCAAP	1,600	1,600	2,938	1,338
Judges	240,000	240,000	239,690	(310)
Juvenile officer	29,000	29,000	27,317	(1,683)
State payment courts	282,000	282,000	260,181	(21,819)
Secondary road patrol	117,974	117,974	109,560	(8,414)
SSI incentive	4,200	4,200	3,800	(400)
Liquor licenses	9,000	9,000	8,930	(70)
Hotel liquor tax	130,000	130,000	126,324	(3,676)
DHS building payment	11,000	-	-	-
Bench warrant enforcement	6,488	6,830	6,830	-
State revenue sharing	1,128,000	1,143,926	1,058,281	(85,645)
Cigarette tax	28,000	28,000	14,508	(13,492)
<b>Total intergovernmental - federal/state</b>	<u>2,106,325</u>	<u>2,114,281</u>	<u>1,979,771</u>	<u>(134,510)</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Charges for services</b>				
District court costs	\$ 288,100	\$ 288,100	\$ 289,207	\$ 1,107
District court - probation	193,000	193,000	214,184	21,184
County clerk costs	144,200	188,300	188,407	107
Friend of the court costs	45,000	45,000	51,101	6,101
Bond costs	3,500	3,500	2,505	(995)
District court				
Screening assessment	19,000	19,000	19,193	193
Probate court	34,500	34,500	34,072	(428)
Civil	160,000	130,000	166,662	36,662
Warrant fees	14,000	14,000	10,991	(3,009)
Friend of the court	7,500	7,500	6,326	(1,174)
Court	700	700	912	212
Searches and motion fees	100	100	-	(100)
Other	1,700	2,200	2,280	80
Circuit court				
Court	4,500	4,500	6,138	1,638
Searches and motion fees	12,000	14,200	15,218	1,018
Jury, entry and forensic fees	18,000	18,000	18,233	233
Other	500	500	51	(449)
Family division				
Admin fees	34,000	34,000	27,034	(6,966)
Filing fees	300	800	620	(180)
Collection fees	8,000	8,000	3,588	(4,412)
County clerk				
Dba/co-partnership	6,000	6,000	5,890	(110)
Certified	36,000	36,000	33,283	(2,717)
Copies	8,000	8,000	7,128	(872)
Other	18,400	18,400	18,532	132
Equalization	100	100	-	(100)
Register of deeds				
Transfer	100,000	71,000	70,731	(269)
Recordings	155,000	142,000	137,124	(4,876)
Copies	55,000	55,000	53,597	(1,403)
Other	500	500	560	60
County treasurer	93,800	115,800	110,540	(5,260)
Animal shelter	2,000	2,000	2,574	574
Sheriff	15,220	19,220	29,301	10,081
Jail	246,500	246,500	181,809	(64,691)
Other	8,100	8,100	407	(7,693)
Sheriff				
Canteen	3,000	3,000	3,237	237
Auction	6,500	6,500	5,576	(924)
Animal shelter	1,000	1,000	800	(200)
Other	20,200	20,200	18,109	(2,091)
Film	7,000	7,000	6,280	(720)
<b>Total charges for services</b>	<b>1,770,920</b>	<b>1,772,220</b>	<b>1,742,200</b>	<b>(30,020)</b>

(Continued)

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Fines and forfeits</b>				
District court				
Bond forfeitures	\$ 6,500	\$ 6,500	\$ 9,907	\$ 3,407
Ordinance fines and warrant fees	39,050	30,050	26,363	(3,687)
County treasurer	6,500	6,500	6,570	70
Sheriff	-	-	500	500
Total fines and forfeits	<u>52,050</u>	<u>43,050</u>	<u>43,340</u>	<u>290</u>
<b>Interest and rents</b>				
Interest	220,000	229,000	206,558	(22,442)
Rentals	372,505	371,130	370,894	(236)
Total interest and rent	<u>592,505</u>	<u>600,130</u>	<u>577,452</u>	<u>(22,678)</u>
<b>Other revenue</b>				
Reimbursements and refunds	546,749	546,799	513,292	(33,507)
<b>Total revenues</b>	<u>11,431,641</u>	<u>11,446,572</u>	<u>11,075,026</u>	<u>(371,546)</u>
<b>Transfers in</b>				
Veterans trust	1,000	1,000	1,000	-
Revolving tax	730,000	730,000	776,845	46,845
County retirement	165,752	165,752	-	(165,752)
Tax foreclosure	25,000	72,097	72,096	(1)
Total transfers in	<u>921,752</u>	<u>968,849</u>	<u>849,941</u>	<u>(118,908)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 12,353,393</u>	<u>\$ 12,415,421</u>	<u>\$ 11,924,967</u>	<u>\$ (490,454)</u>

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Expenditures</b>				
<b>Legislative</b>				
Board of commissioners				
Salaries and fringes	\$ 98,165	\$ 107,239	\$ 101,146	\$ (6,093)
Supplies, printing and postage	4,000	2,500	4,530	2,030
Memberships and subscription	13,000	14,420	13,742	(678)
Travel	10,000	11,000	11,700	700
Advertising	700	1,000	1,152	152
Telephone	1,800	3,000	2,670	(330)
Employee training	5,500	12,700	11,100	(1,600)
	<u>133,165</u>	<u>151,859</u>	<u>146,040</u>	<u>(5,819)</u>
<b>Judicial</b>				
Circuit court				
Salaries and fringes	756,643	739,432	715,076	(24,356)
Supplies, printing and postage	11,150	11,950	11,274	(676)
Contracted services	91,420	92,120	73,943	(18,177)
Court appointed counsel	265,000	406,995	471,735	64,740
Court appointed appeal of right	34,500	34,500	19,838	(14,662)
Witness fees and travel	7,000	7,000	7,380	380
Steno transcript	15,130	22,630	24,013	1,383
Steno appeal transcript	9,000	9,000	1,614	(7,386)
Jury fees, meals and travel	40,000	35,000	36,354	1,354
Memberships and subscriptions	2,500	2,500	1,790	(710)
Visiting judge	6,500	6,500	9,178	2,678
Travel	3,500	3,500	2,235	(1,265)
Telephone	2,200	2,200	1,957	(243)
Advertising	350	350	-	(350)
Repairs and maintenance	2,000	2,000	1,232	(768)
Employee training	4,651	4,835	3,004	(1,831)
Books	1,000	1,000	889	(111)
	<u>1,252,544</u>	<u>1,381,512</u>	<u>1,381,512</u>	<u>-</u>
<b>District court</b>				
Salaries and fringes	925,698	923,971	893,327	(30,644)
Supplies, printing and postage	32,100	32,900	26,583	(6,317)
Court appointed counsel	63,000	60,758	60,570	(188)

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>District court - continued</b>				
Steno transcript	\$ 3,500	\$ 3,500	\$ 2,967	\$ (533)
Jury fees, meals and travel	27,000	30,969	30,969	-
Witness fees and travel	3,000	3,000	2,738	(262)
Memberships and subscriptions	3,160	3,160	2,814	(346)
Visiting judge	8,000	8,000	7,553	(447)
Travel	2,500	2,500	2,428	(72)
Repairs and maintenance	1,700	1,700	425	(1,275)
Employee training	3,800	3,800	1,163	(2,637)
Books	4,000	4,000	3,506	(494)
Total district court	<u>1,077,458</u>	<u>1,078,258</u>	<u>1,035,043</u>	<u>(43,215)</u>
<b>Probate court</b>				
Salaries and fringes	232,358	244,089	243,515	(574)
Supplies, printing and postage	6,050	6,050	6,382	332
Contracted services	700	700	687	(13)
Court appointed counsel	37,000	37,000	34,763	(2,237)
Guardianship service	2,500	2,500	1,858	(642)
Steno transcript	500	500	91	(409)
Jury fees, meals and travel	1,000	1,000	-	(1,000)
Witness fees and travel	500	500	-	(500)
Memberships and subscriptions	2,000	2,000	1,305	(695)
Visiting judge	500	500	-	(500)
Travel	2,500	2,500	1,685	(815)
Advertising	250	250	-	(250)
Repairs and maintenance	2,500	2,500	1,806	(694)
Employee training	1,000	1,000	538	(462)
Books	700	700	419	(281)
Total probate court	<u>290,058</u>	<u>301,789</u>	<u>293,049</u>	<u>(8,740)</u>
<b>Jury commission</b>				
Salaries and fringes	1,300	1,300	1,187	(113)
Supplies, printing and postage	3,200	3,200	3,038	(162)
Travel	300	300	239	(61)
Total jury commission	<u>4,800</u>	<u>4,800</u>	<u>4,464</u>	<u>(336)</u>

(Continued)

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Adult probation</b>				
Supplies, printing and postage	\$ 6,000	\$ 6,000	\$ 2,641	\$ (3,359)
Utilities	6,000	6,000	9,099	3,099
Lease payments	36,000	36,000	33,000	(3,000)
Total adult probation	48,000	48,000	44,740	(3,260)
Total judicial	2,672,860	2,814,359	2,758,808	(55,551)
 <b>General government</b>				
Elections				
Salaries and fringes	480	492	649	157
Supplies, printing and postage	10,000	15,300	13,834	(1,466)
Travel	100	100	108	8
Total elections	10,580	15,892	14,591	(1,301)
Legal	47,000	53,000	48,407	(4,593)
County clerk				
Salaries and fringes	395,254	397,478	377,815	(19,663)
Supplies, printing and postage	16,000	16,240	18,409	2,169
Memberships and subscription	600	1,125	1,137	12
Employee training	1,800	1,325	1,255	(70)
Travel	300	300	388	88
Total county clerk	413,954	416,468	399,004	(17,464)
Controller				
Salaries and fringes	355,882	355,882	345,368	(10,514)
Supplies, printing and postage	4,300	4,300	3,851	(449)
Memberships and subscription	900	900	895	(5)
Health services	2,000	2,000	979	(1,021)
Travel	400	400	245	(155)
Employee training	3,000	3,000	1,658	(1,342)
Total controller	366,482	366,482	352,996	(13,486)

(Continued)

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Equalization				
Salaries and fringes	\$ 203,017	\$ 200,017	\$ 197,784	\$ (2,233)
Supplies, printing and postage	1,300	1,385	851	(534)
Memberships and subscription	800	800	825	25
Travel	2,400	2,400	2,108	(292)
Employee training	600	600	439	(161)
Total equalization	<u>208,117</u>	<u>205,202</u>	<u>202,007</u>	<u>(3,195)</u>
Prosecuting attorney				
Salaries and fringes	466,078	466,078	446,288	(19,790)
Supplies, printing and postage	10,000	10,800	11,283	483
Contracted services	1,000	1,000	1,125	125
Steno transcript	1,000	1,000	834	(166)
Steno appeal transcript	500	500	149	(351)
Memberships and subscription	3,500	3,500	3,400	(100)
Travel	2,500	2,500	(155)	(2,655)
Employee training	3,500	3,500	2,679	(821)
Books	5,000	5,000	5,944	944
Total prosecuting attorney	<u>493,078</u>	<u>493,878</u>	<u>471,547</u>	<u>(22,331)</u>
Cooperative reimbursement - prosecutor				
Salaries and fringes	162,248	162,248	160,417	(1,831)
Supplies, printing and postage	2,400	2,400	1,846	(554)
Contracted services	1,000	1,000	373	(627)
Memberships and subscription	100	100	-	(100)
Telephone	1,400	1,400	1,155	(245)
Transcripts	1,600	1,600	-	(1,600)
Employee training	750	750	-	(750)
Total cooperative reimbursement - prosecutor	<u>169,498</u>	<u>169,498</u>	<u>163,791</u>	<u>(5,707)</u>
Register of deeds				
Salaries and fringes	252,178	252,178	241,988	(10,190)
Supplies, printing and postage	3,000	3,000	5,154	2,154
Contracted services	43,000	43,000	37,514	(5,486)
Memberships and subscription	700	700	377	(323)
Travel	1,200	1,200	175	(1,025)
Employee training	1,000	1,000	-	(1,000)
Total register of deeds	<u>301,078</u>	<u>301,078</u>	<u>285,208</u>	<u>(15,870)</u>

(Continued)



**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Treasurer				
Salaries and fringes	\$ 314,490	\$ 314,490	\$ 294,800	\$ (19,690)
Supplies, printing and postage	56,500	56,500	53,963	(2,537)
Memberships and subscription	350	350	150	(200)
Travel	700	700	405	(295)
Employee training	1,500	1,500	834	(666)
Total treasurer	<u>373,540</u>	<u>373,540</u>	<u>350,152</u>	<u>(23,388)</u>
Cooperative extension				
Supplies, printing and postage	8,000	8,000	9,360	1,360
Contractual services	114,731	114,731	113,793	(938)
Memberships and subscription	800	800	680	(120)
Travel	7,000	7,000	5,667	(1,333)
Repairs and maintenance	1,300	1,300	1,245	(55)
Employee training	2,500	2,500	990	(1,510)
Books	100	100	-	(100)
Total cooperative extension	<u>134,431</u>	<u>134,431</u>	<u>131,735</u>	<u>(2,696)</u>
Computer operations				
Salaries and fringes	142,988	142,988	141,565	(1,423)
Supplies, printing and postage	2,300	2,300	2,291	(9)
Memberships and subscription	500	500	493	(7)
Employee training	900	900	867	(33)
Computer service contract	215,000	215,000	214,762	(238)
Computer repairs and maintenance	10,000	10,136	11,281	1,145
Computer contractual	26,200	30,000	30,565	565
Total computer operations	<u>397,888</u>	<u>401,824</u>	<u>401,824</u>	<u>-</u>
Building and grounds				
Salaries and fringes	369,524	369,524	342,119	(27,405)
Supplies, printing and postage	13,700	13,700	12,772	(928)
Uniforms and accessories	3,000	3,000	3,790	790
Gas, oil and grease	12,500	12,500	8,569	(3,931)
Janitorial supplies	19,000	19,000	20,866	1,866
Telephone	66,500	66,500	59,480	(7,020)
Utilities	253,000	253,000	227,929	(25,071)
Repairs and maintenance	120,500	120,500	110,076	(10,424)
Grounds care and maintenance	7,300	7,300	5,959	(1,341)
Total building and grounds	<u>865,024</u>	<u>865,024</u>	<u>791,560</u>	<u>(73,464)</u>

(Continued)

**TUSCOLA COUNTY**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 165,744	\$ 165,744	\$ 154,620	\$ (11,124)
Supplies, printing and postage	6,200	7,060	5,159	(1,901)
Memberships and subscription	750	750	500	(250)
Travel	3,300	3,300	1,272	(2,028)
Employee training	2,000	2,000	1,898	(102)
Total drain commission	<u>177,994</u>	<u>178,854</u>	<u>163,449</u>	<u>(15,405)</u>
Livestock claims				
Trustee fees	25	25	-	(25)
Dog damages	500	500	-	(500)
Total livestock claims	<u>525</u>	<u>525</u>	<u>-</u>	<u>(525)</u>
Total general government	<u>3,959,189</u>	<u>3,975,696</u>	<u>3,776,271</u>	<u>(199,425)</u>
<b>Public safety</b>				
Courthouse security				
Salaries and fringes	144,247	145,047	133,045	(12,002)
Supplies, printing and postage	850	1,950	2,023	73
Laundry - employees	500	500	539	39
Employee training	700	700	-	(700)
Total courthouse security	<u>146,297</u>	<u>148,197</u>	<u>135,607</u>	<u>(12,590)</u>
Sheriff's department				
Salaries and fringes	1,553,429	1,505,229	1,445,703	(59,526)
Supplies, printing and postage	13,100	13,300	11,448	(1,852)
Food	500	500	-	(500)
Vehicle operating supplies	1,000	1,000	607	(393)
Kitchen supplies	1,200	1,200	283	(917)
Other supplies	500	500	556	56
Clothing and bedding	8,500	8,500	6,679	(1,821)
Uniforms and accessories	7,500	7,500	5,743	(1,757)
Gas, oil and grease	14,246	14,246	7,812	(6,434)
Drugs and prescriptions	20,000	20,000	27,988	7,988
Janitorial supplies	7,500	7,500	7,236	(264)
Contractual services	204,000	174,000	147,490	(26,510)
Memberships and subscription	1,500	1,500	1,221	(279)
Laundry - employees	6,300	6,300	5,715	(585)

