

# **TUSCOLA COUNTY MICHIGAN**



## **Comprehensive Annual Financial Report**

**Year Ended December 31, 2011**

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



**For the Year Ended  
December 31, 2011**

Issued by:

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

 **ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
Certified Public Accountants

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## **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

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May 9, 2012

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, 2011.

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 Anderson, Tuckey, Bernhardt, and Doran, 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, 2011 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, 2011 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.



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 includes: 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 and adopted by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. For governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, as listed in the table of contents.

### **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**

Tuscola County is experiencing great financial pressures because of the significant systemic economic downturn. Overall, economic problems are negatively impacting the county 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 2010 population estimate for Tuscola County was 55,729. This is a decline of 2,537 or 4.4% from the year 2000 population of 58,266. Tuscola County's unemployment rate remains high in the range of 10%. Land values continue to decline resulting in reductions in property tax revenue available to the county to deliver services.

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. 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 2011 include the following:

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

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

- The EDC provided small business counseling to the new owners of an automotive parts manufacturing firm in Millington. The new owners decided to maintain the operation and jobs in Tuscola County. No employees were laid off and the firm anticipates hiring 18

additional workers over the next 6 months. **Advanced Decorative Systems** was formerly called Kaumagraph Corporation and has been in Millington since 1984. The new owners are planning to invest \$2 million dollars in their Millington location and the firm has purchased an additional building near the facility.

- **STEMCO-Kaiser** of Millington is expanding their present building and adding more product line. The firm is doing additional hiring to meet demand of their products. The firm has hired at least 20 new employees in the last 6 months.
- 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 has purchased about \$12 million worth of new equipment which will be used to make multi-layer fuel tanks for the marine and consumer product markets. Business has tripled over the past year. Walbro has hired an additional 50 employees to date and will continue to hire additional workers to meet the demands of their new product line.
- A major **500 head dairy operation** in Tuscola County's Almer Township has increased the dairy agricultural business and subsidiary operations in Tuscola County.
- **The Star of the West Milling Company** located in Richville (Denmark Township) submitted a tax abatement application to the Denmark Township board. Denmark Township approved the tax abatement leading to a \$ 1.3 million expansion project retaining 5 jobs and creating an additional 2 jobs.
- **Michigan Sugar** located in Caro applied for a tax abatement. The application was approved by the City of Caro leading to an additional 6 jobs created.
- **Metavation**. The Tuscola County EDC is actively working with the firm, the City of Vassar and the Michigan Economic Development Corporation to continue to retain and create jobs. Metavation has diligently working to upgrade its equipment and aging foundry. It is pursuing resources through the Michigan EDC to upgrade the firm's equipment to allow for more product lines to be manufactured.
- The Tuscola County EDC is working with **Cass Valley Enterprises** to bring in more contracts to sustain their present employees and to bring it back to its full employment status by teaming up with other manufacturers to bring additional work.
- **Millennium Industries** has also made some major investments in the company and has been hiring additional workers as the firm has increased additional product lines.
- The **Tuscola County EDC** is seeing an increase in entrepreneurs interested in business start-ups. This increases the need for EDC services in providing help for business planning, business development, financing and tax abatement for established businesses.
- **Wind Energy and Green Development**—The EDC and county officials continue to work with wind development firms that have plans to place a large number of wind turbines in Tuscola, Huron and Sanilac County over the next few years. One wind energy developer – NextEra Energy is installing 63 wind turbines in the first year alone these developments will be adding 1.42 million dollars to the tax base. A number of agencies are also receiving the benefits of regional grants dealing with energy efficiency and broadband-

fiber optic communication improvements to be made in most parts of the County and the Thumb Area. A number of local firms are also entering the solar panel manufacturing field with new jobs being created or retained by related businesses.

### **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, but 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 approved by the Federal Government for \$20,000 to increase the capital available to the Revolving Loan Fund.

The EDC has loaned \$14,700 to three firms in 2012 to help market and advertise a local product developed by an inventor and to purchase equipment and supplies for area entrepreneurs.

### **Enterprise Facilitation**

For the past several 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 third United States Department of Agriculture grant of \$20,000 to continue the program in 2010 and 2011.

### **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 the Thumb Area Tourism Council include local, regional, and statewide marketing endeavors, community involvement and sponsorships, and much more. The Thumb Area Tourism Council 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 and 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.

### **Airport Infrastructure Investments**

The Tuscola Area Airport Authority has invested over 4 million dollars in improvements over the past 16 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, and administration building construction, security fencing, and replacement of fuel tanks, parking lot construction and tree cutting. The Tuscola Area Airport is used as an economic development tool throughout Tuscola County.

### **Industrial Park Upgrades**

As of 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 to further develop the Caro Industrial Park. Other industrial parks are located in Millington, Vassar and Cass City.

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

A shining example of intergovernmental cooperation is county and local units of government working together to make critical infrastructure improvements. The county, through the Board of Public Works, serves an important role assisting local units of government with the implementation of sewer and water projects. Over the years, many local units of government in Tuscola County have chosen to finance sewer and water projects using Act 185 of 1957. The major advantage to this method of financing is the strong county bond rating can reduce local borrowing and taxpayer costs and local units of government are not restricted by project size to being limited by the 10% of state equalization rule. Over the years, many local governments in the county have capitalized on this method of financing.

Local governmental units in the County continue to make significant 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 to the well-being of residents. One of the most significant recent projects is the financing to extend the central water system from Hampton Township in Bay County into the Akron and Wisner Township area of Tuscola County. Actual construction is anticipated to begin in 2012. Other recent infrastructure bonding projects include:

- Sanitary sewer system City of Caro, Almer and Indianfields Townships - \$1,240,000 final bond payment 2013
- Mayville storm water system - \$1,350,000 final bond payment 2036
- Denmark water system - \$470,000 final bond payment 2019
- Millington sanitary sewer treatment facility - \$114,975 final bond payment 2016
- Denmark sanitary sewer system - \$2,169,000 final bond payment 2046
- City of Caro - sanitary sewer system - \$7,730,000 final bond payment 2028
- State Police Building - \$1,615,000 final bond payment 2015
- Medical Care Facility - building upgrades - \$12,800,000 final bond payment 2017
- Purdy Building Debt - purchase of building - \$995,000 final bond payment 2031
- Wisner – water system - \$3,250,000
- Denmark water extension - \$3,500,000

#### **Brownfield Redevelopment Grant**

Tuscola County received a \$400,000 Brownfield Redevelopment Grant from the EPA for assessment and potential clean-up of 30 sites that are ready for the next stage of development. A second grant for additional activity to occur at other sites was requested in 2010. 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 is available by contacting Steve Erickson (Tuscola County Economic Development Corporation Director) at 989-673-2849.

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

The State continues to experience financial problems. Multiple years of billion plus 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. Unprecedented cuts have been made in state revenue traditionally provided to the county by the state. 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.

Service base reductions are the direct result of unparalleled declines in the county revenue including: land value and corresponding property tax, vital state sources of revenue including state revenue sharing and reductions in almost every other major source of county revenue. It is important to note that 2012 general fund revenue is projected to be approximately the same as six years ago in 2006. This diminished financial capability has forced county officials to make

staffing reductions and significant service base reductions for the last several years in order to maintain a state required balanced budget. Nearly \$500,000 in expenditure reductions have been implemented for the 2012 budget including: staffing reductions, training reductions and significant reductions in funding for economic development, health department, capital improvement and Michigan State University – Extension.

## **V – 2011 County Activity Summary**

### **Wind Energy Potentials and Revenue Generation**

State mandates require 10% of total energy generated to come from wind and other renewable sources by 2015. Tuscola County has been identified by public and private wind energy companies as having significant wind energy potential with as many as 500 wind generators that could be located in the County in the next several 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 \$500 million in upgrades to transmission lines in Huron, Sanilac and Tuscola Counties so the increase in electrical generation can be passed through the transmission grid system.

Recent State Tax Commission (STC) changes in the method of taxing wind generators are of significant concern. The “Multiplier Schedule” was changed by the Tax Commission in a manner that reduces revenue received by governmental units from wind generators by as much as 27%. Wind generators are taxed as personal property providing the potential for increased revenue to county and local governments in the next several years. A local committee called the Thumb Regional Renewable Energy Collaborative has been formed to review fair and equitable methods of taxing wind generators. Counties from many areas of the state are appealing the STC change in method of taxation.

Gilford Township is on schedule to have an estimated 68 wind generators constructed by the end of 2012. The county Equalization Director estimates new tax revenue to the county from these generators in the range of \$340,000 to \$425,000 for the 2013 budget year depending upon the method of taxation. Also, International Transmission Company is investing over \$500 million to upgrade the grid system to be able to accommodate the transmission of electrical energy produced by the wind generators. Tuscola County will be the first leg of the upgrade with construction projected to be completed by the end of 2012. It is estimated that this project will bring approximately \$48,000 in new property tax revenue to the county. Consumers Energy also has a wind energy project planned to begin in 2014 involving land in Wisner, Columbia and Akron Townships.

### **Innovation and Reform in Service Delivery**

Tuscola County remains a leader in the state with innovation, reform and other best practices in the efficient delivery of public services. Cost saving joint service delivery has been in place for years in Tuscola County involving: combined animal control operations with Sanilac County, sharing of equalization director services with Huron County and sharing of health officer services with Huron County. County officials working closely with officials from the Michigan Department of Corrections enabled the reopening of Camp Tuscola as a Residential Re-entry Center and restored many local jobs. Effective communication and understanding with state officials has enabled a lease agreement to be established for housing the Michigan Department of Human Services which is mutually beneficial to state and county government.