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Laundry - inmates	\$ -	\$ -	\$ -	\$ -
Jail	232,900	238,100	245,445	7,345
Health services	55,900	131,900	147,194	15,294
Telephone	20,000	20,000	18,431	(1,569)
Travel	1,200	1,200	611	(589)
Advertising (help bids)	1,000	1,000	188	(812)
Insurance and bonds	5,100	5,100	5,333	233
Repairs and maintenance	20,500	20,500	11,269	(9,231)
Equipment rental	3,000	3,000	3,081	81
Bench warrant enforcement	6,242	6,584	6,649	65
Investigations	1,200	1,200	432	(768)
Employee training	3,500	3,500	3,003	(497)
Total sheriff's department	<u>2,189,817</u>	<u>2,193,359</u>	<u>2,110,117</u>	<u>(83,242)</u>
Liquor/traffic enforcement	<u>4,398</u>	<u>4,398</u>	<u>3,425</u>	<u>(973)</u>
Marine safety				
Salaries and fringes	12,788	12,168	13,908	1,740
Supplies, printing and postage	100	100	194	94
Uniforms and accessories	150	150	-	(150)
Gas, oil and grease	2,600	2,570	1,339	(1,231)
Equipment maintenance and supplies	550	550	1,093	543
Insurance	2,000	1,898	1,898	-
Repairs and maintenance	575	575	285	(290)
Rentals	3,100	1,725	1,718	(7)
Employee training	500	14	14	-
Equipment	700	700	-	(700)
Total marine safety	<u>23,063</u>	<u>20,450</u>	<u>20,449</u>	<u>(1)</u>
Secondary road patrol				
Salaries and fringes	107,624	107,624	105,499	(2,125)
Uniforms and accessories	600	600	185	(415)
Gas, oil and grease	8,200	8,200	6,194	(2,006)
Laundry	450	450	441	(9)
Liability and blanket bond	1,100	1,100	1,105	5
Total secondary road patrol	<u>117,974</u>	<u>117,974</u>	<u>113,424</u>	<u>(4,550)</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 27,709	\$ 31,635	\$ 32,575	\$ 940
Planning commission				
Salaries and fringes	3,450	3,450	3,170	(280)
Supplies, printing and postage	1,000	1,000	296	(704)
Memberships and subscription	6,900	6,900	4,019	(2,881)
Travel	1,200	1,200	1,731	531
Total planning commission	<u>12,550</u>	<u>12,550</u>	<u>9,216</u>	<u>(3,334)</u>
Plat board				
Salaries and fringes	656	656	-	(656)
Emergency services				
Salaries and fringes	90,061	90,061	90,873	812
Supplies, printing and postage	2,900	2,900	1,901	(999)
Uniforms and accessories	500	500	519	19
Gas, oil and grease	1,600	1,600	1,054	(546)
Memberships and subscription	450	450	69	(381)
Telephone	1,250	1,250	968	(282)
Travel	400	400	222	(178)
Vehicle insurance	1,000	1,000	869	(131)
Repairs and maintenance	3,100	3,100	2,139	(961)
Employee training	1,300	1,300	1,086	(214)
Total emergency services	<u>102,561</u>	<u>102,561</u>	<u>99,700</u>	<u>(2,861)</u>
Animal shelter				
Contractual services	114,000	114,000	114,019	19
Supplies, printing and postage	1,000	1,000	1,097	97
Gas, oil and grease	11,000	11,000	7,462	(3,538)
Telephone	1,000	1,000	427	(573)
Total animal shelter	<u>127,000</u>	<u>127,000</u>	<u>123,005</u>	<u>(3,995)</u>
Total public safety	<u>2,752,025</u>	<u>2,758,780</u>	<u>2,647,518</u>	<u>(111,262)</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Public works</b>				
Building codes				
Contractual services	\$ 340,000	\$ 340,000	\$ 299,597	\$ (40,403)
Department of public works	3,100	2,840	2,570	(270)
Drains at large	562,749	562,749	562,749	-
Total public works	905,849	905,589	864,916	(40,673)
<b>Health and welfare</b>				
Substance abuse	65,000	65,000	63,162	(1,838)
Medical examiner				
Supplies, printing and postage	1,600	1,600	1,453	(147)
Body transport	2,500	2,500	3,244	744
Autopsies	20,000	20,000	17,493	(2,507)
Telephone	1,600	1,600	1,484	(116)
Employee training	1,000	1,000	-	(1,000)
Contractual services	14,273	14,273	14,122	(151)
Total medical examiner	40,973	40,973	37,796	(3,177)
Veterans' burial	18,000	21,720	21,720	-
Economic development	57,877	57,877	57,877	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	19,000	19,000	10,241	(8,759)
Total health and welfare	489,093	492,813	479,039	(13,774)
<b>Other</b>				
Insurance and bonds	160,000	170,056	167,501	(2,555)
Tax refunds and rebates	4,000	29,000	28,703	(297)
Appropriations	48,433	3,500	3,144	(356)
Audit	33,000	34,600	34,600	-
Accounting services	16,500	14,900	8,955	(5,945)
Total other	261,933	252,056	242,903	(9,153)
<b>Total expenditures</b>	<u>11,174,114</u>	<u>11,351,152</u>	<u>10,915,495</u>	<u>(435,657)</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Transfers out</b>				
Friend of the court	\$ 328,955	\$ 346,166	\$ 346,166	\$ -
Health department	303,780	303,780	303,780	-
Veterans counsel	73,744	73,744	73,744	-
Equipment/capital improvement	197,207	197,207	197,207	-
State survey grant	4,000	4,006	4,006	-
Child care - department of human services	163,000	163,000	163,000	-
Parks and recreation	5,000	5,000	5,000	-
Community corrections	9,200	9,200	8,636	(564)
Department of human services	12,000	12,000	12,000	-
Probate child care	465,000	500,000	500,000	-
Employee vacation and sick time	15,000	15,000	15,000	-
Soldiers' relief	26,000	26,000	26,000	-
	<u>1,602,886</u>	<u>1,655,103</u>	<u>1,654,539</u>	<u>(564)</u>
<b>Total transfers out</b>				
	<u>1,602,886</u>	<u>1,655,103</u>	<u>1,654,539</u>	<u>(564)</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 12,777,000</u>	<u>\$ 13,006,255</u>	<u>\$ 12,570,034</u>	<u>\$ (436,221)</u>

# **NONMAJOR GOVERNMENTAL FUNDS**

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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS:

Road Patrol (207) This fund accounts for revenues received from a County millage and the County's general fund. This is the only county-wide 24-hour police service.

Parks and Recreation (208) This fund is used to account for the activities to maintain and improve the operations of Vanderbilt Park. The revenue sources of this fund are fees collected for the use of facility and the appropriation from the General Fund.

County Disaster (211) This fund has set aside monies to prepare for a natural or man-made disaster. There are no regular sources of revenues. An appropriation to establish this fund was made from the General Fund.

Local Government Police Contract (213) The revenue source for this fund is generated from the reimbursement from Arbelá Township for services provided by the Tuscola County Sheriff Department for a specific number of hours and for the support in enforcing township ordinances.

Friend of the Court, Act 294 (215) This fund was established to provide a separate accounting for the expenditures related to the operations of the Friend of the Court. The revenue sources for this fund are generated by federal and state grants. The County has established a base appropriation to this fund to comply with criteria established to receive maximum reimbursements from the federal and state levels. Fees and Charges established through the court systems also make up revenue used to operate the Friend of the Court at an efficient level.

Family Counseling (216) Marriage license fees collected by the County are proportioned into this fund and represent the only revenue source. Expenditures are ordered by the Judge of the Circuit Court, to provide counseling to families at his discretion.

Dispatch/911 (218) This fund is established to provide emergency 9-1-1 dispatch services to all law enforcement, fire and emergency medical services. The revenue sources are generated from the surcharges on landlines and wireless telephone customers.

Vassar Township Police Contract (225) The revenue for this fund is provided by reimbursement of Vassar Township for services provided by the Tuscola County Sheriff Department in the support of enforcing township ordinances.

Recycling (230) This fund was established by a grant provided by the State. The revenue source was then established to be an appropriation from the General Fund. Current revenues also include income from the sale of material.



## **SPECIAL REVENUE FUNDS: (continued)**

Millington Township Police Contract (232) The revenue for this fund is provided by reimbursement of Millington Township for services provided by the Tuscola County Sheriff Department in the support of enforcing township ordinances.

Building Strong Families (235) The Building Strong Families Fund is a state grant that sets aside monies to educate parents in building stronger families skills.

Victim Services (236) The revenue source for this fund is generated by a State Grant reimbursement. The fund provides services to individuals who are victims of crimes.

Voted Mosquito (240) The revenue source for this fund derives from a county wide millage. The revenue is used to reduce the risk of mosquito-borne diseases in Tuscola County. The goal is also to minimize the nuisance population of mosquitoes whenever possible.

Equipment and Capital Improvement (244) The revenue source for this fund is an appropriation from the General Fund. This fund provides for a separate accounting for all equipment and capital outlay projects.

Entrepreneurship Programs (245) The revenue source for this fund is an appropriation from the General Fund. This fund provides for Sirolli Institute and management board expenditures.

CDBG Housing Grant (250) The revenue source for this fund is a State Housing Grant. The Human Development Commission is contracted by Tuscola County to administer the grant, which provides improvements to homes in the County.

Principal Residence Exemption ( 251) This fund is used to account for the collection of taxes and interest due from principal residential exemption (homestead) denials.

State Survey Grant (252) State grant funds are received every year and a small appropriation from the General Fund to cover administrative cost makes up the revenue sources for this fund. The revenues are used to replace section corners within the County to improve the process of surveying. Expenditures must meet grant requirements to qualify for reimbursement.

Victim of Crime Act Grant (255) This grant is established to provide services to victims for various reasons. The revenue source is a state grant reimbursement for qualified expenditures.

Register of Deed Automation (256) This fund is used to account for funds set aside under provisions of Public Act 698 of 2002 (MCL 600.2568). The fund was created for upgrading technology in the Register of Deeds' Office.

## **SPECIAL REVENUE FUNDS: (continued)**

Homeland Security (261) Tuscola County is part of the 3<sup>rd</sup> District Regional Homeland Security. Bay County is the fiduciary for the funds. A core mission of the Department of Homeland Security (DHS) is to enhance the ability of State, local, and tribal governments to prepare, prevent, respond to, and recover from terrorist attacks and other disasters. The Homeland Security Grant Program (HSGP) is a primary funding mechanism for building and sustaining national preparedness capabilities.

Hazard Mitigation Grant Program (262) The Hazard Mitigation Grant Program (HMGP) was created to assist states and local communities in implementing long-term mitigation measures following a Presidential disaster declaration.

Community Corrections Services (264) State of Michigan, Department of Corrections grant program which allows an employee to oversee sentenced inmates of the county jail to work as part of their sentence. They provide community service to non-profit organizations. They also accept contributions that help pay for some expenses.

Local Correction Officer Training (265) The revenue source for this fund is established from Public Act 134 of 2003 as amended in new section MCL 801.4b. This new source of revenue will allow training programs for local correctional officers.

Forfeiture Sheriff/Prosecutor (266) The monies are forfeited from the confiscation of property, cars, and monies that were determined to be used in a criminal act involving drugs. The forfeited monies will be used to fight the war against drugs in Tuscola County.

Law Library (269) The revenue source for this fund is the established penal fine amount of \$6,500. Appropriations from the General Fund also create a revenue source. The Law Books purchased will be located in one central location.

Michigan Justice Training (285) This fund was established to provide training to sworn officers only. The revenue is generated by fees collected by the courts and by the State of Michigan. Agencies are mandated to provide training from the General Fund each year.

Child Care DHS (288) The revenue sources for this fund are State reimbursements, Department of Human Services client payments, and an appropriation from the County's General Fund. The dollars are spent to pay foster care cost for neglected or abused children. The reimbursements to Foster Care Parents are for payments of medical expenses, clothing and other extraordinary items.

Department of Human Services (290) The revenue sources for this fund are generated by the State of Michigan. The General Fund of the County appropriates funds to cover the cost of board administration and adult hospitalization not covered under other programs and guardianships. This agency administers programs providing for economic, social and medical assistance to the disadvantaged residents of Tuscola County.

### **SPECIAL REVENUE FUNDS: (continued)**

Probate Child Care (292) The Probate Court Juvenile Fund provides services to families of youth involved in the Courts. The revenue sources are State reimbursements, charges for services and the County General Fund appropriation.

Soldiers Relief (293) The fund was established to provide services to indigent veterans who may not qualify for Veterans Trust Fund monies. The revenue source for this fund is an appropriation from the County's General Fund.

Veterans Trust (294) The fund provides services to veterans and/or dependents that require assistance with such items as shelter, food, clothing, utility bills, medical care and other expenses. A Veterans Trust Fund Board is established and reviews all claims. The revenue source is State Reimbursement.

Voted Senior Citizens (297) A millage passed by the voters of Tuscola County provides the revenue source for this fund. This fund provides services for the senior citizens of Tuscola County. Examples of some services are flu shots and home delivered and congregated meals.

Employee Vacation and Sick Time (730) This fund was established by the transfer of funds from General Fund for the obligation the County has to pay to employees who qualify for the pay out of vacation and sick time.

### **CAPITAL PROJECT FUNDS:**

Capital project funds are used to account for the accumulation of resources, often through the issuance of long-term debt, for the purposes of constructing capital assets.

#### **Building Authority**

DHS Building Capital Expenditures (469)

State Police Capital Expenditures (470)

Capital Improvements Fund (483)

### **PERMANENT FUND:**

Cemetery Trust Fund (711) This fund was established with the deposits from local townships in trust for the maintenance of specific plots within cemeteries in each township. The interest earned is disbursed each year.

**TUSCOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund - State Police Post Building</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 631,214	\$ 9,695	\$ 146,830	\$ -	\$ 787,739
Investments	262,892	-	1,841,722	6,814	2,111,428
Taxes receivable	2,804,650	-	-	-	2,804,650
Taxes receivable - delinquent	28,463	-	-	-	28,463
Accounts receivable	552,890	-	11,241	-	564,131
Due from other funds	1,527,524	-	9,695	-	1,537,219
Due from federal	10,000	-	-	-	10,000
Due from state	248,463	-	-	-	248,463
<b>Total assets</b>	<b><u>\$ 6,066,096</u></b>	<b><u>\$ 9,695</u></b>	<b><u>\$ 2,009,488</u></b>	<b><u>\$ 6,814</u></b>	<b><u>\$ 8,092,093</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 160,171	\$ -	\$ 12,045	\$ -	\$ 172,216
Accrued liabilities	89,649	-	-	-	89,649
Due to other governments	22,389	-	-	-	22,389
Due to other funds	318,200	9,695	-	-	327,895
Deposits payable	21,000	-	-	-	21,000
Deferred revenue	2,833,113	-	-	-	2,833,113
<b>Total liabilities</b>	<b><u>3,444,522</u></b>	<b><u>9,695</u></b>	<b><u>12,045</u></b>	<b><u>-</u></b>	<b><u>3,466,262</u></b>
<b>Fund balance</b>					
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Reserved for capital projects	-	-	1,997,443	-	1,997,443
Unreserved					
Designated for subsequent year's expenditures	96,099	-	-	-	96,099
Undesignated	2,525,475	-	-	14	2,525,489
<b>Total fund balance</b>	<b><u>2,621,574</u></b>	<b><u>-</u></b>	<b><u>1,997,443</u></b>	<b><u>6,814</u></b>	<b><u>4,625,831</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 6,066,096</u></b>	<b><u>\$ 9,695</u></b>	<b><u>\$ 2,009,488</u></b>	<b><u>\$ 6,814</u></b>	<b><u>\$ 8,092,093</u></b>

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2009**

	Special Revenue Funds	Debt Service Fund - State Police Post Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Taxes	\$ 2,691,820	\$ -	\$ -	\$ -	\$ 2,691,820
Intergovernmental					
Federal	1,196,053	-	-	-	1,196,053
State	973,562	162,134	-	-	1,135,696
Local	484,203	-	-	-	484,203
Charges for services	1,347,638	-	-	-	1,347,638
Fines and forfeits	6,798	-	-	-	6,798
Interest and rent	41,500	45	22,668	25	64,238
Reimbursements and refunds	19,705	-	11,241	-	30,946
Other	80,104	-	-	-	80,104
<b>Total revenues</b>	<b>6,841,383</b>	<b>162,179</b>	<b>33,909</b>	<b>25</b>	<b>7,037,496</b>
<b>Expenditures</b>					
Current					
Judicial	1,100,123	-	-	-	1,100,123
General government	1,434,214	-	-	-	1,434,214
Public safety	2,846,524	-	-	-	2,846,524
Health and welfare	1,661,697	-	-	-	1,661,697
Culture and recreation	6,430	-	-	111	6,541
Capital outlay	776,373	-	333,472	-	1,109,845
Debt service - principal	15,565	110,000	-	-	125,565
Debt service - interest	2,006	42,484	-	-	44,490
<b>Total expenditures</b>	<b>7,842,932</b>	<b>152,484</b>	<b>333,472</b>	<b>111</b>	<b>8,328,999</b>
Revenues over (under) expenditures	(1,001,549)	9,695	(299,563)	(86)	(1,291,503)
<b>Other financing sources (uses)</b>					
Transfer in	1,278,815	-	9,695	-	1,288,510
Transfer out	(40,244)	(9,695)	-	-	(49,939)
<b>Total other financing sources (uses)</b>	<b>1,238,571</b>	<b>(9,695)</b>	<b>9,695</b>	<b>-</b>	<b>1,238,571</b>
Net change in fund balance	237,022	-	(289,868)	(86)	(52,932)
Fund balance, beginning of year	2,384,552	-	2,287,311	6,900	4,678,763
<b>Fund balance, end of year</b>	<b>\$ 2,621,574</b>	<b>\$ -</b>	<b>\$ 1,997,443</b>	<b>\$ 6,814</b>	<b>\$ 4,625,831</b>

**TUSCOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2009**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>County Disaster</u>	<u>Local Government Police Contract</u>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 91,414	\$ 4,625	\$ 2,692	\$ -
Investments	93,116	-	-	-
Taxes receivable	1,338,631	-	-	-
Taxes receivable - delinquent	15,472	-	-	-
Accounts receivable	49,274	-	-	14,370
Due from other funds	-	-	-	-
Due from federal	-	-	-	-
Due from state	1,225	-	-	-
<b>Total assets</b>	<b>\$ 1,589,132</b>	<b>\$ 4,625</b>	<b>\$ 2,692</b>	<b>\$ 14,370</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 53,610	\$ 148	\$ -	\$ 116
Accrued liabilities	20,613	-	-	1,523
Due to other governments	-	-	-	-
Due to other funds	(226)	-	-	12,731
Deposits payable	-	-	-	-
Deferred revenue	1,354,103	-	-	-
<b>Total liabilities</b>	<b>1,428,100</b>	<b>148</b>	<b>-</b>	<b>14,370</b>
<b>Fund balance</b>				
Unreserved				
Designated for subsequent year's expenditures	96,099	-	-	-
Undesignated	64,933	4,477	2,692	-
<b>Total fund balance</b>	<b>161,032</b>	<b>4,477</b>	<b>2,692</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,589,132</b>	<b>\$ 4,625</b>	<b>\$ 2,692</b>	<b>\$ 14,370</b>

<u>Friend of the the Court Act 294</u>	<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>Building Strong Families</u>
\$ -	\$ 37,749	\$ -	\$ -	\$ 75	\$ -	\$ 2,922
-	-	24,483	-	17,259	-	-
-	-	-	-	224,276	-	-
-	-	-	-	1,152	-	-
154,595	-	310,515	6,079	-	18,057	-
3,185	-	227,499	-	270,066	-	-
-	-	-	-	-	-	-
71,527	-	-	-	-	-	3,084
<u>\$ 229,307</u>	<u>\$ 37,749</u>	<u>\$ 562,497</u>	<u>\$ 6,079</u>	<u>\$ 512,828</u>	<u>\$ 18,057</u>	<u>\$ 6,006</u>

\$ 4,224	\$ 2,288	\$ 2,188	\$ 107	\$ 3,568	\$ 129	\$ 2,573
12,406	-	15,130	681	2,189	1,580	-
-	-	-	-	-	-	-
193,817	-	-	5,291	-	16,348	-
-	-	-	-	-	-	-
-	-	-	-	225,428	-	-
<u>210,447</u>	<u>2,288</u>	<u>17,318</u>	<u>6,079</u>	<u>231,185</u>	<u>18,057</u>	<u>2,573</u>

-	-	-	-	-	-	-
18,860	35,461	545,179	-	281,643	-	3,433
<u>18,860</u>	<u>35,461</u>	<u>545,179</u>	<u>-</u>	<u>281,643</u>	<u>-</u>	<u>3,433</u>
<u>\$ 229,307</u>	<u>\$ 37,749</u>	<u>\$ 562,497</u>	<u>\$ 6,079</u>	<u>\$ 512,828</u>	<u>\$ 18,057</u>	<u>\$ 6,006</u>

(Continued)



**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2009**

<u>ASSETS</u>	<u>Victim Services</u>	<u>Voted Mosquito</u>	<u>Equipment and Capital Improvement</u>	<u>Entrepreneurship Programs</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 117,316	\$ -
Investments	-	91,109	-	-
Taxes receivable	-	944,353	-	-
Taxes receivable - delinquent	-	8,782	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	579,008	109,222	-
Due from federal	-	-	-	-
Due from state	13,928	-	-	-
<b>Total assets</b>	<u>\$ 13,928</u>	<u>\$ 1,623,252</u>	<u>\$ 226,538</u>	<u>\$ -</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 49	\$ 256	\$ 22,504	\$ -
Accrued liabilities	-	614	-	-
Due to other governments	-	-	-	-
Due to other funds	12,536	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	953,135	-	-
<b>Total liabilities</b>	<u>12,585</u>	<u>954,005</u>	<u>22,504</u>	<u>-</u>
<b>Fund balance</b>				
Unreserved				
Designated for subsequent year's expenditures	-	-	-	-
Undesignated	1,343	669,247	204,034	-
<b>Total fund balance</b>	<u>1,343</u>	<u>669,247</u>	<u>204,034</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 13,928</u>	<u>\$ 1,623,252</u>	<u>\$ 226,538</u>	<u>\$ -</u>

<b>CDBG Housing Grant</b>	<b>Principal Residence Exemption</b>	<b>State Survey Grant</b>	<b>Victim of Crime Act Grant</b>	<b>Register of Deeds Automation</b>	<b>Homeland Security</b>
\$ -	\$ 14,291	\$ -	\$ -	\$ -	\$ -
-	-	-	-	3,612	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6	-	179,149	-
-	-	-	-	-	-
-	-	17,489	11,043	-	-
<u>\$ -</u>	<u>\$ 14,291</u>	<u>\$ 17,495</u>	<u>\$ 11,043</u>	<u>\$ 182,761</u>	<u>\$ -</u>

\$ -	\$ -	\$ -	\$ 176	\$ 8,368	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,495	9,180	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,495	9,356	8,368	-
-	-	-	-	-	-
-	14,291	-	1,687	174,393	-
-	14,291	-	1,687	174,393	-
<u>\$ -</u>	<u>\$ 14,291</u>	<u>\$ 17,495</u>	<u>\$ 11,043</u>	<u>\$ 182,761</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2009**

	<u>Hazard Mitigation Grant Program</u>	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Forfeiture Sheriff / Prosecutor</u>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ (10,000)	\$ -	\$ 59,840	\$ 17,218
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from federal	10,000	-	-	-
Due from state	-	10,174	-	-
	<u>-</u>	<u>10,174</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 10,174</u>	<u>\$ 59,840</u>	<u>\$ 17,218</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 55	\$ 209	\$ -
Accrued liabilities	-	732	-	-
Due to other governments	-	-	-	-
Due to other funds	-	9,386	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>10,173</u>	<u>209</u>	<u>-</u>
<b>Fund balance</b>				
Unreserved				
Designated for subsequent year's expenditures	-	-	-	-
Undesignated	-	1	59,631	17,218
	<u>-</u>	<u>1</u>	<u>59,631</u>	<u>17,218</u>
Total fund balance	<u>-</u>	<u>1</u>	<u>59,631</u>	<u>17,218</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ 10,174</u>	<u>\$ 59,840</u>	<u>\$ 17,218</u>

<u>Law Library</u>	<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services</u>
\$ 14,754	\$ 9,956	\$ 91,671	\$ 71,471
-	-	-	-
-	-	-	-
-	-	-	-
-	-	36,375	-
-	-	-	-
-	-	-	6,065
<u>\$ 14,754</u>	<u>\$ 9,956</u>	<u>\$ 128,046</u>	<u>\$ 77,536</u>

\$ 494	\$ 150	\$ -	\$ 847
-	-	-	-
-	-	-	-
-	-	-	21,000
-	-	-	-
<u>494</u>	<u>150</u>	<u>-</u>	<u>21,847</u>

-	-	-	-
<u>14,260</u>	<u>9,806</u>	<u>128,046</u>	<u>55,689</u>
<u>14,260</u>	<u>9,806</u>	<u>128,046</u>	<u>55,689</u>
<u>\$ 14,754</u>	<u>\$ 9,956</u>	<u>\$ 128,046</u>	<u>\$ 77,536</u>

(Continued)

**TUSCOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2009**

	<b>Probate Child Care</b>	<b>Soldiers Relief</b>	<b>Veterans Trust</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 92,438	\$ 10,473	\$ 2,309
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from federal	-	-	-
Due from state	113,928	-	-
	<u>113,928</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 206,366</u>	<u>\$ 10,473</u>	<u>\$ 2,309</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 44,965	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other governments	22,389	-	-
Due to other funds	36,375	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
	<u>103,729</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>103,729</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>			
Unreserved			
Designated for subsequent year's expenditures	-	-	-
Undesignated	102,637	10,473	2,309
	<u>102,637</u>	<u>10,473</u>	<u>2,309</u>
Total fund balance	<u>102,637</u>	<u>10,473</u>	<u>2,309</u>
<b>Total liabilities and fund balance</b>	<u>\$ 206,366</u>	<u>\$ 10,473</u>	<u>\$ 2,309</u>

<u>Voted Senior Citizens</u>	<u>Employee Vacation and Sick Time</u>	<u>Totals</u>
\$ -	\$ -	\$ 631,214
33,313	-	262,892
297,390	-	2,804,650
3,057	-	28,463
-	-	552,890
-	123,014	1,527,524
-	-	10,000
-	-	248,463
<u>\$ 333,760</u>	<u>\$ 123,014</u>	<u>\$ 6,066,096</u>

\$ 13,147	\$ -	\$ 160,171
-	34,181	89,649
-	-	22,389
5,267	-	318,200
-	-	21,000
<u>300,447</u>	<u>-</u>	<u>2,833,113</u>
<u>318,861</u>	<u>34,181</u>	<u>3,444,522</u>

-	-	96,099
<u>14,899</u>	<u>88,833</u>	<u>2,525,475</u>
<u>14,899</u>	<u>88,833</u>	<u>2,621,574</u>
<u>\$ 333,760</u>	<u>\$ 123,014</u>	<u>\$ 6,066,096</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Road Patrol</b>	<b>Parks and Recreation</b>	<b>County Disaster</b>	<b>Local Government Police Contract</b>
<b>Revenues</b>				
Taxes	\$ 1,287,476	\$ -	\$ -	\$ -
Intergovernmental				
Federal	84,264	-	-	-
State	658	-	-	-
Local	-	-	-	105,837
Charges for services	-	2,414	-	-
Fines and forfeits	-	-	-	-
Interest and rent	8,479	-	-	-
Reimbursements and refunds	3,208	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>1,384,085</u>	<u>2,414</u>	<u>-</u>	<u>105,837</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,272,570	-	-	105,837
Health and welfare	-	-	-	-
Culture and recreation	-	6,430	-	-
Capital outlay	89,237	-	-	-
Debt service - principal	15,565	-	-	-
Debt service - interest	2,006	-	-	-
<b>Total expenditures</b>	<u>1,379,378</u>	<u>6,430</u>	<u>-</u>	<u>105,837</u>
Revenues over (under) expenditures	<u>4,707</u>	<u>(4,016)</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	5,000	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,707	984	-	-
Fund balance, beginning of year	156,325	3,493	2,692	-
<b>Fund balance, end of year</b>	<u>\$ 161,032</u>	<u>\$ 4,477</u>	<u>\$ 2,692</u>	<u>\$ -</u>

<b>Friend of the Court Act 294</b>	<b>Family Counseling</b>	<b>Dispatch/ 911</b>	<b>Vassar Township Police Contract</b>	<b>Recycling</b>	<b>Millington Township Police Contract</b>	<b>Building Strong Families</b>
\$ -	\$ -	\$ -	\$ -	\$ 212,319	\$ -	\$ -
735,776	-	-	-	-	-	-
3,525	-	200,948	-	-	-	31,642
-	-	-	70,862	-	153,390	7,306
75,786	5,235	1,077,232	-	64,064	-	-
-	-	-	-	-	-	-
3	-	3,773	-	6,827	-	-
-	7,402	-	-	-	-	-
10,023	-	11,756	-	2,405	-	-
<u>825,113</u>	<u>12,637</u>	<u>1,293,709</u>	<u>70,862</u>	<u>285,615</u>	<u>153,390</u>	<u>38,948</u>
1,076,450	17,800	-	-	-	-	-
-	-	-	-	320,373	-	-
-	-	1,045,432	70,862	-	153,390	-
-	-	-	-	-	-	44,490
-	-	-	-	-	-	-
226,542	-	67,340	-	27,807	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,302,992</u>	<u>17,800</u>	<u>1,112,772</u>	<u>70,862</u>	<u>348,180</u>	<u>153,390</u>	<u>44,490</u>
<u>(477,879)</u>	<u>(5,163)</u>	<u>180,937</u>	<u>-</u>	<u>(62,565)</u>	<u>-</u>	<u>(5,542)</u>
346,166	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>346,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(131,713)	(5,163)	180,937	-	(62,565)	-	(5,542)
150,573	40,624	364,242	-	344,208	-	8,975
<u>\$ 18,860</u>	<u>\$ 35,461</u>	<u>\$ 545,179</u>	<u>\$ -</u>	<u>\$ 281,643</u>	<u>\$ -</u>	<u>\$ 3,433</u>

(Continued)



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Victim Services</b>	<b>Voted Mosquito</b>	<b>Equipment and Capital Security</b>	<b>Entrepreneurship Programs</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 907,374	\$ -	\$ -
Intergovernmental				
Federal	-	-	17,263	-
State	58,212	-	-	4,000
Local	-	-	-	3,263
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	15,594	-	680
Reimbursements and refunds	-	19	420	-
Other	-	-	-	-
<b>Total revenues</b>	<u>58,212</u>	<u>922,987</u>	<u>17,683</u>	<u>7,943</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	681,523	-	-
Public safety	58,242	-	-	-
Health and welfare	-	-	-	33,763
Culture and recreation	-	-	-	-
Capital outlay	-	44,484	177,674	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>58,242</u>	<u>726,007</u>	<u>177,674</u>	<u>33,763</u>
Revenues over (under) expenditures	<u>(30)</u>	<u>196,980</u>	<u>(159,991)</u>	<u>(25,820)</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	199,007	-
Transfer out	-	-	-	(38,444)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>199,007</u>	<u>(38,444)</u>
Net change in fund balance	(30)	196,980	39,016	(64,264)
Fund balance, beginning of year	<u>1,373</u>	<u>472,267</u>	<u>165,018</u>	<u>64,264</u>
<b>Fund balance, end of year</b>	<u>\$ 1,343</u>	<u>\$ 669,247</u>	<u>\$ 204,034</u>	<u>\$ -</u>

<b>CDBG Housing Grant</b>	<b>Principal Residence Exemption</b>	<b>State Survey Grant</b>	<b>Victim of Crime Act Grant</b>	<b>Register of Deeds Automation</b>	<b>Homeland Security</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
145,146	-	-	63,494	-	140,110
-	-	29,149	-	-	-
-	143,545	-	-	-	-
-	-	-	-	-	-
-	695	-	-	3,127	-
-	-	-	-	-	-
-	-	-	-	55,920	-
<u>145,146</u>	<u>144,240</u>	<u>29,149</u>	<u>63,494</u>	<u>59,047</u>	<u>140,110</u>
-	-	-	-	-	-
145,146	143,221	33,155	-	15,906	-
-	-	-	63,153	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,179	140,110
-	-	-	-	-	-
-	-	-	-	-	-
<u>145,146</u>	<u>143,221</u>	<u>33,155</u>	<u>63,153</u>	<u>19,085</u>	<u>140,110</u>
-	1,019	(4,006)	341	39,962	-
-	-	4,006	-	-	-
-	-	-	-	-	-
-	-	4,006	-	-	-
-	1,019	-	341	39,962	-
-	13,272	-	1,346	134,431	-
<u>\$ -</u>	<u>\$ 14,291</u>	<u>\$ -</u>	<u>\$ 1,687</u>	<u>\$ 174,393</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Hazard Mitigation Grant Program</b>	<b>Community Corrections Services</b>	<b>Local Correction Officer Training</b>	<b>Forfeiture Sheriff / Prosecutor</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	10,000	-	-	-
State	-	33,923	-	-
Local	-	-	-	-
Charges for services	-	4,134	18,945	-
Fines and forfeits	-	-	-	298
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>10,000</u>	<u>38,057</u>	<u>18,945</u>	<u>298</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	10,000	46,692	11,638	342
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>10,000</u>	<u>46,692</u>	<u>11,638</u>	<u>342</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,635)</u>	<u>7,307</u>	<u>(44)</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	8,636	-	-
Transfer out	-	-	-	(1,800)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>8,636</u>	<u>-</u>	<u>(1,800)</u>
Net change in fund balance	-	1	7,307	(1,844)
Fund balance, beginning of year	-	-	52,324	19,062
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 59,631</u>	<u>\$ 17,218</u>