County officials have always kept an open mind in assessing the most efficient method of providing services. Rather than maintain a county building codes department, the county

contracted with an independent company to provide building code services. In 2011, the county began contracting with a private company to provide broad based computer support services. Internally, the county is always reviewing methods of cost containment. In 2011, the building and grounds director position and the recycling coordinator positions were combined resulting in an annual savings of approximately \$23,000. The county has also expanded their ability to provide services to local units of government. Prime examples are the County Equalization Department performing assessing services and the Sheriff Department contracting to provide police services to local governmental entities. Other examples of best government service practices can be obtained and reviewed on the Tuscola County web page: <http://www.tuscolacounty.org/boc/documents/Tuscola-County-Innovation-in-Government-Reform.pdf>

### **Office Space Changes**

Implementation of a plan to resolve county office space problems was initiated in 2010 and completed in 2011. The county lacked sufficient office space and has been leasing space for several years which has become costly. Certain high risk county departments were not located in the metal detector security of the Courthouse.

Objectives of this plan included:

- Relocate certain county departments to capitalize on and maximize state revenue payment
- Eliminate duplication of security costs at the Friend of the Court (FOC) Building
- Relocate high risk departments to the highest security level at the Courthouse
- Eliminate rent costs for Adult Probation
- Provide for an adequate amount of office and storage space for county departments for efficient operations
- Remodeling of the Probate Court courtroom and office area

Departmental relocations are as follows:

- Relocation of administrative service departments from the Courthouse to the HH Purdy building: Treasurer, Register of Deeds, and Drain Commission
- Relocation of Board of Commissioners, Controller and Equalization from the Annex to the HH Purdy Building
- Relocation of the Friend of the Court to the Courthouse
- Relocation of the Prosecutor from the Courthouse to the Annex Building
- Relocation of Adult Probation from the Tuckey Building to the former FOC Building

Project costs are as follows:

- Components of project costs include remodeling, moving, computer, telephone, office furnishings and other miscellaneous expenditures
- One-time costs to implement the above described office space changes total an estimated \$582,000 paid from the county capital improvement fund
- Purchase of the HH Purdy Building with 20-year bonding with annual payments ranging from \$71,000 to \$77,000 per year. Bonding versus the original installment purchase agreement was much more cost effective over a multi-year period

**New Revenue Generation and Expenditure Reductions**

- Additional new annual revenue to the General Fund from relocation of Friend of the Court to the Courthouse where more office space is occupied approximately \$28,000
- Elimination of annual rent costs to house Adult Probation of approximately \$40,000
- Elimination of annual security costs for the Friend of the Court of approximately \$60,000



## **Road Commissioners Changed from Appointed to Elected**

The County Road Commissioners have an important responsibility with jurisdiction over a multi-million dollar budget. The County Board decided in 2010 that County Road Commissioners should be elected rather than be appointed. Also, the decision was made to increase the number of Road Commissioners from three to five effective January 2011. Of these five, three have been elected and the other two positions will be elected in future elections when the terms of current members in office expire. Recent state law provides the ability to discontinue county road commissions and roll these functions under the jurisdiction of the County Board. At this point in time, the County Board has decided not to discontinue the road commission organizational structure.

## **Employee Health Insurance Changes**

In 2010, significant changes were made to employee health insurance coverage. These changes were implemented as a cost cutting measure to help balance the 2011 and future year budgets. Coverage for county commissioners and road commissioners was eliminated effective January 1, 2011. For union and non-union employees, employee share of cost for co-pays and deductibles was increased for the base county plan also beginning January 1, 2011.

## **Professional Service Changes**

State law requires the county to perform an annual audit. Proposals were received to perform this service for the county. The annual audit is a critical document that certifies that the financial information for decision making in the county is accurate. The decision was made to change the accounting firm that conducts the audit with Anderson, Tuckey, Bernhardt and Doran chosen. It is thought that a periodic change in auditors can be beneficial for the county. The firm that does labor negotiations and other legal work for the county was also changed to Braun, Kendrick and Finkbeiner. The County Cost Allocation Plan is now done by a new company called Management of America.

## **Success of Tire Recycling Program**

The use of trailers for tire recycling in local units of government was started in 2010 and continued in 2011. This program was highly successful with many local units of government participating. It is estimated that over 6,400 tires were recycled. This is an estimated 192,000 pounds or 96 tons of rubber.

The program increases tire collection by the county making trailers available to local governments. The county finances the program using Mosquito Abatement funds available from the public approved Mosquito Abatement millage. Other Michigan County mosquito abatement programs also use Mosquito Abatement millage funds for tire collection because removal of tires helps to reduce breeding grounds for mosquitoes. Since each trailer costs \$1,200 to rent, there is a limit of 10 trailers per year. This program has the added advantage of saving the individual from the travel time and costs of going to the Recycling Center in Caro.

## **Central Dispatch Technology Changes**

Central Dispatch has completed negotiations for rebanding the 800MHz spectrum with Sprint/Nextel. The result of negotiations is that Sprint/Nextel will replace all first responder's mobile and portable radios for a savings of approximately \$1.8 million. In addition to these radios, a Public Safety Interoperability Communications grant for radios in the amount of \$127,000 was received. Tuscola County Central Dispatch will replace the Central Dispatch radio equipment and upgrade the radio system to the Michigan Public Safety Communication System (MPSCS). The replacement of end user radios is nearly complete. The only remaining radios to

be installed are 21 dual head radios for Fire and EMS vehicles and this will be completed by the end of March 2012. All other equipment has been installed and is in use.

Central Dispatch is working with all 14 counties in Region 3 to upgrade all 911 telephone systems to an IP based phone network. This will connect all 14 counties to a like phone system and will allow for the implementation of NG911 (next generation 911) which is receiving text messaging, photos and video over 911 trunks. Huron and Tuscola Counties are nearly complete in the implementation of a CAD to CAD system. This will allow each county to be the others back up center. This equipment was obtained through a Homeland security grant.

### **Energy Grant**

Tuscola County, in conjunction with Huron and Sanilac Counties, received \$490,000 in federal grant funds to make county and local governmental offices more energy efficient. Some of the projects 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 transportation planning in the Village of Harbor Beach, County and Watertown Township lighting and conducting energy audits throughout the region.

### **Medical Care Facility Progress**

The Tuscola County Medical Facility remains a highly respected quality operation providing for the care of those in short and long term medical need. In 2011, bonds that were issued to finance the remodeling of the facility were refinanced resulting in a savings of an estimated \$369,000. The public approved a millage many years ago to finance the facility upgrades. The final payment on the bonds will be in 2017. The county purchased the former Davenport University building in 2011. This building will be used for administrative services. The goal is to eventually construct units on the vacant land to the south of the facility that will provide for both private living areas and social group gatherings.

### **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. The county, through the South Central Michigan Construction Code Incorporated, has approved agreements to assure construction codes requirements in floodplain areas will be enforced.

### **Airport Zoning Ordinance**

The county adopted an Airport Zoning Ordinance in 2011. The ordinance regulated heights in portions of the county around the Tuscola Area Airport. An airport Zoning Administrator and Zoning Board of Appeals have been appointed to administer the ordinance in cooperation with local units of government. Copies of the Airport Zoning Ordinance are available from the Tuscola County Web Site.

### **Off Road Vehicle Ordinance**

After significant planning and ordinance development in 2011 the county adopted an Off-Road Vehicle (ORV) in early 2012. Public hearings were conducted and all public in attendance were in support of the ORV. The Road Commission allows ORV's on all roads except state trunk lines and county primary roads. The ORV ordinance is anticipated to provide local recreational opportunities and also help in promoting tourism in the Thumb area of the state.

### **Prescription Discount Card**

The prescription discount card program is available to Tuscola County residents. Use of this card can provide a 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.

In 2011, the county plans to begin working with local units of government in the county and with surrounding county officials to determine new efficiencies that may be able to be achieved by eliminating duplication of services, economies of scale with fixed costs and cost containment.

## **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 Balance Assigned for Contingency Reserve** – The current County policy stipulates 10% of current fiscal year adopted budgeted expenditures be assigned for contingency reserve in the general fund. This reflects only slightly more than one month's operational expenses. The County auditors have previously explained the need to maintain this fund balance contingency reserve. This reserve is an important factor for enabling preservation of overall positive county cash flow, covering unexpected emergencies and maintaining a strong bond rating.
- **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 at 89% on an average for all Municipal Employees Retirement System units as of December 31, 2010 based on the most recent Actuarial Report.