<u>Law Library</u>	<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	6,341	104,061	167,889
-	-	-	-
-	-	69,206	-
6,500	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>6,500</u>	<u>6,341</u>	<u>173,267</u>	<u>167,889</u>
5,873	-	-	-
-	-	-	-
-	8,366	-	-
-	-	284,726	186,966
-	-	-	-
-	-	-	-
-	-	-	-
<u>5,873</u>	<u>8,366</u>	<u>284,726</u>	<u>186,966</u>
<u>627</u>	<u>(2,025)</u>	<u>(111,459)</u>	<u>(19,077)</u>
-	-	163,000	12,000
-	-	-	-
-	-	163,000	12,000
627	(2,025)	51,541	(7,077)
<u>13,633</u>	<u>11,831</u>	<u>76,505</u>	<u>62,766</u>
<u>\$ 14,260</u>	<u>\$ 9,806</u>	<u>\$ 128,046</u>	<u>\$ 55,689</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Probate Child Care</b>	<b>Soldiers Relief</b>	<b>Veterans Trust</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	329,893	-	3,321
Local	-	-	-
Charges for services	30,622	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	8,656	-	-
Other	-	-	-
	<b>369,171</b>	<b>-</b>	<b>3,321</b>
<b>Total revenues</b>			
<b>Expenditures</b>			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Health and welfare	811,616	19,576	4,475
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
	<b>811,616</b>	<b>19,576</b>	<b>4,475</b>
<b>Total expenditures</b>			
Revenues over (under) expenditures	<b>(442,445)</b>	<b>(19,576)</b>	<b>(1,154)</b>
<b>Other financing sources (uses)</b>			
Transfer in	500,000	26,000	-
Transfer out	-	-	-
	<b>500,000</b>	<b>26,000</b>	<b>-</b>
<b>Total other financing sources (uses)</b>			
Net change in fund balance	57,555	6,424	(1,154)
Fund balance, beginning of year	45,082	4,049	3,463
<b>Fund balance, end of year</b>	<b>\$ 102,637</b>	<b>\$ 10,473</b>	<b>\$ 2,309</b>

<u>Voted Senior Citizens</u>	<u>Employee Vacation and Sick Time</u>	<u>Totals</u>
\$ 284,651	\$ -	\$ 2,691,820
-	-	1,196,053
-	-	973,562
-	-	484,203
-	-	1,347,638
-	-	6,798
2,322	-	41,500
-	-	19,705
-	-	80,104
<u>286,973</u>	<u>-</u>	<u>6,841,383</u>
-	-	1,100,123
-	94,890	1,434,214
-	-	2,846,524
276,085	-	1,661,697
-	-	6,430
-	-	776,373
-	-	15,565
-	-	2,006
<u>276,085</u>	<u>94,890</u>	<u>7,842,932</u>
<u>10,888</u>	<u>(94,890)</u>	<u>(1,001,549)</u>
-	15,000	1,278,815
-	-	(40,244)
-	15,000	1,238,571
10,888	(79,890)	237,022
<u>4,011</u>	<u>168,723</u>	<u>2,384,552</u>
<u>\$ 14,899</u>	<u>\$ 88,833</u>	<u>\$ 2,621,574</u>

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Road Patrol</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 1,289,413	\$ 1,289,413	\$ 1,287,476	\$ (1,937)
Intergovernmental				
Federal	-	74,643	84,264	9,621
State	-	-	658	658
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	4,000	4,000	8,479	4,479
Reimbursements and refunds	2,000	2,000	3,208	1,208
Other	-	-	-	-
<b>Total revenues</b>	<u>1,295,413</u>	<u>1,370,056</u>	<u>1,384,085</u>	<u>14,029</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,278,012	1,356,710	1,272,570	(84,140)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	95,929	95,929	89,237	(6,692)
Debt service - principal	15,565	15,565	15,565	-
Debt service - interest	2,006	2,006	2,006	-
<b>Total expenditures</b>	<u>1,391,512</u>	<u>1,470,210</u>	<u>1,379,378</u>	<u>(90,832)</u>
Revenues over (under) expenditures	<u>(96,099)</u>	<u>(100,154)</u>	<u>4,707</u>	<u>104,861</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(96,099)	(100,154)	4,707	104,861
Fund balance, beginning of year	<u>156,325</u>	<u>156,325</u>	<u>156,325</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 60,226</u>	<u>\$ 56,171</u>	<u>\$ 161,032</u>	<u>\$ 104,861</u>

Parks and Recreation				County Disaster			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,100	2,100	2,414	314	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,100</u>	<u>2,100</u>	<u>2,414</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,400	8,400	6,430	(1,970)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,400</u>	<u>8,400</u>	<u>6,430</u>	<u>(1,970)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(6,300)</u>	<u>(6,300)</u>	<u>(4,016)</u>	<u>2,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,000	5,000	5,000	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,300)	(1,300)	984	2,284	-	-	-	-
<u>3,493</u>	<u>3,493</u>	<u>3,493</u>	<u>-</u>	<u>2,692</u>	<u>2,692</u>	<u>2,692</u>	<u>-</u>
<u>\$ 2,193</u>	<u>\$ 2,193</u>	<u>\$ 4,477</u>	<u>\$ 2,284</u>	<u>\$ 2,692</u>	<u>\$ 2,692</u>	<u>\$ 2,692</u>	<u>\$ -</u>



**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Local Government Police Contract</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	106,855	106,855	105,837	(1,018)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>106,855</u>	<u>106,855</u>	<u>105,837</u>	<u>(1,018)</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	106,855	106,855	105,837	(1,018)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>106,855</u>	<u>106,855</u>	<u>105,837</u>	<u>(1,018)</u>
Revenues under expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Friend of the Court Act 294				Family Counseling			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
884,471	809,911	735,776	(74,135)	-	-	-	-
2,300	2,300	3,525	1,225	-	-	-	-
-	-	-	-	-	-	-	-
78,000	78,000	75,786	(2,214)	5,500	5,500	5,235	(265)
-	-	-	-	-	-	-	-
-	-	3	3	-	-	-	-
-	-	-	-	6,000	6,000	7,402	1,402
8,600	8,600	10,023	1,423	-	-	-	-
<u>973,371</u>	<u>898,811</u>	<u>825,113</u>	<u>(73,698)</u>	<u>11,500</u>	<u>11,500</u>	<u>12,637</u>	<u>1,137</u>
1,175,436	1,191,843	1,076,450	(115,393)	6,250	17,800	17,800	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
156,353	175,848	226,542	50,694	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,331,789</u>	<u>1,367,691</u>	<u>1,302,992</u>	<u>(64,699)</u>	<u>6,250</u>	<u>17,800</u>	<u>17,800</u>	<u>-</u>
<u>(358,418)</u>	<u>(468,880)</u>	<u>(477,879)</u>	<u>(8,999)</u>	<u>5,250</u>	<u>(6,300)</u>	<u>(5,163)</u>	<u>1,137</u>
328,955	346,166	346,166	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>328,955</u>	<u>346,166</u>	<u>346,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(29,463)	(122,714)	(131,713)	(8,999)	5,250	(6,300)	(5,163)	1,137
150,573	150,573	150,573	-	40,624	40,624	40,624	-
<u>\$ 121,110</u>	<u>\$ 27,859</u>	<u>\$ 18,860</u>	<u>\$ (8,999)</u>	<u>\$ 45,874</u>	<u>\$ 34,324</u>	<u>\$ 35,461</u>	<u>\$ 1,137</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	Dispatch/911			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	161,000	161,000	200,948	39,948
Local	-	-	-	-
Charges for services	-	1,139,970	1,077,232	(62,738)
Fines and forfeits	-	-	-	-
Interest and rent	-	1,500	3,773	2,273
Reimbursements and refunds	-	-	-	-
Other	10,400	12,400	11,756	(644)
<b>Total revenues</b>	<u>171,400</u>	<u>1,314,870</u>	<u>1,293,709</u>	<u>(21,161)</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,097,997	1,095,201	1,045,432	(49,769)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	50,000	50,000	67,340	17,340
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>1,147,997</u>	<u>1,145,201</u>	<u>1,112,772</u>	<u>(32,429)</u>
Revenues over (under) expenditures	<u>(976,597)</u>	<u>169,669</u>	<u>180,937</u>	<u>11,268</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(976,597)	169,669	180,937	11,268
Fund balance, beginning of year	<u>364,242</u>	<u>364,242</u>	<u>364,242</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (612,355)</u>	<u>\$ 533,911</u>	<u>\$ 545,179</u>	<u>\$ 11,268</u>

Vassar Township Police Contract				Recycling			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 217,000	\$ 217,000	\$ 212,319	\$ (4,681)
-	-	-	-	-	-	-	-
75,962	75,962	70,862	(5,100)	-	-	-	-
-	-	-	-	55,055	55,055	64,064	9,009
-	-	-	-	5,000	5,000	6,827	1,827
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	2,405	1,405
<u>75,962</u>	<u>75,962</u>	<u>70,862</u>	<u>(5,100)</u>	<u>278,055</u>	<u>278,055</u>	<u>285,615</u>	<u>7,560</u>
-	-	-	-	-	-	-	-
-	-	-	-	349,419	349,419	320,373	(29,046)
75,962	75,962	70,862	(5,100)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	28,800	36,050	27,807	(8,243)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>75,962</u>	<u>75,962</u>	<u>70,862</u>	<u>(5,100)</u>	<u>378,219</u>	<u>385,469</u>	<u>348,180</u>	<u>(37,289)</u>
-	-	-	-	(100,164)	(107,414)	(62,565)	44,849
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(100,164)	(107,414)	(62,565)	44,849
-	-	-	-	344,208	344,208	344,208	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,044</u>	<u>\$ 236,794</u>	<u>\$ 281,643</u>	<u>\$ 44,849</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Millington Township Police Contract</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	156,888	156,888	153,390	(3,498)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>156,888</u>	<u>156,888</u>	<u>153,390</u>	<u>(3,498)</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	156,888	156,888	153,390	(3,498)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>156,888</u>	<u>156,888</u>	<u>153,390</u>	<u>(3,498)</u>
Revenues over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Building Strong Families				Victim Services			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
49,000	35,000	31,642	(3,358)	52,600	58,212	58,212	-
-	8,000	7,306	(694)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,000	43,000	38,948	(4,052)	52,600	58,212	58,212	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,000	49,742	44,490	(5,252)	52,600	58,242	58,242	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,000	49,742	44,490	(5,252)	52,600	58,242	58,242	-
-	(6,742)	(5,542)	1,200	-	(30)	(30)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(6,742)	(5,542)	1,200	-	(30)	(30)	-
8,975	8,975	8,975	-	1,373	1,373	1,373	-
\$ 8,975	\$ 2,233	\$ 3,433	\$ 1,200	\$ 1,373	\$ 1,343	\$ 1,343	\$ -

(Continued)

TUSCOLA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009

	Voted Mosquito			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ 909,000	\$ 909,000	\$ 907,374	\$ (1,626)
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	7,000	7,000	15,594	8,594
Reimbursements and refunds	-	-	19	19
Other	-	-	-	-
<b>Total revenues</b>	<u>916,000</u>	<u>916,000</u>	<u>922,987</u>	<u>6,987</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	796,792	823,594	681,523	(142,071)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	26,850	64,850	44,484	(20,366)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>823,642</u>	<u>888,444</u>	<u>726,007</u>	<u>(162,437)</u>
Revenues over (under) expenditures	<u>92,358</u>	<u>27,556</u>	<u>196,980</u>	<u>169,424</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	92,358	27,556	196,980	169,424
Fund balance, beginning of year	<u>472,267</u>	<u>472,267</u>	<u>472,267</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 564,625</u>	<u>\$ 499,823</u>	<u>\$ 669,247</u>	<u>\$ 169,424</u>

Equipment and Capital Improvement				Entrepreneurship Programs			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	17,263	17,263	-	-	-	-	-
-	-	-	-	4,000	4,000	4,000	-
-	-	-	-	55,000	3,263	3,263	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	681	680	(1)
-	-	420	420	-	-	-	-
-	-	-	-	-	-	-	-
-	17,263	17,683	420	60,000	7,944	7,943	(1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	94,000	33,764	33,763	(1)
-	-	-	-	-	-	-	-
186,807	254,564	177,674	(76,890)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
186,807	254,564	177,674	(76,890)	94,000	33,764	33,763	(1)
(186,807)	(237,301)	(159,991)	77,310	(34,000)	(25,820)	(25,820)	-
197,207	199,007	199,007	-	-	-	-	-
-	-	-	-	-	(38,444)	(38,444)	-
197,207	199,007	199,007	-	-	(38,444)	(38,444)	-
10,400	(38,294)	39,016	77,310	(34,000)	(64,264)	(64,264)	-
165,018	165,018	165,018	-	64,264	64,264	64,264	-
\$ 175,418	\$ 126,724	\$ 204,034	\$ 77,310	\$ 30,264	\$ -	\$ -	\$ -

(Continued)



TUSCOLA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009

	CDBG Housing Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	125,000	145,146	145,146	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>125,000</u>	<u>145,146</u>	<u>145,146</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	125,000	145,146	145,146	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>125,000</u>	<u>145,146</u>	<u>145,146</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Principal Residence Exemption				State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	43,157	29,149	29,149	-
26,500	166,500	143,545	(22,955)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200	800	695	(105)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>26,700</u>	<u>167,300</u>	<u>144,240</u>	<u>(23,060)</u>	<u>43,157</u>	<u>29,149</u>	<u>29,149</u>	<u>-</u>
-	-	-	-	-	-	-	-
10,000	167,300	143,221	(24,079)	47,157	33,155	33,155	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,000</u>	<u>167,300</u>	<u>143,221</u>	<u>(24,079)</u>	<u>47,157</u>	<u>33,155</u>	<u>33,155</u>	<u>-</u>
<u>16,700</u>	<u>-</u>	<u>1,019</u>	<u>1,019</u>	<u>(4,000)</u>	<u>(4,006)</u>	<u>(4,006)</u>	<u>-</u>
-	-	-	-	4,000	4,006	4,006	-
-	-	-	-	-	-	-	-
-	-	-	-	4,000	4,006	4,006	-
16,700	-	1,019	1,019	-	-	-	-
<u>13,272</u>	<u>13,272</u>	<u>13,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 29,972</u>	<u>\$ 13,272</u>	<u>\$ 14,291</u>	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	61,716	62,557	63,494	937
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>61,716</u>	<u>62,557</u>	<u>63,494</u>	<u>937</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	61,716	62,557	63,153	596
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>61,716</u>	<u>62,557</u>	<u>63,153</u>	<u>596</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>341</u>	<u>341</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	341	341
Fund balance, beginning of year	<u>1,346</u>	<u>1,346</u>	<u>1,346</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,346</u>	<u>\$ 1,346</u>	<u>\$ 1,687</u>	<u>\$ 341</u>

Register of Deeds Automation				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	140,248	140,110	(138)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,127	3,127	-	-	-	-
-	-	-	-	-	-	-	-
60,000	60,000	55,920	(4,080)	-	-	-	-
60,000	60,000	59,047	(953)	-	140,248	140,110	(138)
-	-	-	-	-	-	-	-
55,287	20,820	15,906	(4,914)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	12,000	3,179	(8,821)	-	140,248	140,110	(138)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
57,287	32,820	19,085	(13,735)	-	140,248	140,110	(138)
2,713	27,180	39,962	12,782	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,713	27,180	39,962	12,782	-	-	-	-
134,431	134,431	134,431	-	-	-	-	-
\$ 137,144	\$ 161,611	\$ 174,393	\$ 12,782	\$ -	\$ -	\$ -	\$ -

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Hazard Mitigation Grant Program</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	10,000	10,000	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	10,000	10,000	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Community Corrections Services				Local Correction Officer Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
31,720	31,720	33,923	2,203	-	-	-	-
10,000	10,000	4,134	(5,866)	19,000	19,000	18,945	(55)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
41,720	41,720	38,057	(3,663)	19,000	19,000	18,945	(55)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,867	50,867	46,692	(4,175)	9,000	11,638	11,638	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,867	50,867	46,692	(4,175)	9,000	11,638	11,638	-
(9,147)	(9,147)	(8,635)	512	10,000	7,362	7,307	(55)
9,200	9,200	8,636	(564)	-	-	-	-
-	-	-	-	-	-	-	-
9,200	9,200	8,636	(564)	-	-	-	-
53	53	1	(52)	10,000	7,362	7,307	(55)
-	-	-	-	52,324	52,324	52,324	-
\$ 53	\$ 53	\$ 1	\$ (52)	\$ 62,324	\$ 59,686	\$ 59,631	\$ (55)