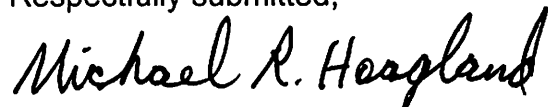
The County provides full coverage health care benefits to its employees. Retirees are not covered, but they can continue on the county plan at their cost. Due to strong financial management and application of numerous cost-savings methods, Tuscola County has been able to keep increases below the industry 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**

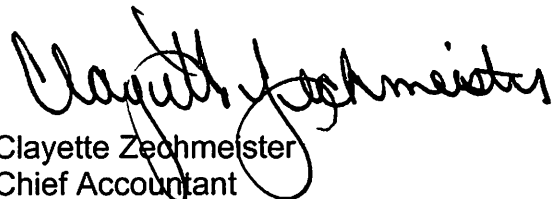
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the eleventh consecutive year that the government 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**

Thomas Bardwell  
District 2  
Chairperson

District 1     Roger Allen  
District 5     Gerald Peterson

District 3     Tom Kern  
District 4     Roy Petzold

### **Administration**

County Controller/Administrator

Michael Hoagland

### **Elected Officials**

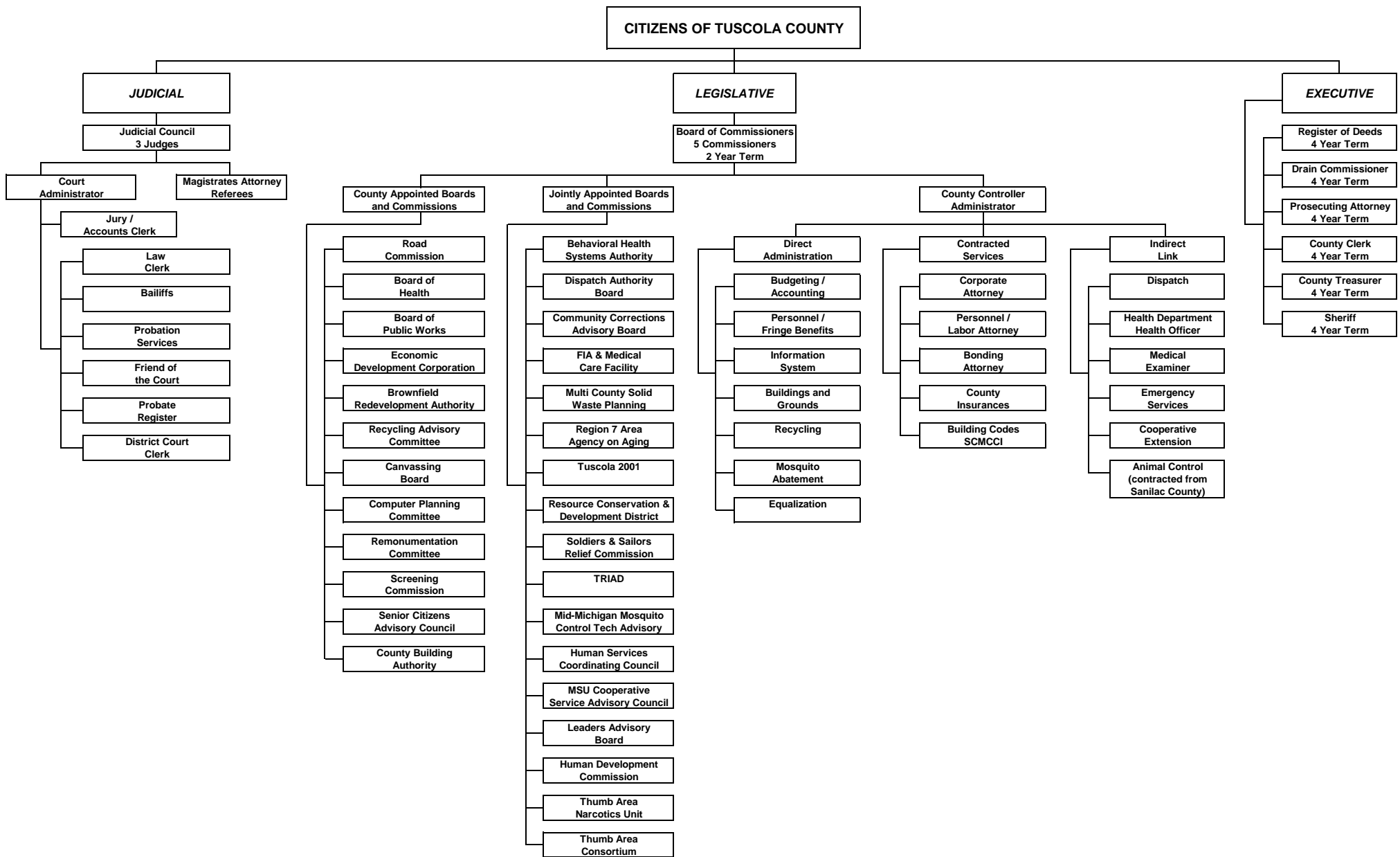
Circuit Court Judge  
District Court Judge  
Probate Court Judge  
Prosecutor  
Sheriff  
County Clerk  
Register of Deeds  
Drain Commissioner  
Treasurer

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

### **Appointed Officials**

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

Mike Miller  
Robert Klenk  
Walter Schlichting  
Nancy Thane  
Rich Colopy  
Kim Green  
Sheila Long  
Glen Skrent  
Zimco, Inc  
Joe Bixler  
Mike Miller  
Gretchen Tenbusch  
Donna Fraczek



# 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, 2010

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



*Linda C. Dandison*

President

*Jeffrey R. Emer*

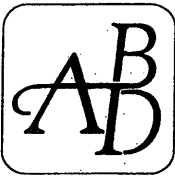
Executive Director



## **II. FINANCIAL SECTION**

The Financial Section Contains:

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



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA  
Valerie J. Hartel, CPA

.....  
Robert L. Tuckey, CPA

May 9, 2012

Terry L. Haske, CPA  
Jamie L. Peasley, CPA  
Timothy D. Franzel  
Laura J. Kosal, CPA  
Jill M. Mulders, CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Tuscola County

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 (the "County") as of and for the year ended December 31, 2011, 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, a major governmental fund which represents 6% of assets and 11% of revenues of the governmental funds and 5% of assets and 14% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 55% of the assets and 92% of the revenues of the enterprise funds and 56% of assets and 90% of revenues of the business-type activities. 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 Medical Care Facility 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 the 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, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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1-800-234-8829

2956 Main Street • Marlette, MI 48453  
989-635-7545 fax: 989-635-7547

6261 Church Street • Cass City, MI 48726  
989-872-3730 fax: 989-872-3978

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2012, on our considerations 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 in 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.

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

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 section 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 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 the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## Management's Discussion and Analysis

As management of *Tuscola County, Michigan*, readers of the County's financial statements are provided this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. Management encourages readers to consider the information presented below in conjunction with additional information furnished in the 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 \$33,296,260 (net assets). This is an increase of 3.5% from 2010. Governmental activities experienced a decrease in net assets while business-type assets increased.
- Capital assets net of related debt at the close of the 2011 fiscal year were \$11,718,513. This is an increase of 29.5% from 2010. Both the governmental and business-type activities experienced increases in capital assets.
- The restricted portion of total net assets was \$3,119,800. This is a 2010 to 2011 decrease of (\$1,101,484). The decrease in restricted funds occurred for governmental and business-type activities.
- Unrestricted net asset at the end of 2011 was \$18,457,947. This is an decrease of 2.0% from 2010. Governmental experienced a decrease while business-type activities increased slightly. Unrestricted assets may be used to meet the government's ongoing obligations to citizens and creditors.

#### Fund Balance Information.

- As of the close of the 2011 fiscal year, the County's governmental funds reported combined ending fund balances of \$6,895,288. Much of this fund balance is restricted, committed or assigned and not available for general expenditure. The unassigned portion of this total governmental fund balance is \$793,335. (Additional fund balance information can be found on page 4).
- The total fund balance for the general fund was \$2,356,598. The unassigned portion is \$793,335. The remaining portions of the general fund balance are restricted, committed or assigned and not available for general expenditure.

## **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 are comprised of 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 1-3 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 4 and 6 while the budgetary comparisons are on pages 45-58 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 80.

**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, workman's compensation and motor pool 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 105-110. 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 111-113.

The basic proprietary fund financial statements can be found on pages 8-11 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 12 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 13-44 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 64-117 of this report.

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

The following tables show net assets for governmental and business-type activities, in addition to a comparison of 2010 and 2011 net asset balances. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the end of the 2011 fiscal year, the County is able to report positive net asset balances for the government as a whole including both governmental activities and business activities. Total net assets increased by \$1,111,801 or 3.5% from \$32,184,459 in 2010 to \$33,296,260 in 2011.

However, it is important to note, that in the governmental activities category total assets actually decreased by (\$120,946) or 0.9% from \$13,105,060 in 2010 to \$12,984,114 in 2011. In fact, a noteworthy trend is that for governmental activity total net assets have experienced declines for the last five years: 2006 to 2007 decline (\$55,292), 2007 to 2008 decline (\$1,064,273), 2008 to 2009 decline (\$293,438), 2009 to 2010 decline (\$184,538) and 2010 to 2011 decline (\$120,946).

County Net Assets net of related debt increased by \$2,598,207 or 28.5% from \$9,102,306 in 2010 to \$11,718,513 in 2011. Increases occurred in both governmental and business-type activities but the largest increase occurred in the business-type category.

Restricted assets decreased by (\$1,101,484) or 26.1% from \$4,221,284 in 2010 to \$3,119,800 in 2011. Both governmental and business-type activities experienced decreases.

The largest portion of the County's net assets is in the unrestricted category. Unrestricted assets decreased by (\$384,922) or 2.0% from \$18,842,869 in 2010 to \$18,457,947 in 2011. The business-type activities decreased by (\$251,224). The decrease in the governmental activities from 2010 to 2011 was (\$133,698).

### Tuscola County Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Current and other assets	16,975,139	12,169,887	26,981,854	25,632,150	43,956,993	37,802,037
Capital assets, net	5,570,865	6,838,679	11,486,239	11,850,175	17,057,104	18,688,854
<b>Total assets</b>	<b>22,546,004</b>	<b>19,008,566</b>	<b>38,468,093</b>	<b>37,482,325</b>	<b>61,014,097</b>	<b>56,490,891</b>
Long-term liabilities outstanding	8,091,744	3,791,008	18,352,872	15,944,116	26,444,616	19,735,124
Other liabilities	1,349,200	2,233,444	1,035,822	1,226,063	2,385,022	3,459,507
<b>Total liabilities</b>	<b>9,440,944</b>	<b>6,024,452</b>	<b>19,388,694</b>	<b>17,170,179</b>	<b>28,829,638</b>	<b>23,194,631</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	4,915,865	5,308,338	4,204,441	6,410,175	9,120,306	11,718,513
Restricted	1,935,180	1,555,459	2,286,104	1,564,341	4,221,284	3,119,800
Unrestricted	6,254,015	6,120,317	12,588,854	12,337,630	18,842,869	18,457,947
<b>Total net assets</b>	<b>\$ 13,105,060</b>	<b>\$ 12,984,114</b>	<b>\$ 19,079,399</b>	<b>\$ 20,312,146</b>	<b>\$ 32,184,459</b>	<b>\$ 33,296,260</b>



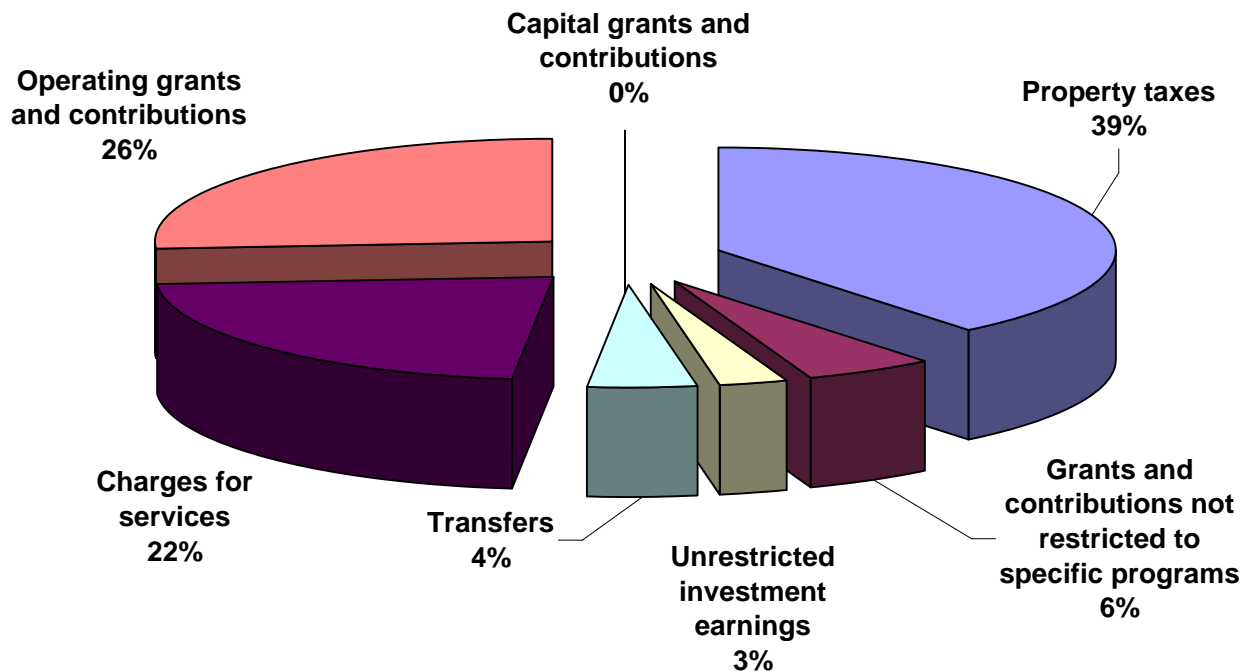
## Tuscola County Changes in Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
Program revenue:						
Charges for services	4,834,226	4,703,323	16,970,487	17,796,586	21,804,713	22,499,909
Operating grants and contributions	4,753,124	5,442,285	-	-	4,753,124	5,442,285
Capital grants and contributions	-	-	299,672	284,295	299,672	284,295
General Revenue:						
Property Taxes	8,238,352	8,182,316	1,845,663	1,770,769	10,084,015	9,953,085
Grants and contributions not restricted to specific programs	-	-	-	-	1,106,822	1,152,433
Unrestricted investment earnings	592,262	560,159	103,738	75,249	-	635,408
Miscellaneous general revenues	(86)	-	-	-	-	-
Other Revenues	672,730	1,139,163	509,380	693,617	-	1,832,780
Total revenues	<u>20,197,430</u>	<u>21,179,679</u>	<u>19,728,940</u>	<u>20,620,516</u>	<u>39,926,370</u>	<u>41,800,195</u>
<b>Expenses:</b>						
Legislative	140,081	101,774	-	-	140,081	101,774
Judicial	3,737,722	3,550,345	-	-	3,737,722	3,550,345
General Government	5,844,099	6,755,644	-	-	5,844,099	6,755,644
Public Safety	5,696,877	5,841,052	-	-	5,696,877	5,841,052
Public Works	769,984	693,296	-	-	769,984	693,296
Health and Welfare	4,930,144	5,288,860	-	-	4,930,144	5,288,860
Culture and Recreation	4,401	9,725	-	-	4,401	9,725
Interest on debt	36,004	41,826	-	-	36,004	41,826
Medical Care Facility	-	-	17,189,496	17,899,830	17,189,496	17,899,830
Delinquent property tax	-	-	90	85	90	85
Caro Sewer System	-	-	109,542	104,600	109,542	104,600
Caro Sewage (Refunding)	-	-	14,435	10,178	14,435	10,178
Mayville Storm Sewer	-	-	57,250	56,183	57,250	56,183
Richville Water System	-	-	28,290	24,970	28,290	24,970
Millington Sewer System	-	-	3,487	3,038	3,487	3,038
Denmark Sewer System	-	-	86,668	85,326	86,668	85,326
Tax Foreclosure	-	-	253,288	343,287	253,288	343,287
Other	-	-	-	-	-	-
Total expenses	<u>21,159,312</u>	<u>22,282,522</u>	<u>17,742,546</u>	<u>18,527,497</u>	<u>38,901,858</u>	<u>40,810,019</u>
Change in net assets before transfers	(961,882)	(1,102,843)	1,986,394	2,093,019	1,024,512	990,176
Transfers - internal activities	872,404	908,509	(805,776)	(860,272)	66,628	48,237
Change in net assets	(89,478)	(194,334)	1,180,618	1,232,747	1,091,140	1,038,413
Net assets-beginning of year, as restated	<u>13,289,598</u>	<u>13,105,060</u>	<u>25,175,173</u>	<u>19,079,399</u>	<u>38,464,771</u>	<u>32,184,459</u>
Prior period adjustment	(95,060)	73,388	(7,276,392)	-	(7,371,452)	73,388
<b>Net assets-end of year</b>	<u>\$ 13,105,060</u>	<u>\$ 12,984,114</u>	<u>\$ 19,079,399</u>	<u>\$ 20,312,146</u>	<u>\$ 32,184,459</u>	<u>\$ 33,296,260</u>

**Governmental Activities.** Governmental activities net assets decreased from 2010 to 2011 by (\$194,334). The two major governmental activity funds include the general fund and health department. There are many special revenue funds that are also classified in the governmental activities category.