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Forfeiture Sheriff/Prosecutor</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	1,720	1,720	298	(1,422)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>1,720</u>	<u>1,720</u>	<u>298</u>	<u>(1,422)</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	18,688	17,206	342	(16,864)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>18,688</u>	<u>17,206</u>	<u>342</u>	<u>(16,864)</u>
Revenues over (under) expenditures	<u>(16,968)</u>	<u>(15,486)</u>	<u>(44)</u>	<u>15,442</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	(1,800)	(1,800)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(1,800)</u>	<u>(1,800)</u>	<u>-</u>
Net change in fund balance	(16,968)	(17,286)	(1,844)	15,442
Fund balance, beginning of year	19,062	19,062	19,062	-
<b>Fund balance, end of year</b>	<u>\$ 2,094</u>	<u>\$ 1,776</u>	<u>\$ 17,218</u>	<u>\$ 15,442</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	7,000	7,000	6,341	(659)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	7,000	7,000	6,341	(659)
5,400	5,873	5,873	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,500	9,500	8,366	(1,134)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,400	5,873	5,873	-	9,500	9,500	8,366	(1,134)
1,100	627	627	-	(2,500)	(2,500)	(2,025)	475
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,100	627	627	-	(2,500)	(2,500)	(2,025)	475
13,633	13,633	13,633	-	11,831	11,831	11,831	-
\$ 14,733	\$ 14,260	\$ 14,260	\$ -	\$ 9,331	\$ 9,331	\$ 9,806	\$ 475

(Continued)



**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Child Care DHS</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	163,000	163,000	104,061	(58,939)
Local	-	-	-	-
Charges for services	44,000	44,000	69,206	25,206
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>207,000</u>	<u>207,000</u>	<u>173,267</u>	<u>(33,733)</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	370,000	370,000	284,726	(85,274)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>370,000</u>	<u>370,000</u>	<u>284,726</u>	<u>(85,274)</u>
Revenues over (under) expenditures	<u>(163,000)</u>	<u>(163,000)</u>	<u>(111,459)</u>	<u>51,541</u>
<b>Other financing sources (uses)</b>				
Transfer in	163,000	163,000	163,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>	<u>-</u>
Net change in fund balance	-	-	51,541	51,541
Fund balance, beginning of year	<u>76,505</u>	<u>76,505</u>	<u>76,505</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 76,505</u>	<u>\$ 76,505</u>	<u>\$ 128,046</u>	<u>\$ 51,541</u>

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
158,000	167,890	167,889	(1)	265,000	265,000	329,893	64,893
-	-	-	-	-	-	-	-
-	-	-	-	23,000	23,000	30,622	7,622
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,500	9,500	8,656	(844)
-	-	-	-	-	-	-	-
<u>158,000</u>	<u>167,890</u>	<u>167,889</u>	<u>(1)</u>	<u>297,500</u>	<u>297,500</u>	<u>369,171</u>	<u>71,671</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
170,000	186,967	186,966	(1)	799,500	834,500	811,616	(22,884)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>170,000</u>	<u>186,967</u>	<u>186,966</u>	<u>(1)</u>	<u>799,500</u>	<u>834,500</u>	<u>811,616</u>	<u>(22,884)</u>
<u>(12,000)</u>	<u>(19,077)</u>	<u>(19,077)</u>	<u>-</u>	<u>(502,000)</u>	<u>(537,000)</u>	<u>(442,445)</u>	<u>94,555</u>
12,000	12,000	12,000	-	465,000	500,000	500,000	-
-	-	-	-	-	-	-	-
<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>465,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
-	(7,077)	(7,077)	-	(37,000)	(37,000)	57,555	94,555
62,766	62,766	62,766	-	45,082	45,082	45,082	-
<u>\$ 62,766</u>	<u>\$ 55,689</u>	<u>\$ 55,689</u>	<u>\$ -</u>	<u>\$ 8,082</u>	<u>\$ 8,082</u>	<u>\$ 102,637</u>	<u>\$ 94,555</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	Soldiers Relief			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	26,000	26,000	19,576	(6,424)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>26,000</u>	<u>26,000</u>	<u>19,576</u>	<u>(6,424)</u>
Revenues over (under) expenditures	<u>(26,000)</u>	<u>(26,000)</u>	<u>(19,576)</u>	<u>6,424</u>
<b>Other financing sources (uses)</b>				
Transfer in	26,000	26,000	26,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net change in fund balance	-	-	6,424	6,424
Fund balance, beginning of year	<u>4,049</u>	<u>4,049</u>	<u>4,049</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,049</u>	<u>\$ 4,049</u>	<u>\$ 10,473</u>	<u>\$ 6,424</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 283,000	\$ 283,000	\$ 284,651	\$ 1,651
-	-	-	-	-	-	-	-
25,000	24,328	3,321	(21,007)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	2,322	1,322
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,000</u>	<u>24,328</u>	<u>3,321</u>	<u>(21,007)</u>	<u>284,000</u>	<u>284,000</u>	<u>286,973</u>	<u>2,973</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,528	25,528	4,475	(21,053)	277,409	279,902	276,085	(3,817)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,528</u>	<u>25,528</u>	<u>4,475</u>	<u>(21,053)</u>	<u>277,409</u>	<u>279,902</u>	<u>276,085</u>	<u>(3,817)</u>
(528)	(1,200)	(1,154)	46	6,591	4,098	10,888	6,790
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(528)	(1,200)	(1,154)	46	6,591	4,098	10,888	6,790
3,463	3,463	3,463	-	4,011	4,011	4,011	-
<u>\$ 2,935</u>	<u>\$ 2,263</u>	<u>\$ 2,309</u>	<u>\$ 46</u>	<u>\$ 10,602</u>	<u>\$ 8,109</u>	<u>\$ 14,899</u>	<u>\$ 6,790</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	Employee Vacation and Sick Time			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Judicial	-	-	-	-
General government	66,590	94,890	94,890	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>66,590</u>	<u>94,890</u>	<u>94,890</u>	<u>-</u>
Revenues over (under) expenditures	<u>(66,590)</u>	<u>(94,890)</u>	<u>(94,890)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer in	15,000	15,000	15,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(51,590)	(79,890)	(79,890)	-
Fund balance, beginning of year	168,723	168,723	168,723	-
<b>Fund balance, end of year</b>	<u>\$ 117,133</u>	<u>\$ 88,833</u>	<u>\$ 88,833</u>	<u>\$ -</u>

<b>Total</b>			
<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
\$ 2,698,413	\$ 2,698,413	\$ 2,691,820	\$ (6,593)
1,071,187	1,259,768	1,196,053	(63,715)
961,777	948,599	973,562	24,963
421,205	517,468	484,203	(33,265)
236,655	1,376,625	1,347,638	(28,987)
8,220	8,220	6,798	(1,422)
18,200	19,981	41,500	21,519
17,500	17,500	19,705	2,205
80,000	82,000	80,104	(1,896)
<u>5,513,157</u>	<u>6,928,574</u>	<u>6,841,383</u>	<u>(87,191)</u>
1,187,086	1,215,516	1,100,123	(115,393)
1,450,245	1,634,324	1,434,214	(200,110)
2,918,085	3,011,626	2,846,524	(165,102)
1,811,437	1,806,403	1,661,697	(144,706)
8,400	8,400	6,430	(1,970)
546,739	829,489	776,373	(53,116)
15,565	15,565	15,565	-
2,006	2,006	2,006	-
<u>7,939,563</u>	<u>8,523,329</u>	<u>7,842,932</u>	<u>(680,397)</u>
<u>(2,426,406)</u>	<u>(1,594,755)</u>	<u>(1,001,549)</u>	<u>593,206</u>
1,220,362	1,274,379	1,278,815	4,436
-	(40,244)	(40,244)	-
<u>1,220,362</u>	<u>1,234,135</u>	<u>1,238,571</u>	<u>4,436</u>
(1,206,044)	(360,620)	237,022	597,642
<u>2,124,643</u>	<u>2,120,588</u>	<u>2,384,552</u>	<u>263,964</u>
<u>\$ 918,599</u>	<u>\$ 1,759,968</u>	<u>\$ 2,621,574</u>	<u>\$ 861,606</u>

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2009**

	<b>D.H.S. Building Capital Expenditures</b>	<b>State Police Capital Expenditures</b>	<b>Capital Improvements</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ (26,736)	\$ 147,530	\$ 26,036	\$ 146,830
Investments	26,814	-	1,814,908	1,841,722
Accounts receivable	-	-	11,241	11,241
Due from other funds	-	9,695	-	9,695
	<u>78</u>	<u>157,225</u>	<u>1,852,185</u>	<u>\$ 2,009,488</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 12,045	\$ 12,045
<b>Fund balance</b>				
Reserved for capital projects	<u>78</u>	<u>157,225</u>	<u>1,840,140</u>	<u>1,997,443</u>
	<u>\$ 78</u>	<u>\$ 157,225</u>	<u>\$ 1,852,185</u>	<u>\$ 2,009,488</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<u>D.H.S. Building Capital Expenditures</u>	<u>State Police Capital Expenditures</u>	<u>Capital Improvements</u>	<u>Total</u>
<b>Revenues</b>				
Interest and rent	\$ 633	\$ 2,885	\$ 19,150	\$ 22,668
Reimbursement	-	-	11,241	11,241
<b>Total revenues</b>	633	2,885	30,391	33,909
<b>Expenditures</b>				
Capital outlay	74,994	3,639	254,839	333,472
Revenues under expenditures	(74,361)	(754)	(224,448)	(299,563)
<b>Other financing sources (uses)</b>				
Transfer in	-	9,695	-	9,695
Net change in fund balance	(74,361)	8,941	(224,448)	(289,868)
Fund balance, beginning of year	74,439	148,284	2,064,588	2,287,311
<b>Fund balance, end of year</b>	<u>\$ 78</u>	<u>\$ 157,225</u>	<u>\$ 1,840,140</u>	<u>\$ 1,997,443</u>



# **NONMAJOR ENTERPRISE FUNDS**

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# NONMAJOR ENTERPRISE FUNDS

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Caro Sewage Disposal (Refunded) (376) This fund accounts for the accumulation of funds for the payment of interest and principal on the Caro Sewage Disposal (Refunded) Bonds.

Mayville Storm Sewer (379) This fund accounts for the accumulation of funds for the payment of interest and principal on the Mayville Storm Sewer Bonds.

Richville Water System (380) This fund accounts for the accumulation of funds for the payment of interest and principal on the Richville Water System Bonds.

Millington Sewer Construction (484) This fund accounts for the accumulation of funds for the payment of interest and principal on the Millington Sewer Construction Bonds.

Tax Foreclosure (532) This fund accounts for various fees and costs related to the new delinquent tax reversion process.

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET ASSETS -  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2009**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System</b>
<b>Assets</b>			
Current assets			
Due from other funds	\$ -	\$ -	\$ -
Due from other governments	135,912	40,200	69,749
Total current assets	135,912	40,200	69,749
Noncurrent assets			
Due from other governments	380,000	1,131,000	485,000
<b>Total assets</b>	<b>515,912</b>	<b>1,171,200</b>	<b>554,749</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	5,912	19,200	4,749
Bonds payable, current	130,000	21,000	65,000
Total current liabilities	135,912	40,200	69,749
Bonds payable, net of current portion	380,000	1,131,000	485,000
<b>Total liabilities</b>	<b>515,912</b>	<b>1,171,200</b>	<b>554,749</b>
<b>Net assets</b>			
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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<b>Millington Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ 358,381	\$ 358,381
10,844	-	256,705
10,844	358,381	615,086
65,000	-	2,061,000
75,844	358,381	2,676,086
-	3,307	3,307
844	-	30,705
10,000	-	226,000
10,844	3,307	260,012
65,000	-	2,061,000
75,844	3,307	2,321,012
\$ -	\$ 355,074	\$ 355,074

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System</b>
<b>Operating revenues</b>			
Charges for services	\$ -	\$ -	\$ -
Other	-	-	-
<b>Total operating revenues</b>	-	-	-
Operating expenses			
Administration	-	-	-
Operating income	-	-	-
<b>Nonoperating revenues (expenses)</b>			
Interest and rent	-	-	-
Interest expense and fiscal charges	(18,682)	(58,267)	(31,578)
<b>Total nonoperating revenues (expenses)</b>	(18,682)	(58,267)	(31,578)
Income (loss) before capital contributions and transfers	(18,682)	(58,267)	(31,578)
Capital contributions	18,682	58,267	31,578
<b>Transfers</b>			
Transfers out	-	-	-
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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<b>Millington Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ 159,146	\$ 159,146
-	195,200	195,200
-	354,346	354,346
-	215,711	215,711
-	138,635	138,635
-	6,903	6,903
(3,769)	-	(112,296)
(3,769)	6,903	(105,393)
(3,769)	145,538	33,242
3,769	-	112,296
-	(72,096)	(72,096)
-	73,442	73,442
-	281,632	281,632
<u>\$ -</u>	<u>\$ 355,074</u>	<u>\$ 355,074</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ -	\$ -	\$ -
Cash payments for interfund services provided	-	-	-
Cash payments to suppliers	-	-	-
Other operating revenue	-	-	-
<b>Net cash provided by operating activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers out	-	-	-
<b>Cash flows from capital and related financing activities</b>			
Principal paid on long-term debt	(130,000)	(20,000)	(65,000)
Interest paid on long-term debt	(20,025)	(58,600)	(32,125)
Contributions from local units	150,025	78,600	97,125
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest and rent	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Due from other funds	-	-	-
Due from other governments	1,343	333	547
Accounts payable	-	-	-
Accrued liabilities	(1,343)	(333)	(547)
<b>Net cash provided by operating activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Millington Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ 159,146	\$ 159,146
-	(73,077)	(73,077)
-	(216,076)	(216,076)
-	195,200	195,200
-	65,193	65,193
-	(72,096)	(72,096)
(5,000)	-	(220,000)
(3,825)	-	(114,575)
8,825	-	334,575
-	-	-
-	6,903	6,903
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 138,635	\$ 138,635
-	(73,077)	(73,077)
56	-	2,279
-	(365)	(365)
(56)	-	(2,279)
<u>\$ -</u>	<u>\$ 65,193</u>	<u>\$ 65,193</u>



# **INTERNAL SERVICE FUNDS**

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# INTERNAL SERVICE FUNDS

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Workers' Compensation Insurance (677) The various funds of the County make a transfer to this fund that sets aside monies to apply against premiums and claims for employees who qualify for this benefit. The County General Fund also makes an appropriation to this fund.

County Retirement (286) This fund sets aside monies to pay the portion of the County's obligations for employee's retirement. Various funds transfer the appropriate level of obligation to this fund.

Health Insurance (678) This fund sets aside monies to pay the insurance premiums. Various funds transfer the appropriate level of obligation to this fund when payments are made.

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2009**

	<b>Workers' Compensation Insurance</b>	<b>County Retirement</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Assets</b>				
Current assets				
Accounts receivable	\$ 377	\$ -	\$ -	\$ 377
Due from other funds	486,255	325,394	357,792	1,169,441
<b>Total assets</b>	486,632	325,394	357,792	1,169,818
<b>Liabilities</b>				
Current liabilities				
Accrued liabilities	-	-	293,934	293,934
<b>Net assets</b>				
Unrestricted	\$ 486,632	\$ 325,394	\$ 63,858	\$ 875,884

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Workers' Compensation Insurance</b>	<b>County Retirement</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Operating revenues</b>				
Charges for services	\$ 11,855	\$ -	\$ 1,899,883	\$ 1,911,738
<b>Operating expenses</b>				
Insurance costs	14,600	-	1,905,838	1,920,438
Settlements and claims	13,346	-	-	13,346
<b>Total operating expenses</b>	<u>27,946</u>	<u>-</u>	<u>1,905,838</u>	<u>1,933,784</u>
Change in net assets	(16,091)	-	(5,955)	(22,046)
Net assets, beginning of year	<u>502,723</u>	<u>325,394</u>	<u>69,813</u>	<u>897,930</u>
<b>Net assets, end of year</b>	<u>\$ 486,632</u>	<u>\$ 325,394</u>	<u>\$ 63,858</u>	<u>\$ 875,884</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<u>Workers' Compensation Insurance</u>	<u>County Retirement</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 11,855	\$ -	\$ 1,899,883	1,911,738
Cash received from interfund services provided	16,468	-	-	16,468
Cash payments to suppliers for goods and services	(28,323)	-	(1,899,883)	(1,928,206)
<b>Net cash provided (used) by operating activities</b>	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating loss	\$ (16,091)	\$ -	\$ (5,955)	\$ (22,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which				
Increase (decrease) cash:				
Accounts receivable	(377)	-	-	(377)
Due from other funds	16,468	-	-	16,468
Accrued liabilities	-	-	5,955	5,955
<b>Net cash provided (used) by operating activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# **FIDUCIARY FUNDS**

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# FIDUCIARY FUNDS

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Trust and Agency (701) This fund sets aside monies to be distributed to other units of government. State monies collected are deposited and withdrawn from this fund.

Library Penal Fines (721) The deposit of penal fines collected by the courts are held in this fund and disbursed on a quarterly basis to Libraries in the County. The Law Library of the County also received an annual amount from these collections.

**TUSCOLA COUNTY**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2009**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,634,514	\$ 25,769	\$ 1,660,283
Accounts receivable	1,000	-	1,000
<b>Total assets</b>	<u>\$ 1,635,514</u>	<u>\$ 25,769</u>	<u>\$ 1,661,283</u>
<b>Liabilities</b>			
Accrued liabilities	\$ 308,505	-	\$ 308,505
Due to other governmental units	298,039	-	298,039
Undistributed receipts	64	25,769	25,833
Undistributed taxes	1,028,906	-	1,028,906
<b>Total liabilities</b>	<u>\$ 1,635,514</u>	<u>\$ 25,769</u>	<u>\$ 1,661,283</u>



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2009**

	<b>Trust and Agency</b>	<b>Balance January 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2009</b>
<b>Assets</b>					
Cash and cash equivalents		\$ 1,492,535	\$ 19,067,194	\$ 18,925,215	\$ 1,634,514
Accounts receivable		-	1,000	-	1,000
<b>Total assets</b>		<u>\$ 1,492,535</u>	<u>\$ 19,068,194</u>	<u>\$ 18,925,215</u>	<u>\$ 1,635,514</u>
<b>Liabilities</b>					
Accounts payable		\$ -	\$ 11,423,676	\$ 11,423,676	\$ -
Accrued liabilities		467,624	1,117,898	1,277,017	308,505
Due to other governmental units		223,041	9,507,984	9,432,986	298,039
Undistributed receipts		72	3,069	3,077	64
Undistributed taxes		801,798	7,748,784	7,521,676	1,028,906
<b>Total liabilities</b>		<u>\$ 1,492,535</u>	<u>\$ 29,801,411</u>	<u>\$ 29,658,432</u>	<u>\$ 1,635,514</u>
<b>Library Penal Fines</b>					
<b>Assets</b>					
Cash and cash equivalents		\$ 29,789	\$ 443,123	\$ 447,143	\$ 25,769
<b>Liabilities</b>					
Accounts payable		\$ -	\$ 440,643	\$ 440,643	\$ -
Undistributed receipts		29,789	385,595	389,615	25,769
<b>Total liabilities</b>		<u>\$ 29,789</u>	<u>\$ 826,238</u>	<u>\$ 830,258</u>	<u>\$ 25,769</u>
<b>Total - All Agency Funds</b>					
<b>Assets</b>					
Cash and cash equivalents		\$ 1,522,324	\$ 19,510,317	\$ 19,372,358	\$ 1,660,283
Accounts receivable		-	1,000	-	1,000
<b>Total assets</b>		<u>\$ 1,522,324</u>	<u>\$ 19,511,317</u>	<u>\$ 19,372,358</u>	<u>\$ 1,661,283</u>
<b>Liabilities</b>					
Accounts payable		\$ -	\$ 11,864,319	\$ 11,864,319	\$ -
Accrued liabilities		467,624	1,117,898	1,277,017	308,505
Due to other governmental units		223,041	9,507,984	9,432,986	298,039
Undistributed receipts		29,861	388,664	392,692	25,833
Undistributed tax collections		801,798	7,748,784	7,521,676	1,028,906
<b>Total liabilities</b>		<u>\$ 1,522,324</u>	<u>\$ 30,627,649</u>	<u>\$ 30,488,690</u>	<u>\$ 1,661,283</u>

# COMPONENT UNIT

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**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF NET ASSETS AND BALANCE SHEET  
DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>Revolving Drain</u>			
<b>Assets</b>						
Cash and cash equivalents	\$ 147,131	\$ 814,799	\$ 134,846	\$ 1,096,776	\$ -	\$ 1,096,776
Investments	2,644,773	3,274,426	-	5,919,199	-	5,919,199
Special assessments receivable	9,255,841	401,598	-	9,657,439	-	9,657,439
Due from other component units	-	-	177,285	177,285	(177,285)	-
Capital assets, net	-	-	-	-	16,844,586	16,844,586
<b>Total assets</b>	<u>\$ 12,047,745</u>	<u>\$ 4,490,823</u>	<u>\$ 312,131</u>	<u>\$ 16,850,699</u>	<u>16,667,301</u>	<u>33,518,000</u>
<b>Liabilities</b>						
Accounts payable	1,016	177,286	2,131	180,433	-	180,433
Due to other component units	-	177,285	-	177,285	(177,285)	-
Deferred revenue	9,255,841	401,598	-	9,657,439	(9,657,439)	-
Drain bonds payable	-	-	-	-	10,864,540	10,864,540
Drain notes payable	-	-	-	-	290,766	290,766
Advance from primary government	-	-	310,000	310,000	-	310,000
<b>Total liabilities</b>	<u>9,256,857</u>	<u>756,169</u>	<u>312,131</u>	<u>10,325,157</u>	<u>1,320,582</u>	<u>11,645,739</u>
<b>Fund equity</b>						
Fund balance						
Reserved for debt service	2,790,888	-	-	2,790,888	(2,790,888)	-
Reserved for drain projects	-	3,734,654	-	3,734,654	(3,734,654)	-
<b>Total fund equity</b>	<u>2,790,888</u>	<u>3,734,654</u>	<u>-</u>	<u>6,525,542</u>	<u>(6,525,542)</u>	<u>-</u>
<b>Total liabilities and fund equity</b>	<u>\$ 12,047,745</u>	<u>\$ 4,490,823</u>	<u>\$ 312,131</u>	<u>\$ 16,850,699</u>		
<b>Net assets:</b>						
Invested in capital assets, net of related debt					5,689,280	5,689,280
Restricted for:						
Debt service					2,790,888	2,790,888
Acquisition/construction of capital assets					3,734,654	3,734,654
Unrestricted					9,657,439	9,657,439
<b>Total net assets</b>					<u>\$ 21,872,261</u>	<u>\$ 21,872,261</u>

**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2009**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>					
Taxes	\$ 1,935,253	\$ 531,841	\$ 2,467,094	\$ (1,108,286)	\$ 1,358,808
Interest and rents	17,163	28,689	45,852	-	45,852
<b>Total revenues</b>	<u>1,952,416</u>	<u>560,530</u>	<u>2,512,946</u>	<u>(1,108,286)</u>	<u>1,404,660</u>
<b>Expenditures / expenses</b>					
Capital outlay	-	185,796	185,796	(22,838)	162,958
Depreciation	-	-	-	370,992	370,992
Debt service					
Principal	1,399,540	95,317	1,494,857	(1,494,857)	-
Interest and charges	502,900	18,209	521,109	-	521,109
<b>Total expenditures / expenses</b>	<u>1,902,440</u>	<u>299,322</u>	<u>2,201,762</u>	<u>(1,146,703)</u>	<u>1,055,059</u>
Revenues over (under) expenditures	<u>49,976</u>	<u>261,208</u>	<u>311,184</u>	<u>38,417</u>	<u>349,601</u>
Net change in fund balance	49,976	261,208	311,184	(311,184)	-
Change in net assets	-	-	-	349,601	349,601
Fund balance / net assets, beginning of year, as restated	<u>2,740,912</u>	<u>3,473,446</u>	<u>6,214,358</u>	<u>15,308,302</u>	<u>21,522,660</u>
<b>Fund balance / net assets, end of year</b>	<u>\$ 2,790,888</u>	<u>\$ 3,734,654</u>	<u>\$ 6,525,542</u>	<u>\$ 15,346,719</u>	<u>\$ 21,872,261</u>

### III. STATISTICAL SECTION

### **III . STATISTICAL SECTION**

*This section of Tuscola County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county’s overall financial health.*

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	<b>117-121</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	<b>122-125</b>
<b>Debt Capacity</b> 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.	<b>126-129</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	<b>130-131</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the county’s financial report relates to the services the county provides and the activities it performs.	<b>132-134</b>

**Tuscola County**  
**Net Assets by Component,**  
**Last Seven Fiscal Years (1)**  
*(accrual basis of accounting)*

**Table 1**

	<b>Fiscal Year</b>						
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Governmental activities							
Invested in capital assets, net of related debt	\$ 6,772,818	\$ 4,565,125	\$ 4,790,205	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405
Restricted	1,811,720	1,851,900	1,829,746	2,059,273	2,415,673	2,407,986	2,012,008
Unrestricted	<u>3,506,770</u>	<u>6,613,224</u>	<u>7,145,675</u>	<u>7,602,231</u>	<u>7,242,269</u>	<u>6,252,969</u>	<u>6,218,185</u>
Total governmental activities net assets	<u>\$ 12,091,308</u>	<u>\$ 13,030,249</u>	<u>\$ 13,765,626</u>	<u>\$ 14,702,601</u>	<u>\$ 14,647,309</u>	<u>\$ 13,583,036</u>	<u>\$ 13,289,598</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 1,073,120	\$ 2,215,771	\$ 4,128,673	\$ 4,074,228	\$ 4,030,033	\$ 4,030,033	\$ 4,425,078
Restricted	-	4,216,791	1,871,357	931,338	1,241,842	1,241,842	1,910,834
Unrestricted	<u>9,499,129</u>	<u>6,486,152</u>	<u>7,531,928</u>	<u>10,770,558</u>	<u>18,225,519</u>	<u>18,994,109</u>	<u>18,839,261</u>
Total business-type activities net assets	<u>\$ 10,572,249</u>	<u>\$ 12,918,714</u>	<u>\$ 13,531,958</u>	<u>\$ 15,776,124</u>	<u>\$ 23,497,394</u>	<u>\$ 24,265,984</u>	<u>\$ 25,175,173</u>
Primary government							
Invested in capital assets, net of related debt	\$ 7,845,938	\$ 6,780,896	\$ 8,918,878	\$ 9,115,325	\$ 9,019,400	\$ 8,952,114	\$ 9,484,483
Restricted	1,811,720	6,068,691	3,701,103	2,990,611	3,657,515	3,649,828	3,922,842
Unrestricted	<u>13,005,899</u>	<u>13,099,376</u>	<u>14,677,603</u>	<u>18,372,789</u>	<u>25,467,788</u>	<u>25,247,078</u>	<u>25,057,446</u>
Total primary government net assets	<u>\$ 22,663,557</u>	<u>\$ 25,948,963</u>	<u>\$ 27,297,584</u>	<u>\$ 30,478,725</u>	<u>\$ 38,144,703</u>	<u>\$ 37,849,020</u>	<u>\$ 38,464,771</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

**Tuscola County**  
**Changes in Net Assets,**  
**Last Seven Fiscal Years (1)**  
*(accrual basis of accounting)*

**Table 2**

	Fiscal Year						
	2003	2004 (2)	2005	2006	2007	2008	2009
<b>Expenses</b>							
<b>Governmental activities:</b>							
Legislative	\$ 104,985	\$ 107,275	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185
Judicial	3,293,066	3,373,694	3,236,683	3,403,161	3,376,451	3,665,853	3,909,720
General government	4,621,668	4,905,058	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900
Public safety	4,713,775	4,927,107	5,016,821	5,040,173	5,182,899	5,628,777	5,997,680
Public works	1,185,845	1,141,879	1,064,344	912,869	913,182	939,794	865,143
Health and welfare	4,478,759	4,425,578	4,658,677	4,811,305	5,159,902	5,463,407	5,250,554
Culture and recreation	1,841	1,938	2,480	3,344	11,173	6,043	6,541
Interest on debt	552,866	245,467	87,755	69,229	75,153	50,441	42,620
<b>Total governmental activities expenses</b>	<b><u>18,952,805</u></b>	<b><u>19,127,996</u></b>	<b><u>19,485,164</u></b>	<b><u>19,385,771</u></b>	<b><u>20,035,204</u></b>	<b><u>21,454,657</u></b>	<b><u>21,930,343</u></b>
<b>Business-type activities:</b>							
Medical care facility	685,209	8,404,754	10,086,430	12,315,825	13,417,162	14,476,962	16,390,118
Delinquent property tax	195	42	28	366	4,412	2,478	1,455
Water/sewage systems	-	-	139,455	146,134	527,715	3,778,099	312,675
Tax foreclosure	-	-	37,239	115,871	112,853	114,590	215,711
<b>Total business-type activities expenses</b>	<b><u>685,404</u></b>	<b><u>8,404,796</u></b>	<b><u>10,263,152</u></b>	<b><u>12,578,196</u></b>	<b><u>14,062,142</u></b>	<b><u>18,372,129</u></b>	<b><u>16,919,959</u></b>
<b>Total primary government expenses</b>	<b><u>\$ 19,638,209</u></b>	<b><u>\$ 27,532,792</u></b>	<b><u>\$ 29,748,316</u></b>	<b><u>\$ 31,963,967</u></b>	<b><u>\$ 34,097,346</u></b>	<b><u>\$ 39,826,786</u></b>	<b><u>\$ 38,850,302</u></b>
<b>Program Revenues</b>							
<b>Governmental activities:</b>							
<b>Charges for services</b>							
Judicial	\$ 1,526,620	\$ 1,405,760	\$ 1,371,148	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407
General government	1,049,878	990,730	964,670	899,733	859,655	844,975	806,527
Public safety	1,724,028	1,696,680	1,627,690	1,658,525	1,855,330	1,830,531	1,811,889
Public works	667,445	601,692	544,889	467,382	396,643	418,363	324,593
Health and welfare	713,741	812,629	821,370	795,485	896,500	1,007,945	1,191,633
Culture and recreation	-	180	189	199	4,751	2,209	2,414
<b>Operating grants and contributions</b>							
Judicial	968,744	1,085,773	1,126,102	1,062,160	1,059,074	1,067,410	1,103,077
General government	258,637	210,767	530,629	202,550	345,126	252,725	230,215
Public Safety	886,098	875,956	1,050,512	938,694	750,387	914,234	1,016,033
Health and welfare	2,261,330	2,257,454	2,277,666	2,297,058	2,580,301	2,619,685	2,541,733
Capital grants and contributions	570,969	374,660	182,980	185,615	142,617	127,155	50,264
<b>Total governmental activities program revenues</b>	<b><u>10,627,490</u></b>	<b><u>10,312,281</u></b>	<b><u>10,497,845</u></b>	<b><u>9,963,768</u></b>	<b><u>10,250,100</u></b>	<b><u>10,360,771</u></b>	<b><u>10,413,785</u></b>
<b>Business-type activities:</b>							
<b>Charges for services</b>							
Medical Care Facility	215,621	7,561,350	8,464,985	11,938,841	12,386,663	13,302,206	14,746,024
Delinquent Tax	547,209	545,697	541,475	542,980	538,748	603,172	710,041
Water/Sewer Systems	-	-	300,000	288,001	14,099	81,248	111,532
Tax Foreclosure	-	-	61,896	116,396	121,257	144,563	159,146
Operating grants and contributions	-	212,476	-	-	-	3,495,097	477,656
Capital grants and contributions	-	-	139,455	146,134	7,120,155	-	-
<b>Total business-type activities program revenues</b>	<b><u>762,830</u></b>	<b><u>8,319,523</u></b>	<b><u>9,507,811</u></b>	<b><u>13,032,352</u></b>	<b><u>20,180,922</u></b>	<b><u>17,626,286</u></b>	<b><u>16,204,399</u></b>
<b>Total primary government program revenues</b>	<b><u>\$ 11,390,320</u></b>	<b><u>\$ 18,631,804</u></b>	<b><u>\$ 20,005,656</u></b>	<b><u>\$ 22,996,120</u></b>	<b><u>\$ 30,431,022</u></b>	<b><u>\$ 27,987,057</u></b>	<b><u>\$ 26,618,184</u></b>
<b>Net (Expenses)/Revenue</b>							
Governmental activities	\$ (8,325,315)	\$ (8,815,715)	\$ (9,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,558)
Business-type activities	77,426	(85,273)	(755,341)	454,156	6,118,780	(745,843)	(715,560)
<b>Total primary government net expense</b>	<b><u>\$ (8,247,889)</u></b>	<b><u>\$ (8,900,988)</u></b>	<b><u>\$ (9,742,660)</u></b>	<b><u>\$ (8,967,847)</u></b>	<b><u>\$ (3,666,324)</u></b>	<b><u>\$ (11,839,729)</u></b>	<b><u>\$ (12,232,118)</u></b>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.