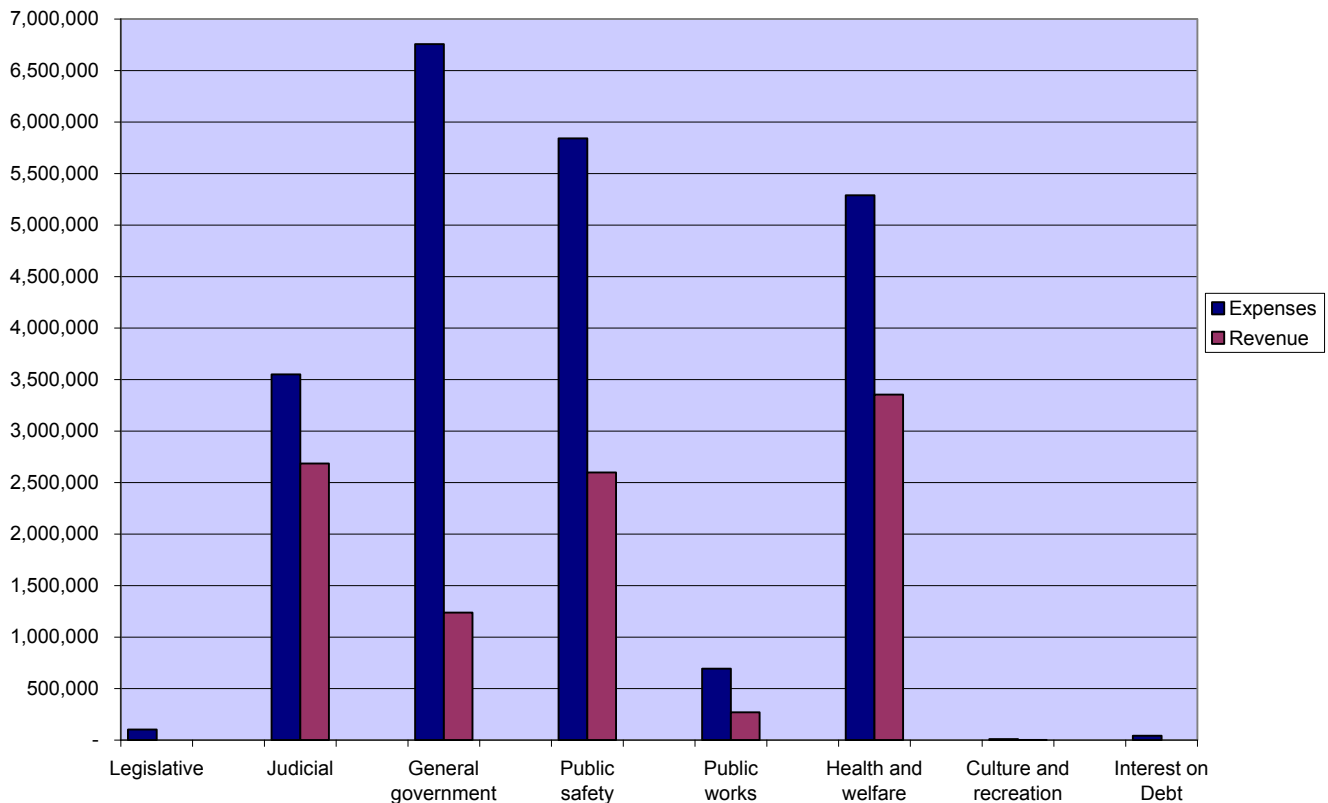
- The major sources of revenue for governmental activities are property tax followed by grants and charges for services (See pie chart below).
- Overall revenues show an increase of \$688,659 or 3.4% from \$20,197,430 in 2010 to \$21,179,679 in 2011 (prior to transfers). These increases result from grant program and other revenue. It is important to note, the amount of grant revenue received can vary considerable from year to year.
- Even though overall governmental activity revenue increased from 2010 to 2011 several critical revenue sources continued to decline including charges for services, property tax and investment earnings.
- Charges for services declined by (\$130,903) or 2.7% from \$4,834,226 in 2010 to \$4,703,323 in 2011. Property tax revenue declined for both the general fund and special revenue funds. This significant revenue source declined by (\$56,036) or approximately 0.7% from \$8,238,352 in 2010 to \$8,182,316 in 2011. This decline was considerably less than from 2009 to 2010. Investment earnings also have continued trending down.

**Revenues by Source - Governmental Activities**



- Major expenditures in the governmental activity category are general government, public safety, health/welfare and judicial (See table below).
- Expenditures show an increase of \$1,123,210 or 5.3% from \$21,159,312 in 2010 to \$22,282,522 in 2011. The most significant increase occurred in general government followed by health/welfare and public safety. From 2009 to 2010, expenditures were significantly reduced.
- Even though overall governmental activity expenditures increased from 2010 to 2011 several expenditure categories continued to decline including legislative, judicial and public works. Judicial was the most significant decline. This category declined by (\$187,377) or 5.0% from \$3,737,722 in 2010 to \$3,550,345 in 2011.
- The statement of activities for program revenues for the governmental activities shows program revenue at \$10,145,608 and expenses at \$22,282,522. This makes revenues short of covering governmental expenses by \$12,136,914. The statement of activities can be found on pages 2-3.

**Expenses and Program Revenues - Governmental Activities**

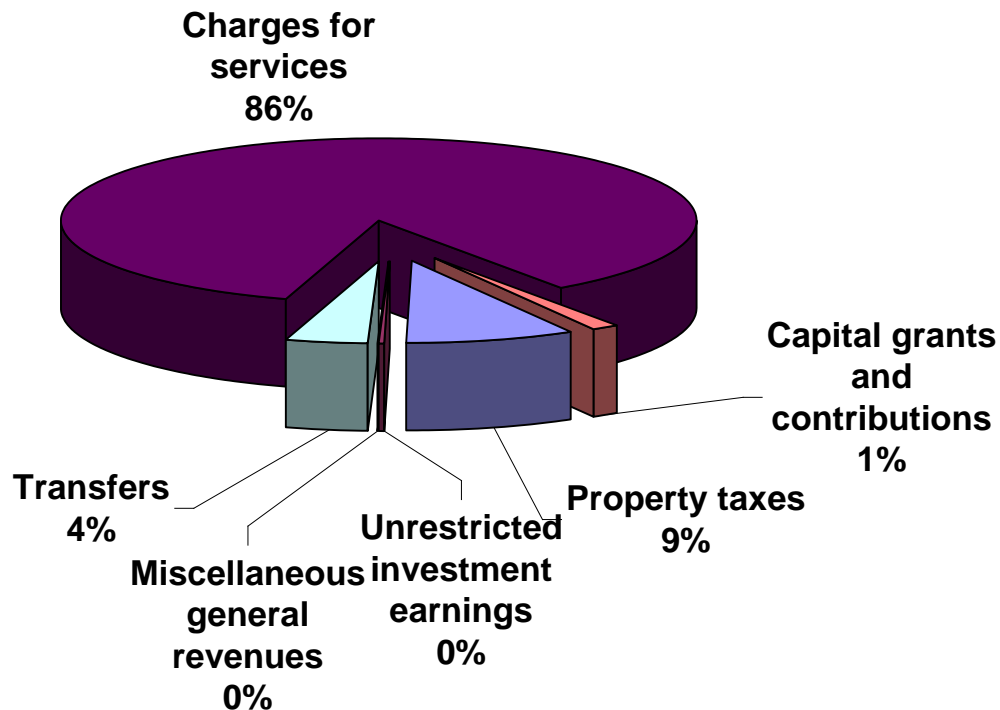


**Business-Type Activities.** Business-type activities increased the County's net assets by \$1,232,747. Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System and Denmark Sewer Systems. Other nonmajor business-type funds

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 105-110.

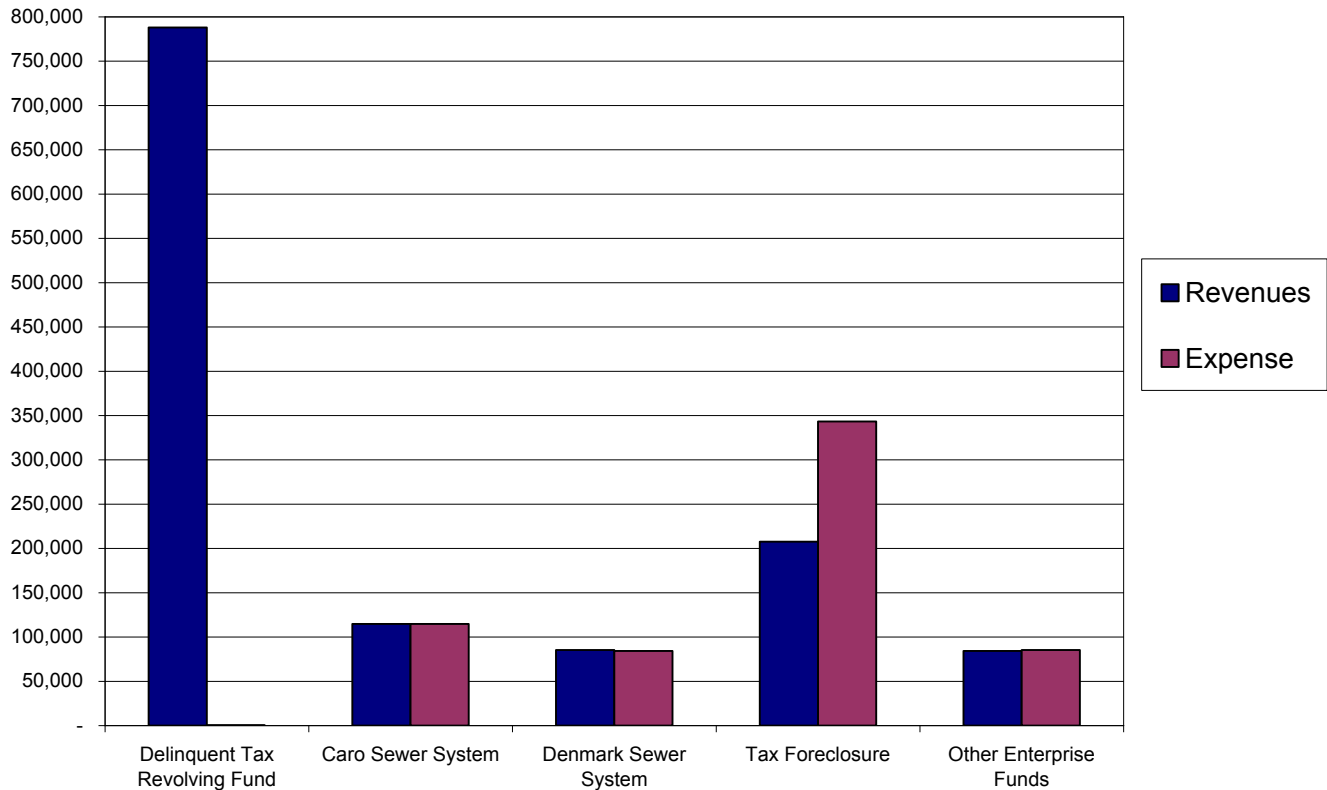
- Charges for services are the major sources of revenue for business-type activities. This single source of revenue accounts for 87% of all business-type activities revenue (See pie chart below).
- Overall business-type activities revenues show an increase of \$891,576 or 4.5% from \$19,728,940 in 2010 to \$20,620,516 in 2011 (prior to transfers).
- This overall increase results primarily from the increase in charges for services and miscellaneous revenue. Charges for services revenue increased by \$826,099 or 4.9% from \$16,970,487 in 2010 to \$17,796,586 in 2011.
- Delinquent property tax earnings are a significant source of revenue in the business-type activity category and earnings increased from 2010 to 2011. Delinquent Tax Revolving Fund assets prior to transfers are showing income of \$810,272 in 2011 compared to \$755,778 in 2010. These funds are transferred for general fund operations and/or capital improvements needs.
- Current property tax and most other sources of revenue declined from 2010 to 2011.