**Tuscola County**  
**Changes in Net Assets,**  
**Last Seven Fiscal Years (1)**  
*(accrual basis of accounting)*

Table 2

	Fiscal Year						
	2003	2004 (2)	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes	\$ 6,541,061	\$ 8,352,320	\$ 8,604,431	\$ 9,127,818	\$ 8,152,320	\$ 8,329,783	\$ 8,899,366
Grants and contributions not restricted to specific programs	1,115,501	516,767	98,107	106,465	114,210	589,645	1,184,605
Unrestricted investment earnings	121,986	193,516	204,241	350,147	530,747	312,610	270,797
Other	13,589	3,556	-	10,302	-	-	11,241
Transfers	<u>632,355</u>	<u>690,733</u>	<u>775,307</u>	<u>764,246</u>	<u>802,573</u>	<u>797,575</u>	<u>857,111</u>
Total governmental activities	<u>8,424,492</u>	<u>9,756,892</u>	<u>9,682,086</u>	<u>10,358,978</u>	<u>9,599,850</u>	<u>10,029,613</u>	<u>11,223,120</u>
Business-type activities:							
Property taxes	1,358,078	1,431,875	1,507,485	1,575,186	1,677,012	1,773,731	1,812,867
Unrestricted investment earnings	246,222	187,313	609,127	417,938	439,658	229,178	137,287
Other	-	234,704	-	330,159	307,797	302,614	523,536
Transfers	<u>(599,161)</u>	<u>(640,760)</u>	<u>(726,120)</u>	<u>(715,932)</u>	<u>(759,916)</u>	<u>(751,517)</u>	<u>(848,941)</u>
Total business-type activities	<u>1,005,139</u>	<u>1,213,132</u>	<u>1,390,492</u>	<u>1,607,351</u>	<u>1,664,551</u>	<u>1,554,006</u>	<u>1,624,749</u>
Total primary government	<u>\$ 9,429,631</u>	<u>\$ 10,970,024</u>	<u>\$ 11,072,578</u>	<u>\$ 11,966,329</u>	<u>\$ 11,264,401</u>	<u>\$ 11,583,619</u>	<u>\$ 12,847,869</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 99,177	\$ 941,177	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,438)
Business-type activities	<u>1,082,565</u>	<u>1,127,859</u>	<u>635,151</u>	<u>2,061,507</u>	<u>7,783,331</u>	<u>808,163</u>	<u>909,189</u>
Total primary government	<u>\$ 1,181,742</u>	<u>\$ 2,069,036</u>	<u>\$ 1,329,918</u>	<u>\$ 2,998,482</u>	<u>\$ 7,598,077</u>	<u>\$ (256,110)</u>	<u>\$ 615,751</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

(2) Business-type activities has a substantial increase due to the Medical Care Facility expansion.

Source: Tuscola County Financial Reports

**Tuscola County**  
Fund Balances, Governmental Funds,  
Last Seven Fiscal Years (1)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Fund</b>							
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895
Unreserved	<u>1,068,500</u>	<u>1,068,500</u>	<u>1,163,631</u>	<u>1,377,578</u>	<u>1,377,311</u>	<u>1,906,960</u>	<u>1,256,998</u>
Total general fund	<u>\$ 1,678,500</u>	<u>\$ 1,678,500</u>	<u>\$ 1,773,631</u>	<u>\$ 1,987,578</u>	<u>\$ 1,987,311</u>	<u>\$ 2,216,960</u>	<u>\$ 1,571,893</u>
<b>Health Department</b>							
Reserved	\$ 35,571	\$ 17,513	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452
Unreserved	<u>540,214</u>	<u>619,262</u>	<u>642,274</u>	<u>593,147</u>	<u>587,388</u>	<u>470,300</u>	<u>614,268</u>
Total Health Department	<u>\$ 575,785</u>	<u>\$ 636,775</u>	<u>\$ 689,885</u>	<u>\$ 643,765</u>	<u>\$ 635,148</u>	<u>\$ 637,245</u>	<u>\$ 657,720</u>
<b>All Other Governmental Funds</b>							
Reserved	\$ 1,810,659	\$ 1,868,630	\$ 1,837,225	\$ 2,069,039	\$ 2,423,520	\$ 2,313,327	\$ 2,004,243
Unreserved reported in:							
Special revenue funds	2,015,778	2,835,420	3,377,837	3,809,423	3,162,689	2,365,336	2,621,574
Permanent funds	<u>41</u>	<u>53</u>	<u>173</u>	<u>234</u>	<u>241</u>	<u>100</u>	<u>14</u>
Total all other governmental funds	<u>\$ 3,826,478</u>	<u>\$ 4,704,103</u>	<u>\$ 5,215,235</u>	<u>\$ 5,878,696</u>	<u>\$ 5,586,450</u>	<u>\$ 4,678,763</u>	<u>\$ 4,625,831</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Tuscola County Financial Reports

## Tuscola County

### Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (1)

*(modified accrual basis of accounting)*

Revenues	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Taxes	\$5,681,758	\$5,890,251	\$6,231,090	\$6,539,180	\$8,351,979	\$8,614,597	\$9,132,692	\$7,951,067	\$8,479,464	\$8,462,190
Licenses and permits	646,749	670,772	659,999	833,421	917,820	870,300	737,975	681,338	692,278	610,135
Intergovernmental										
Federal	772,593	1,059,843	1,326,899	1,990,728	1,829,327	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650
State	4,241,154	4,518,877	4,310,986	3,707,904	3,226,208	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055
Local	615,024	613,336	564,984	596,847	633,757	492,373	478,792	417,121	405,052	484,203
Charges for services	9,926,327	10,113,586	10,358,359	3,859,045	3,501,901	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834
Fines and forfeits	194,660	115,190	121,327	107,272	110,944	86,547	78,720	82,030	54,515	50,138
Interest and rents	502,405	437,181	347,549	216,819	288,349	299,140	445,076	626,293	447,461	641,691
Reimbursements and refunds	725,482	696,647	430,955	478,522	539,582	545,246	512,336	531,317	553,645	544,238
Other	373,092	354,195	337,953	88,008	164,232	142,755	192,977	129,437	116,880	104,769
<b>Total revenues</b>	<b>23,679,244</b>	<b>24,469,878</b>	<b>24,690,101</b>	<b>18,417,746</b>	<b>19,564,099</b>	<b>19,504,790</b>	<b>19,648,072</b>	<b>19,183,094</b>	<b>20,049,067</b>	<b>20,680,903</b>
<b>Expenditures</b>										
Legislative	118,747	125,353	121,977	104,773	107,275	117,986	119,534	122,906	118,052	146,040
Judicial	2,636,042	2,874,276	3,106,158	3,267,907	3,361,660	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932
General government	3,549,453	3,750,600	4,079,340	4,257,958	4,354,624	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485
Public safety	3,653,770	3,736,635	4,111,730	4,390,969	4,516,359	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042
Public works	2,130,551	972,601	1,022,741	1,183,940	1,140,165	1,062,425	911,102	910,866	939,330	864,916
Health and welfare	10,040,349	10,736,943	11,314,506	4,324,363	4,338,991	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779
Culture and recreation	10,104	15,080	9,862	1,841	1,938	2,480	3,344	11,173	6,043	6,541
Other	331,505	266,751	376,192	210,735	288,904	220,764	245,792	203,733	241,097	242,903
Capital outlay	1,746,790	1,226,096	728,508	421,663	529,500	608,893	643,010	540,621	692,935	1,109,845
Debt service										
Principal	1,016,085	1,082,779	1,008,964	520,000	626,759	433,105	403,173	126,987	171,579	125,565
Interest	-	-	-	286,300	245,467	87,755	69,229	58,022	52,567	44,490
<b>Total expenditures</b>	<b>25,233,396</b>	<b>24,787,114</b>	<b>25,879,978</b>	<b>18,970,449</b>	<b>19,511,642</b>	<b>19,621,372</b>	<b>19,660,001</b>	<b>20,286,797</b>	<b>21,572,257</b>	<b>22,215,538</b>
Excess of revenues over (under) expenditures	(1,554,152)	(317,236)	(1,189,877)	(552,703)	52,457	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)
<b>Other Financing Sources (Uses)</b>										
Note proceeds	-	-	-	-	180,507	14,487	69,874	-	-	-
Proceeds of refunding bonds	-	-	1,240,000	-	-	-	-	-	-	-
Payment to refunded bond agent	-	-	(1,182,592)	-	-	-	-	-	-	-
Bond issuance costs	-	-	(57,408)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	9,097	-	-	-
Proceeds from issuance of capital leases	-	-	-	-	-	-	-	-	49,674	-
Transfer in	3,914,943	4,630,545	4,308,841	2,763,533	3,144,749	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589
Transfer out	(2,941,636)	(4,030,250)	(2,312,567)	(2,020,204)	(2,456,227)	(2,998,756)	(2,977,631)	(2,915,377)	(2,599,194)	(1,704,478)
<b>Total other financing sources (uses)</b>	<b>973,307</b>	<b>600,295</b>	<b>1,996,274</b>	<b>743,329</b>	<b>869,029</b>	<b>769,794</b>	<b>843,217</b>	<b>802,573</b>	<b>847,249</b>	<b>857,111</b>
<b>Net change in fund balances</b>	<b>\$ (580,845)</b>	<b>\$ 283,059</b>	<b>\$ 806,397</b>	<b>\$ 190,626</b>	<b>\$ 921,486</b>	<b>\$ 653,212</b>	<b>\$ 831,288</b>	<b>\$ (301,130)</b>	<b>\$ (675,941)</b>	<b>\$ (677,524)</b>
Debt service as a percentage of noncapital expenditures	4.33%	4.60%	4.01%	4.35%	4.59%	2.74%	2.48%	0.94%	1.07%	0.81%

(1) Tuscola County implemented GASB Statement No. 34 for year ended 12-31-03. Years prior are reported as Primary Government.

Source: Tuscola County Financial Reports

# Tuscola County

Table 5

## Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years *(in thousands of dollars)*

Fiscal Year Ended December 31,	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Industrial, Commercial & Developmental	Residential	Timber-Cut & Agricultural						
2000	\$ 80,500,976	\$ 716,745,149	\$ 373,481,400	\$ 75,475,901	\$ 1,246,203,426	7.3911	\$ 2,492,406,852	50%	
2001	88,291,310	800,728,632	430,173,675	77,651,222	1,396,844,839	7.3613	2,793,689,678	50%	
2002	102,341,340	883,288,207	459,254,775	75,303,706	1,520,188,028	7.5043	3,040,376,056	50%	
2003	108,327,720	943,905,449	445,918,320	75,640,501	1,573,791,990	8.4947	3,147,583,980	50%	
2004	112,056,568	1,002,364,500	442,794,942	78,564,681	1,635,780,691	8.4985	3,271,561,382	50%	
2005	122,255,050	1,071,185,776	452,798,941	82,528,308	1,728,768,075	8.4810	3,457,536,150	50%	
2006	136,006,806	1,145,276,940	478,606,091	101,406,559	1,861,296,396	8.4597	3,722,592,792	50%	
2007	143,515,900	1,201,815,100	511,894,760	98,273,322	1,955,499,082	8.4597	3,910,998,164	50%	
2008	145,632,150	1,198,943,488	538,793,530	103,462,209	1,986,831,377	8.4846	3,973,662,754	50%	
2009	145,245,450	1,146,682,103	571,960,980	104,556,201	1,968,444,734	8.4163	3,936,889,468	50%	

**Source:** Tuscola County Equalization Department

**Note:** Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

**TUSCOLA COUNTY**  
 Direct and Overlapping Property Tax Rates,  
 Last Ten Fiscal Years  
 (rates per \$1,000 of assessed value)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>County direct rates</b>										
Operating Millage	3.9739	3.9580	3.9544	3.9417	3.9342	3.9251	3.9141	3.9141	3.9141	3.9141
Special Millage	3.4172	3.4033	3.5499	3.5530	3.5643	3.5559	3.5456	3.5456	3.5705	3.5022
Debt Millage	-	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total direct rate	7.3911	7.3613	7.5043	8.4947	8.4985	8.4810	8.4597	8.4597	8.4846	8.4163
<b>City rate</b>										
Vassar	20.1500	20.1500	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000
<b>Village rates</b>										
	11.3281- 18.4625	11.7940- 18.4625	11.6678- 22.0000	11.6678- 22.0000	11.5359- 21.9340	11.4678- 21.9340	11.3072- 21.8569	11.1658- 21.6884	12.0440- 21.6036	12.0440- 21.6036
<b>School district rates (1)</b>										
	26.6051- 34.8776	26.7017- 35.2739	26.6853- 35.2727	25.3792- 34.2618	26.1615- 35.2568	25.5067- 35.2506	27.4038- 35.2509	26.7817- 35.0998	31.4726 35.0998	30.5498- 35.0998
<b>Township rates</b>										
	1.1639- 5.4239	1.1172- 5.4064	1.0785- 5.4064	1.0785- 5.4719	1.0785- 5.4719	1.0456- 5.4667	1.0160- 5.4381	1.0000- 5.4170	1.0000- 5.3957	1.0000- 5.3957
<b>District library rates</b>										
	.5000- 0.9954	.5000- 0.9944	.5000- 1.4909	.5000- 1.4865	.4966- 1.4794	.7966- 1.4794	.7966- 1.4761	.7924- 1.4761	.7916- 1.4761	.7916- 1.4761

(1) Includes local, SET, and intermediate school district millages.

**Source:** Tuscola County Equalization Department.

**Note:** State law requires that localities obtain the approval of the state legislature or a majority of the voters in a public election to raise direct rates.

**Tuscola County**  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

Table 7

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Detroit Edison Company	\$ 29,355,613	1	1.96%	\$ 23,164,825	1	2.34%
POET-Biorefining - Caro	15,686,600	2	1.05%			
Dept. of Natural Resources	9,307,034	3	0.62%	17,403,094	2	1.76%
Wal-Mart Stores #01-1798	6,617,000	4	0.44%			
International Transmission Co.	6,205,384	5	0.42%			
Consumers Power Co.	5,551,066	6	0.37%	6,698,924	4	0.68%
Thumb Electric Co-Op	5,362,019	7	0.36%	4,177,996	6	0.42%
Michigan Sugar Co.	3,825,072	8	0.26%	4,565,700	5	0.46%
Millenium Industries Inc.	3,748,500	9	0.25%			
TI Group Automotive Services	3,199,874	10	0.21%			
Walbro Corp.	-		-	7,195,200	3	0.73%
Bicgeneral Cable Ind	-		-	3,512,100	7	0.36%
Grede Vassar Inc.	-		-	3,263,400	8	0.33%
Varlen Corp.	-		-	2,683,600	9	0.27%
Kaumagraph Flint Corp.	-		-	2,081,220	10	0.21%
Totals	<u>\$ 88,858,162</u>		<u>5.94%</u>	<u>\$ 74,746,059</u>		<u>7.56%</u>

Source: Tuscola County Equalization Department.

**Tuscola County**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Operating Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2000	\$ 3,760,718	\$ 3,500,476	93.08%	\$ -	\$ -	\$ -	-
2001	3,929,991	3,715,115	94.53%	-	-	-	-
2002	4,153,366	3,927,603	94.56%	-	-	-	-
2003	4,382,550	4,035,099	92.07%	-	-	-	-
2004	4,524,054	4,008,268	88.60%	-	-	-	-
2005	4,733,095	4,723,028	99.79%	-	-	-	-
2006	5,198,749	3,774,616	72.61%	707,740	235,913	4,718,269	90.76%
2007	5,462,074	4,284,974	78.45%	373,356	442,712	5,101,042	93.39%
2008	5,627,842	4,970,391	88.32%	352,127	294,169	5,616,687	99.80%
2009	5,766,836	4,964,091	86.08%	376,146	328,277	5,668,514	98.30%

**Source:** Tuscola County Treasurer

**Note:** Delinquent information not available for years 2000 through 2005. -125-

# Tuscola County

Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Table 9

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	General Obligation Bonds	Capital Lease Payable	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2000	\$ 7,272,000	\$ 64,365	-	\$ 7,336,365	1.56%	126
2001	6,593,000	42,841	-	6,635,841	1.65%	114
2002	6,069,000	21,598	-	6,090,598	1.85%	105
2003 (1)	5,548,000	3,164	12,250,000	17,801,164	7.24%	306
2004	5,018,000	87,912	11,580,647	16,686,559	7.86%	286
2005 (2)	1,435,000	59,295	14,306,172	15,800,467	8.34%	271
2006	1,105,000	55,995	13,506,697	14,667,692	9.20%	252
2007	1,005,000	29,008	16,253,596	17,287,604	8.01%	297
2008	880,000	32,103	18,421,627	19,333,730	7.49%	332
2009	770,000	16,538	17,356,663	18,143,201	7.74%	311

(1) 2003 Statement 34 implementation. Medical Care Expansion for Business-type Activities.

(2) For FYE 2005 certain debt and capital projects funds were re-classified as Business-type Activities to comply with Statement 10, as amended.