### Revenues by Source - Business-type Activities

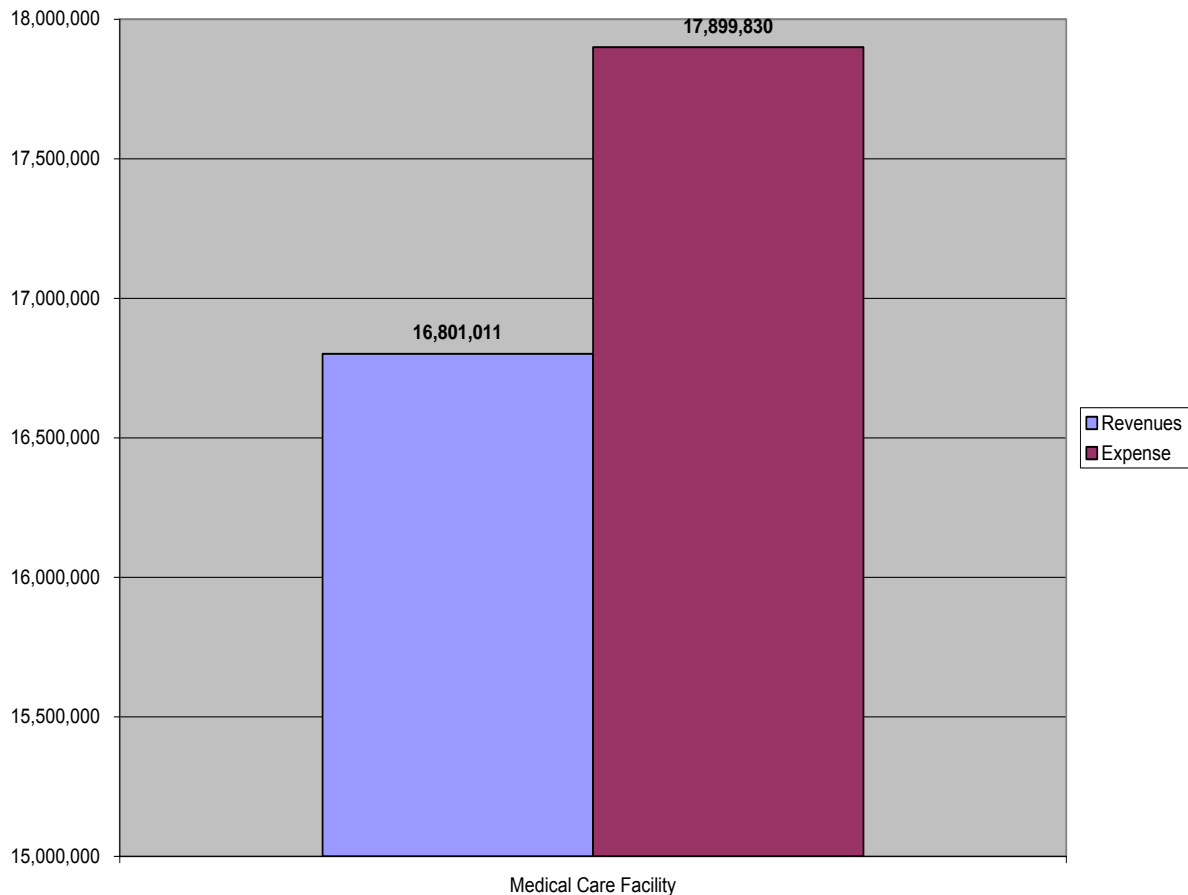


- The major expenditure in the business-type category is the Medical Care Facility accounting for 97% of all expenditures in this category. (See table below).
- Expenditures show an increase of \$784,951 or 4.4% from \$17,742,546 in 2010 to \$18,527,497 in 2011. The most significant increase occurred with the Medical Care Facility followed by the Tax Foreclosure Fund.
- The statement of activities for program revenues for the business-type activities shows program revenue at \$18,080,881 and expenses at \$18,527,497. This makes revenues short of covering expenses by only (\$446,616). Business-type activities program revenue comes much closer to covering expenditures than governmental activities. The statement of activities can be found on pages 2-3.

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



## Expense and Program Revenue Business-type Medical Care Facility



### **Medical Care Facility**

- The major revenue source for the Medical Care Facility are charges for services.
- Program revenues show an increase of \$732,814 or 4.6% from \$16,068,197 in 2010 to \$16,801,011 in 2011 (prior to transfers).
- Expenditures show an increase of \$710,334 or 4.1% from \$17,189,496 in 2010 to \$17,899,830 in 2011.

### **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. It is important to note that the classification of fund balances was changed from the previous year for compliance with Government Accounting Standards Board Statement 54.

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

As of the end of the 2011 fiscal year, the County's governmental funds reported combined ending fund balances of \$6,895,288. This total fund balance is further classified according to the Government Accounting Standards Board - Statement 54 as follows:

- **Nonspendable** includes funds that legally or contractually are required to be maintained in tact. Nonspendable funds for 2011 include: cemetery maintenance, MMRA retention fund, advances to component units, inventory and prepaid expenditures. The nonspendable portion of the total fund balance for governmental funds was \$394,634 or 5.7% of the total.
- **Restricted** includes amounts that can only be used for the specific purposes stipulated by the constitution, external resource providers or through enabling legislation. Restricted fund balance includes: capital projects and special revenue fund balances. The restricted portion of the total fund balance for governmental funds was \$4,179,789 or 60.6% of the total.
- **Committed** fund balance is defined as amounts that can only be used for specific purposes pursuant to a formal action of the Board of Commissioners. Committed fund balance include: compensated absences, retirement contributions, impress cash and contingency reserve. The committed portion of the total fund balance for governmental funds was \$279,162 or 4.1% of the total.
- **Assigned for subsequent year expenditures** funds are funds that are designated to be expended in the budget for the next fiscal year. The assigned portion of the total fund balance for governmental funds was \$1,248,368 or 18.1% of the total. The contingency reserve in this classification applies to the general fund. It was established by Board of Commissioner policy to maintain a minimum balance for cash flow, bond rating and unexpected emergencies. It is calculated each year based on 10% of expenditures in the current year budget. The amount for 2011 is \$1,148,389.
- **Unassigned** fund balance includes all spendable amounts not identified in the other classifications. This classification is important because it is used to determine whether a fund has a positive or deficit fund balance at year end. All of the unassigned fund balance of \$793,335 or 11.5% is in the general fund. These funds are available for spending at the government's discretion.

**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 \$12,337,630. The Medical Care Facility Fund was \$6,157,305, the Delinquent Tax Revolving Fund ended at \$5,684,233. All other unrestricted net assets of the nonmajor enterprise funds are \$496,092.

The Medical Care Facility Fund had an increase of net assets from 2011 to 2012 of \$1,125,829. The combined nonmajor total net assets increased by \$106,918 from 2010 to 2011.

**General Fund Budgetary Highlights**

The differences between the original and final amended 2011 budgets for expenditures and transfers out resulted in a increase of \$302,279. Variances between budget and actual show an increase in fund balance of \$205,070 prior to a period adjustment of \$73,388.

**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, 2011, amounted to \$17,995,905 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets increased by \$2,203,280 or 13.4% from \$18,688,854 in 2010 to \$17,995,905 in 2011. The majority of this change is due to the increase in value of buildings and building acquisition.

<b>County of Tuscola</b>			
<b>Capital Assets (net of depreciation)</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Fiscal Year Ending December 31</b>	<u>2011</u>	<u>2011</u>	<u>2011</u>
Land	535,646	-	535,646
Construction in Progress	510,695	-	510,695
Land Improvements	-	692,949	692,949
Buildings	3,137,458	7,368,270	10,505,728
Improvements	1,524,698	-	1,524,698
Vehicles	336,651	-	336,651
Equipment	755,962	3,788,956	4,544,918
Bond Fees	37,569	-	37,569
Total	<u>\$ 6,838,679</u>	<u>\$ 11,850,175</u>	<u>\$ 18,688,854</u>

Additional information on the County’s capital assets can be found in Note 3 C on pages 24-27 of this report.

**Long-Term Debt.** At the end of the 2011 fiscal year, the County had total debt outstanding of \$29,115,197. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$8,878,749 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+. For 2011 the county continues to carry an A+ bond rating.

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 \$173,714,412 which is significantly higher than the County’s current outstanding general obligation debt. The 2011 County net debt applicable to the limit is 6.8%.

Additional information on the County’s long-term debt can be found in Note 3 F on pages 30-32 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 2012 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2011 was 11.3 percent, which is a decrease from the 2010 unemployment rate of 14.2%. The 2011 county average unemployment rate is higher than both the State at 9.3% and the national at 8.9%.
- State revenue sharing is expected to be (\$186,599) or 18.3% less for 2012 compared to 2011. In 2012, \$831,603 in revenue is anticipated compared to \$1,018,162 received in 2011.
- Negative trends in property values are affecting taxable values and property tax revenues. There is a one to one correlation between total taxable value and property tax revenue. The county is expecting a continued decline in property tax revenue for 2012. Property tax revenues may stabilize in future years and begin to increase with wind generator development. However, the future of property tax revenue is unpredictable, but it is unlikely that this vital revenue source will return to peak 2008 levels for several more years.
- Residential values have declined for multiple years and property foreclosures have remained high for several years. 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 2012 budget is balanced by reducing the number of county employees primarily through attrition and substantially reducing general fund appropriations to other county funds. This situation will likely result in reductions in fund balance in other county funds which cannot continue indefinitely.
- The other major general fund revenue sources are budgeted to remain flat or continue to experience declines. These sources include delinquent taxes, Register of Deeds, and investment earnings. Investment earnings have been declining and no change in this trend is predicted for several years.
- The further reduction of certain federal and state grants continues to put increased pressure on local funds to be able to retain vital programs for public health, safety and welfare.

### **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/Administrator's Office, 125 Lincoln St. Suite 500, Caro, Michigan 48723.

## BASIC FINANCIAL STATEMENTS

TUSCOLA COUNTY

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 6,446,126	\$ 3,239,348	\$ 9,685,474	\$ 1,580,361	\$ 2,072,380	\$ 3,652,741
Investments	6,803	1,485,099	1,491,902		4,733,565	4,733,565
Receivables	4,709,165	15,708,380	20,417,545	3,361,300	8,117,133	11,478,433
Advance to component units	310,000		310,000			-
Internal balances	523,397	(410,272)	113,125			-
Prepaid items and other assets	52,359	216,954	269,313	216,544		216,544
Inventory	20,381		20,381	424,298		424,298
Restricted cash	101,656	3,395,865	3,497,521			-
Restricted investments		1,813,833	1,813,833			-
Net pension asset		182,943	182,943			-
Capital assets, net:						
Assets not being depreciated	1,046,341	-	1,046,341	32,691,613		32,691,613
Assets being depreciated	5,792,338	11,850,175	17,642,513	47,344,657	16,803,715	64,148,372
<b>Total Assets</b>	<b>19,008,566</b>	<b>37,482,325</b>	<b>56,490,891</b>	<b>85,618,773</b>	<b>31,726,793</b>	<b>117,345,566</b>
<b>Liabilities</b>						
Accounts payable	677,146	425,166	1,102,312	1,255,552	52,059	1,307,611
Accrued liabilities	485,458	547,968	1,033,426	201,983		201,983
Advance from primary government			-		310,000	310,000
Unearned revenue	2,628,404	252,929	2,881,333		-	-
Noncurrent liabilities:						
Due within one year	424,196	1,571,400	1,995,596	-	1,030,383	1,030,383
Due in more than one year	1,809,248	14,372,716	16,181,964	2,058,888	7,848,366	9,907,254
<b>Total Liabilities</b>	<b>6,024,452</b>	<b>17,170,179</b>	<b>23,194,631</b>	<b>3,516,423</b>	<b>9,240,808</b>	<b>12,757,231</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	5,308,338	6,410,175	11,718,513	80,036,270	7,924,966	87,961,236
Restricted for:						
Debt service		1,564,341	1,564,341	-	2,720,166	2,720,166
Capital projects	1,548,656		1,548,656	-	3,724,118	3,724,118
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	3	-	3	-	-	-
Unrestricted	6,120,317	12,337,630	18,457,947	2,066,080	8,116,735	10,182,815
<b>Total Net Assets</b>	<b>\$ 12,984,114</b>	<b>\$ 20,312,146</b>	<b>\$ 33,296,260</b>	<b>\$ 82,102,350</b>	<b>\$ 22,485,985</b>	<b>\$ 104,588,335</b>

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

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

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	\$ 101,774				\$ -	\$ (101,774)
Judicial	3,550,345		\$ 1,217,478	\$ 1,467,812		(865,055)
General government	6,756,304	\$ (660)	689,760	547,666		(5,518,218)
Public safety	5,841,052		1,714,978	883,561		(3,242,513)
Public works	693,296		269,213			(424,083)
Health and welfare	5,288,860		810,346	2,543,246		(1,935,268)
Culture and recreation	9,725		1,548			(8,177)
Interest on debt	41,826					(41,826)
<b>Total governmental activities</b>	<b>22,283,182</b>	<b>(660)</b>	<b>4,703,323</b>	<b>5,442,285</b>	<b>-</b>	<b>(12,136,914)</b>
Business-type activities:						
Medical care facility	17,899,170	660	16,801,011		-	(1,098,819)
Delinquent property tax	85		787,947		-	787,862
Caro sewer system	104,600		-		104,600	-
Caro sewage disposal (refunded)	10,178		-		10,178	-
Mayville storm sewer	56,183		-		56,183	-
Richville water system	24,970		-		24,970	-
Millington sewer system	3,038		-		3,038	-
Denmark sewer system	85,326		-		85,326	-
Tax foreclosure	343,287		207,628		-	(135,659)
<b>Total business-type activities</b>	<b>18,526,837</b>	<b>660</b>	<b>17,796,586</b>	<b>-</b>	<b>284,295</b>	<b>(446,616)</b>
<b>Total Primary Government</b>	<b>\$ 40,810,019</b>	<b>\$ -</b>	<b>\$ 22,499,909</b>	<b>\$ 5,442,285</b>	<b>\$ 284,295</b>	<b>\$ (12,583,530)</b>
<b>Component Units</b>						
Road commission	\$ 9,415,108		\$ 1,191,101	\$ 9,699,676		\$ 1,475,669
Brownfield redevelopment	29,081			29,081		-
Drain commission	1,371,489				\$ 798,269	(573,220)
<b>Total Component Units</b>	<b>\$ 10,815,678</b>	<b>\$ -</b>	<b>\$ 1,191,101</b>	<b>\$ 9,728,757</b>	<b>\$ 798,269</b>	<b>\$ 902,449</b>

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

Functions / Programs	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Road Commission	Brownfield Redevelopment	Drain Commission	Total
Changes in net assets							
Net revenue (expense)	\$ (12,136,914)	\$ (446,616)	\$ (12,583,530)	\$ 1,475,669	\$ -	\$ (573,220)	\$ 902,449
General revenues:							
Property taxes	8,182,316	1,770,769	9,953,085				-
Grants and contributions not restricted to specific programs	1,152,433		1,152,433				-
Unrestricted investment earnings	560,159	75,249	635,408	19,827		31,145	50,972
Other revenue	1,139,163	693,617	1,832,780	93,130			93,130
Transfers - internal activities	908,509	(860,272)	48,237			-	-
Total general revenues and transfers	11,942,580	1,679,363	13,621,943	112,957	-	31,145	144,102
Change in net assets	(194,334)	1,232,747	1,038,413	1,588,626	-	(542,075)	1,046,551
Net assets, beginning of year	13,105,060	19,079,399	32,184,459	80,513,724	-	23,028,060	103,541,784
Prior period adjustment	73,388	-	73,388				
Net assets, end of year	\$ 12,984,114	\$ 20,312,146	\$ 33,296,260	\$ 82,102,350	\$ -	\$ 22,485,985	\$ 104,588,335