**Source:** Tuscola County Financial Reports

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



## Tuscola County

### Ratios of Net General Bonded Debt Outstanding (Last ten years)

<u>General Bonded Debt Outstanding</u>							
Fiscal Year	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Less Paid by Benefited Municipality	Net General Bonded	Total Taxable Value	Percentage of Taxable Value
2000	\$ 3,345,000	\$ 3,927,000	\$ 64,365	\$ 7,272,000	\$ 64,365	\$ 988,950,752	0.0065%
2001	2,880,000	3,713,000	42,841	6,593,000	42,841	1,049,359,900	0.0041
2002	2,475,000	3,594,000	21,598	6,069,000	21,598	1,108,271,872	0.0019
2003	2,155,000	3,394,000	3,164	5,549,000	3,164	1,154,259,430	0.0003
2004	1,825,000	3,193,000	87,912	5,018,000	87,912	1,212,154,896	0.0073
2005	1,435,000	3,317,000	59,295	4,752,000	59,295	1,269,585,053	0.0047
2006	1,105,000	3,134,000	55,995	4,239,000	55,995	1,360,892,331	0.0041
2007	1,005,000	2,936,000	29,008	3,941,000	29,008	1,413,750,488	0.0020
2008	880,000	4,886,000	32,103	5,766,000	32,103	1,448,148,172	0.0022
2009	770,000	4,641,000	16,538	5,411,000	16,538	1,495,175,733	0.0011
<u>Overlapping Debt</u>							
Fiscal Year	School Districts	Townships	Intermediate School	Village	City	Net Overlapping	Percentage of Taxable Value
2000	\$ 33,939,692	\$ 4,052,877	\$ 14,623	\$ 5,025,290	\$ -	\$ 43,032,482	4.3513%
2001	36,876,178	3,758,381	34,055	5,704,927	-	46,373,541	4.4192%
2002	38,857,111	3,522,036	30,769	5,408,285	-	47,818,201	4.3147%
2003	37,928,112	3,246,251	27,300	5,240,084	-	46,441,747	4.0235%
2004	47,922,484	3,359,207	25,507	4,973,357	-	56,280,555	4.6430%
2005	57,239,380	3,135,910	34,450	5,208,526	-	65,618,266	5.1685%
2006	55,081,941	3,438,351	31,996	4,772,431	688,846	64,013,565	4.7038%
2007	52,840,002	3,080,762	28,838	7,005,182	658,433	63,613,217	4.4996%
2008	60,621,869	4,925,844	25,646	6,577,385	627,998	72,778,742	5.0256%
2009	57,545,124	4,633,287	33,329	6,142,228	597,563	68,951,531	4.6116%

Source: Tuscola County Equalization

# Tuscola County

Table 11

## Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2009

2000 Census Totals 2009 Taxable Value	58,266 \$ 1,495,175,733	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 770,000	\$ 770,000	\$ -
Sewer/Water		4,641,000	4,641,000	-
Capital Leases		16,538	-	16,538
		\$ 5,427,538	\$ 5,411,000	\$ 16,538
Per-Capita County Net Direct Debt				0.28
Percent County Net Direct Debt to 2008 Taxable				0.0011%
Overlapping Debt of County:				
School Districts				\$ 57,545,124
Townships				4,633,287
Intermediate School District				33,329
Village				6,142,228
City				597,563
Net Overlapping Debt				\$ 68,951,531
Net County and Overlapping Debt				\$ 68,968,069
Per-Capita County Net Direct and Overlapping Debt				\$ 1,183.68
Percent Net Direct and Overlapping Debt to 2009 Taxable Value				4.6127%

(1) Includes Primary Government

**Sources:** Tuscola County debt schedules, and the Municipal Advisory Council of Michigan overlapping debt schedules.

**Tuscola County**  
**Legal Debt Margin Information,**  
*(Last Ten Fiscal Years)*

**Table 12**

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Value of Property	\$ 1,246,203,426	\$ 1,396,844,839	\$ 1,520,188,028	\$ 1,574,245,456	\$ 1,636,313,411	\$ 1,728,731,237	\$ 1,861,296,396	\$ 1,955,499,082	\$ 1,986,831,377	\$ 1,968,444,734
Debt limit, 10% of Assessed Value (Statutory Limitation)	124,620,343	139,684,484	152,018,803	157,424,546	163,631,341	172,873,124	186,129,640	195,549,908	198,683,137	196,844,473
Total Net debt applicable to limit	7,202,890	6,496,538	5,965,668	5,421,577	4,965,483	4,810,550	4,294,995	3,970,008	5,798,103	5,427,538
Legal debt margin	\$ 117,417,453	\$ 133,187,946	\$ 146,053,135	\$ 152,002,969	\$ 158,665,858	\$ 168,062,574	\$ 181,834,645	\$ 191,579,900	\$ 192,885,034	\$ 191,416,935
Total net debt applicable to the limit as a percentage of debt limit	5.78%	4.65%	3.92%	3.44%	3.03%	2.78%	2.31%	2.03%	3.01%	2.84%

**Source:** Tuscola County Debt Schedules.

**Tuscola County**  
Demographic and Economic Statistics,  
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2000	58,266	1,251,987	21,484	12,080	4.6%
2001	58,178	1,210,739	20,808	11,972	6.5%
2002	58,041	1,251,937	21,562	11,847	7.9%
2003	58,168	1,289,076	22,152	11,547	9.0%
2004	57,966	1,312,314	22,624	11,534	8.9%
2005	57,502	1,318,247	22,907	11,171	8.0%
2006	56,983	1,350,000	23,665	11,052	8.3%
2007	56,683	1,384,000	24,415	10,810	8.2%
2008	56,187	1,447,497	25,818	10,473	10.1%
2009	55,395	1,403,590	25,338	9,991	16.0%

(1) Census Bureau midyear population estimate for 2001-2009. Year 2000 actual census data.

(2) Personal income includes net earnings by place of residence, dividends, interest and rent, and personal current transfer receipts. (dollars stated in thousands)

BEA data not available for 2009. Estimates based on population changes, and state change in personal income.

(3) Fall membership count. Public schools only.

(4) Annual yearly rates shown.

**Sources:** US Census Bureau, BEA, US Bureau of Labor Statistics, Michigan Labor Market Information and the Tuscola Intermediate School District.

**Tuscola County**  
Principal Employers,  
Current Year and Ten Years Ago

Table 14

<u>Employer</u>	<u>1999</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tuscola County				475	1	1.7%
Caro Regional Center				426	2	1.6%
Hills and Dales General Hospital				301	3	1.1%
Wolverine Human Services				300	4	1.1%
Wal-Mart				300	5	1.1%
Metavation Foundry				278	6	1.0%
Caro Community Schools				264	7	1.0%
Vassar Schools				258	8	1.0%
Walbro - Engine Management				250	9	0.9%
Tuscola Intermediate School District				250	10	0.9%
<b>Total</b>				<b>3102</b>		<b>11.4%</b>
Caro Regional Center	498	1	1.8%			
Tuscola County	475	2	1.7%			
Grede-Vassar	360	3	1.3%			
Wolverine Human Services	360	4	1.3%			
Walbro Corp - Engine Management	300	5	1.1%			
Caro Community Schools	288	6	1.0%			
Tuscola Intermediate School District	250	7	0.9%			
Plastech Manufacturing	205	8	0.7%			
Kaumagraph Corporation	204	9	0.7%			
TI Automotive	200	10	0.7%			
<b>Total</b>	<b>3140</b>		<b>11.2%</b>			

**Sources:** Tuscola County Economic Development Corp.,  
and the U.S. Bureau of Labor Statistics

# Tuscola County

Table 15

## Full-Time Equivalent County Employees by Function, Last Ten Fiscal Years

<b>Function</b>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Legislative	7	7	5	5	5	5	5	5	5	5
Judicial	47	48	47	46	44	45	45	45	45	48
General Government	52	53	54	52	52	52	53	53	53	53
Public Safety	64	61	57	60	58	59	57	57	58	59
Public Works	8	7	-	-	-	-	-	-	-	-
Health and Welfare (1)	152	163	162	162	165	167	171	190	190	196
<b>Total</b>	<b>330</b>	<b>339</b>	<b>325</b>	<b>325</b>	<b>324</b>	<b>328</b>	<b>331</b>	<b>350</b>	<b>351</b>	<b>361</b>

(1) Includes Health Department and Medical Care Facility.  
Due to completion of Medical Care expansion, additional staff was hired in 2007.

# TUSCOLA COUNTY

Table 16

## Operating Indicators by Function/Program, Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Function/Program</u></b>										
<b>Public safety (1)</b>										
Incarcerated offenders	2,963	2,512	2,321	2,366	1,962	1,843	2,039	2,160	2,247	2,157
First time offenders	989	828	766	749	634	608	766	603	608	589
Repeat offenders	1,974	1,684	1,555	1,617	1,370	1,380	1,555	1,557	1,639	1,568
Traffic violations and other summons issued	7,364	5,556	6,581	5,460	4,504	2,689	3,318	2,870	2,635	3,056
Physical arrests made	1,419	1,234	1,148	1,223	937	1,005	841	920	1,013	994
<b>Judicial</b>										
54th Circuit Court new case filings	1,832	1,899	1,806	1,829	1,629	1,467	1,626	1,595	1,533	1,375
71B District Court new case filings	19,004	15,052	17,703	14,937	12,272	10,446	10,842	10,120	9,335	9,451
Probate Court new case filings	541	558	458	354	382	382	351	322	388	349

(1) Traffic violations and physical arrests are for the Sheriff's Department only. Incarcerated offenders are from all police departments.

**Sources:** Sheriff's Annual Report, State Court Administrative Reports.

**TUSCOLA COUNTY**  
 Capital Asset Statistics by Function/Program,  
*Last Ten Fiscal Years*

Table 17

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Function/Program</u></b>										
<b>Public Safety</b>										
Sheriffs Department										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	16	20	23	25	24	22	24	21	21	22
Mileage	492,588	493,203	469,436	479,646	437,615	388,822	397,278	435,970	398,914	425,351
Boats/Watercraft	1	2	2	2	2	2	2	2	2	2
Animal control										
Vehicles	2	2	2	-	-	-	-	-	-	-
<b>General Government</b>										
Building and Grounds										
Vehicles	11	15	16	16	13	12	14	12	12	13
Mosquito control										
Vehicles	14	14	14	14	14	15	16	17	19	19
Recycling										
Vehicles	1	1	1	1	1	1	1	1	1	2
<b>Health and Welfare</b>										
Health Department										
Vehicles	4	4	4	4	4	4	4	4	4	4
<b>Recreation and Culture</b>										
Vanderbilt Park										
Acres	17	17	17	17	17	17	17	17	17	17

**Source:** Tuscola County Controller's Office Asset Tracking System

**Note:** Not all historical information is currently available. This table will continue to be populated as more information becomes available.



IV. SINGLE AUDIT

**TUSCOLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Awards Expended</b>
<b>U.S. Department of Health and Human Services</b>			
Passed-Through Michigan Department of Human Services			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 09-79002	\$ 53,607
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 10-79002	18,406
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 09-79001	470,129
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 10-79001	168,215
Title IV-D Incentive Program	93.560	N/A	<u>97,432</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>807,789</u>
<b>U.S. Department of Homeland Security</b>			
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	N/A	25,807
Hazard Mitigation	97.042	N/A	10,000
Hazardous Materials Emergency Preparedness	20.703	N/A	1,817
Passed-Through Bay County			
Homeland Security Grant	97.067	N/A	140,110
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012	N/A	<u>20,449</u>
<b>Total U.S. Department of Homeland Security</b>			<u>198,183</u>
<b>U.S. Department of Justice</b>			
Recovery Act JAG	16.804	N/A	16,614
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575	2007-VA-GX-0004	47,652
Victims of Crime Act	16.575	2008-VA-GX-0049	15,001
Passed-Through Lapeer County			
Byrne JAG TNU	16.803	N/A	<u>3,143</u>
<b>Total U.S. Department of Justice</b>			<u>82,410</u>
<b>U.S. Department of Agriculture</b>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E46901-0	160,225
Capitalization Grants for Clean Water State Revolving Funds	66.458	5243-01	<u>33,965</u>
<b>Total U.S. Department of Agriculture</b>			<u>194,190</u>
<b>U.S. Department of Transportation</b>			
Passed-Through Michigan Department of State Police			
Safe Communities Grant	20.601	PT-09-09-55	23,789
Safe Communities Grant	20.601	PT-10-10-18	1,225
Electronic Crash Capture and Submission Grant	20.601	TR-10-10-03	<u>49,274</u>
<b>Total U.S. Department of Transportation</b>			<u>74,288</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed-Through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG)			
Housing Program	14.228	MSC-2008-0815-HOA	<u>145,146</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,502,006</u>

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENTAL AUDITING STANDARDS**

June 24, 2010

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

We have audited the financial statements of *Tuscola County, Michigan*, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 24, 2010. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 71% of the assets and 89% of the revenues of the aggregate discretely presented Component Units. Those financial 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 Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of 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. The financial statements of the Medical Care Facility were not audited in accordance with Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered *Tuscola County's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Tuscola County's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of *Tuscola County's* internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material

weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency, 2009-1, described in the accompanying schedule of findings and questioned costs to be a *material weakness*.

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. We consider the deficiency, 2009-2, described in the accompanying schedule of findings and questioned costs to be a *significant deficiency*.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Tuscola County's* basic financial statements are free of 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*.

We noted certain matters that we reported to management of *Tuscola County*, in a separate letter dated June 24, 2010.

*Tuscola County's* response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit *Tuscola County's* response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Finance Committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

June 24, 2010

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

**Compliance**

We have audited the compliance of *Tuscola County*, with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. *Tuscola County's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of *Tuscola County's* management. Our responsibility is to express an opinion on *Tuscola County's* compliance based on our audit.

*Tuscola County's* financial statements include the operations of the Tuscola County Health Department and the Tuscola County Road Commission, which received \$1,851,185 and \$2,061,519 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2009. Our audit, described below, did not include the operations of the Tuscola County Health Department or the Tuscola County Road Commission because the Tuscola County Health Department and Tuscola County Road Commission engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Tuscola County's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *Tuscola County's* compliance with those requirements.

In our opinion, *Tuscola County* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

### **Internal Control Over Compliance**

The management of *Tuscola County* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Tuscola County's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *Tuscola County's* internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 71% of assets and 89% of revenues of the aggregate discretely presented Component Units. Those financial 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 Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

This report is intended solely for the information and use of the Finance Committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:  
 Material weakness(es) identified?   X   yes        no  
 Significant deficiencies identified not  
 considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial  
 statements noted?        yes   X   no

**Federal Awards**

Internal Control over major programs:  
 Material weakness(es) identified?        yes   X   no  
 Significant deficiencies identified not  
 considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance  
 for major programs: *Unqualified*

Any audit findings disclosed that are required to  
 be reported in accordance with Circular A-133,  
 Section 510(a)?        yes   X   no

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
97.067	Homeland Security Grant Program
93.563	Friend of the Court and Prosecuting Attorney Cooperative Reimbursement (Title IV-D)

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2009-1                      Material Weakness**

Criteria:                      All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Condition:                      The County has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the County's internal controls.

Cause:                              This condition was caused by the County's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the County to perform this task internally.



Effect: As a result of this condition, the County lacks internal controls over the preparation of the financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The County has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the County to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**2009-2 Deficiency Considered to be a Significant Deficiency (Repeat Comment)**

Criteria: All governments are required to have in place internal controls over recording, processing, and summarizing accounting data (e.g., maintaining internal books and records).

Condition: The government has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the government has placed reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

Cause: This condition was caused by the government's decision that it was more cost effective and it was past practice to have the external auditors recommend the necessary adjusting journal entries to its general ledger. The Chief Accountant has over time gained the expertise to perform the majority of these entries without auditor recommendations. However, there are a few limited areas where certain additional training would enable the Chief Accountant to perform all year end journal entries prior to audit recommendation.

Effect: In the limited cases where the external auditors perform recommendations for year-end adjustments, the government is dependent upon the auditors to verify internal controls over the recording, processing and summarizing of accounting data.

Status: This finding has not been fully corrected for the year ended December 31, 2009. While the amount of journal entries necessary to be posted for 2009 were significantly less than 2007 and 2008, there were still some areas that required adjustment/correction, such as entries to record taxes receivables and deferred tax revenue.

View of Responsible Officials: Significant changes have been made to the reliance on the external auditors to perform the task of year end journal entries. We will continue to be diligent on the preparation and posting of these year-end entries.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**TUSCOLA COUNTY, MICHIGAN**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**FINANCIAL STATEMENT FINDINGS**

**2007-1**                      **(Repeated in 2008 and 2009)**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.