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

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-11</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,534,410	\$ 617,256	\$ 2,275,830	\$ 6,427,496
Investments	-		6,803	6,803
Receivables:				
Taxes receivable	572,369		2,594,357	3,166,726
Taxes receivable - delinquent	14,566		30,107	44,673
Accounts receivable	111,437	49,010	426,902	587,349
Due from other funds	924,460		1,630,648	2,555,108
Due from state	24,024	29,989	260,280	314,293
Due from other governmental units	14,031	37,954		51,985
Prepaid expenditures	4,895	47,464	-	52,359
Inventory	-	20,381		20,381
Advances to component unit	310,000			310,000
Restricted cash and cash equivalents	101,656			101,656
<b>Total Assets</b>	<b>\$ 5,611,848</b>	<b>\$ 802,054</b>	<b>\$ 7,224,927</b>	<b>\$ 13,638,829</b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 244,245	\$ 145,505	\$ 211,063	\$ 600,813
Accrued liabilities	89,267	59,277	70,354	218,898
Due to other governments	-		56,141	56,141
Due to other funds	2,574,944		267,439	2,842,383
Deposits payable	-		20,000	20,000
Deferred revenue	346,794	20,381	2,638,131	3,005,306
<b>Total Liabilities</b>	<b>3,255,250</b>	<b>225,163</b>	<b>3,263,128</b>	<b>6,743,541</b>
<b>Fund Balance</b>				
Nonspendable for:				
Cemetery maintenance			6,800	6,800
Inventory	-	20,381		20,381
Prepaid expenditures	4,895	47,464	-	52,359
Flexible spending		5,094		5,094
Advances to component units	310,000			310,000
Restricted for:				
Children's special health care relief fund		65		65
Capital projects			1,548,656	1,548,656
Cemetery			3	3
Debt service			3,392	3,392
Special revenue funds		224,725	2,402,948	2,627,673
Committed for:				
Compensated absences		113,742		113,742
Retirement contribution		165,117		165,117
Imprest cash		303		303
Assigned for:				
Contingency reserve	1,148,389			1,148,389
Subsequent year expenditures	99,979			99,979
Unassigned	793,335			793,335
<b>Total Fund Balance</b>	<b>2,356,598</b>	<b>576,891</b>	<b>3,961,799</b>	<b>6,895,288</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,611,848</b>	<b>\$ 802,054</b>	<b>\$ 7,224,927</b>	<b>\$ 13,638,829</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, 2011**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 6,895,288</b>
Amounts reported for governmental activities 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	14,927,223
Subtract: accumulated depreciation	(8,088,544)
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	376,902
Add: long-term receivables - due from other governments	544,139
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	574,930
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 and leases payable	(1,530,341)
Subtract: accrued interest payable	(12,380)
Subtract: compensated absences	(703,103)
<b>Net Assets of Governmental Activities</b>	<b>\$ 12,984,114</b>

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, 2011**

	<u>General</u>	<u>Health Department 9-30-11</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 5,572,637	\$ -	\$ 2,652,225	\$ 8,224,862
Licenses and permits	422,659	145,623		568,282
Intergovernmental				
Federal	174,054	1,713,980	1,875,070	3,763,104
State	1,730,548		1,097,838	2,828,386
Local			420,500	420,500
Charges for services	1,745,799	565,038	1,350,860	3,661,697
Fines and forfeits	46,533		9,539	56,072
Interest and rents	514,006		46,153	560,159
Reimbursements and refunds	885,787		270,088	1,155,875
Other		7,731	97,598	105,329
<b>Total Revenues</b>	<u>11,092,023</u>	<u>2,432,372</u>	<u>7,819,871</u>	<u>21,344,266</u>
Expenditures				
Current:				
Legislative	101,988			101,988
Judicial	2,265,817		1,288,303	3,554,120
General government	3,669,329		1,738,113	5,407,442
Public safety	2,618,239		3,006,126	5,624,365
Public works	693,338			693,338
Health and welfare	453,305	2,915,535	1,895,513	5,264,353
Culture and recreation			9,725	9,725
Other	360,059			360,059
Capital outlay			2,569,679	2,569,679
Debt service - principal			120,000	120,000
Debt service - interest			40,626	40,626
<b>Total Expenditures</b>	<u>10,162,075</u>	<u>2,915,535</u>	<u>10,668,085</u>	<u>23,745,695</u>
Revenues over (under) expenditures	<u>929,948</u>	<u>(483,163)</u>	<u>(2,848,214)</u>	<u>(2,401,429)</u>
Other Financing Sources (uses)				
Bond and loan proceeds		34,156	995,000	1,029,156
Transfer in	863,695	389,652	1,271,799	2,525,146
Transfer out	<u>(1,588,573)</u>		<u>(28,064)</u>	<u>(1,616,637)</u>
<b>Total Other Financing Sources (uses)</b>	<u>(724,878)</u>	<u>423,808</u>	<u>2,238,735</u>	<u>1,937,665</u>
Net change in fund balances	205,070	(59,355)	(609,479)	(463,764)
Fund Balance, Beginning of Year	2,078,140	636,246	4,571,278	7,285,664
Prior period adjustment	<u>73,388</u>	<u>-</u>	<u>-</u>	<u>73,388</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,356,598</u>	<u>\$ 576,891</u>	<u>\$ 3,961,799</u>	<u>\$ 6,895,288</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, 2011**

**Net Change In Fund Balances - Total Governmental Funds** \$ (463,764)

Amounts reported for governmental activities 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	1,622,475
Add: construction-in-progress	287,792
Subtract: depreciation expense	(602,217)

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.

Subtract: decrease in deferred delinquent property taxes	(42,546)
Subtract: decrease in long-term receivables	(122,041)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Re-payment 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	153,815
Subtract: bond and lease proceeds	(1,029,156)
Subtract: increase in accrued interest payable	(1,200)

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	(8,903)
Subtract: loss on the disposal of capital assets	(40,235)

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	51,646
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**Change In Net Assets Of Governmental Activities** \$ (194,334)

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

TUSCOLA COUNTY

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2011

	Enterprise Funds					Total	Governmental
	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	\$ 3,161,624	\$ -	\$ -	\$ -	\$ 77,724	\$ 3,239,348	\$ 18,630
Investments	1,485,099	-	-	-	-	1,485,099	-
Receivables:							
Taxes receivable - delinquent	-	2,692,312	-	-	-	2,692,312	-
Accounts receivable	2,810,491	47,410	-	-	-	2,857,901	-
Allowance for uncollectible accounts	(371,533)	-	-	-	-	(371,533)	-
Due from other funds	-	-	-	-	400,000	400,000	810,672
Due from other governmental units	-	197,447	-	-	19,398	216,845	-
Contracts receivable - current	-	-	350,805	48,131	243,805	642,741	-
Prepaid expenses	177,362	-	-	-	-	177,362	-
Other assets	39,592	-	-	-	-	39,592	-
Restricted cash	1,596,414	1,799,451	-	-	-	3,395,865	-
Restricted investments	-	1,813,833	-	-	-	1,813,833	-
<b>Total current assets</b>	<b>8,899,049</b>	<b>6,550,453</b>	<b>350,805</b>	<b>48,131</b>	<b>740,927</b>	<b>16,589,365</b>	<b>829,302</b>
Noncurrent assets:							
Contracts receivable, net of current portion	-	-	6,027,114	2,022,000	1,621,000	9,670,114	-
Net pension asset	182,943	-	-	-	-	182,943	-
Capital assets, net	11,850,175	-	-	-	-	11,850,175	-
<b>Total noncurrent assets</b>	<b>12,033,118</b>	<b>-</b>	<b>6,027,114</b>	<b>2,022,000</b>	<b>1,621,000</b>	<b>21,703,232</b>	<b>-</b>
<b>Total assets</b>	<b>20,932,167</b>	<b>6,550,453</b>	<b>6,377,919</b>	<b>2,070,131</b>	<b>2,361,927</b>	<b>38,292,597</b>	<b>829,302</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	368,188	55,948	-	-	1,030	425,166	192
Accrued and other liabilities	385,002	-	25,805	21,131	25,805	457,743	254,180
Due to other funds	-	810,272	-	-	-	810,272	-
Patient trust fund	32,073	-	-	-	-	32,073	-
Deposits payable	58,152	-	-	-	-	58,152	-
Unearned revenue	252,929	-	-	-	-	252,929	-
Compensated absences - current	26,400	-	-	-	-	26,400	-
Bonds payable, current	975,000	-	325,000	27,000	218,000	1,545,000	-
<b>Total current liabilities</b>	<b>2,097,744</b>	<b>866,220</b>	<b>350,805</b>	<b>48,131</b>	<b>244,835</b>	<b>3,607,735</b>	<b>254,372</b>
Noncurrent liabilities:							
Compensated absences - net of current	237,602	-	-	-	-	237,602	-
Bonds payable, net of current portion	4,465,000	-	6,027,114	2,022,000	1,621,000	14,135,114	-
<b>Total long-term liabilities</b>	<b>4,702,602</b>	<b>-</b>	<b>6,027,114</b>	<b>2,022,000</b>	<b>1,621,000</b>	<b>14,372,716</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,800,346</b>	<b>866,220</b>	<b>6,377,919</b>	<b>2,070,131</b>	<b>1,865,835</b>	<b>17,980,451</b>	<b>254,372</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	6,410,175	-	-	-	-	6,410,175	-
Restricted for:							
Debt service	1,564,341	-	-	-	-	1,564,341	-
Unrestricted	6,157,305	5,684,233	-	-	496,092	12,337,630	574,930
<b>Total net assets</b>	<b>\$ 14,131,821</b>	<b>\$ 5,684,233</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 496,092</b>	<b>\$ 20,312,146</b>	<b>\$ 574,930</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, 2011

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Operating revenue							
Charges for services	\$ 16,801,011	\$ 787,947	\$ -	\$ -	\$ 207,628	\$ 17,796,586	\$ 2,037,284
Other operating revenue	407,425	-	-	-	286,192	693,617	-
Total operating revenue	17,208,436	787,947	-	-	493,820	18,490,203	2,037,284
Operating expenses							
Operation and maintenance	16,644,784	85	-	-	-	16,644,869	1,984,823
Benefits and claims	-	-	-	-	-	-	815
Administration	-	-	-	-	343,287	343,287	-
Depreciation	949,957	-	-	-	-	949,957	-
Total operating expenses	17,594,741	85	-	-	343,287	17,938,113	1,985,638
Operating income (loss)	(386,305)	787,862	-	-	150,533	552,090	51,646
Nonoperating revenue (expenses)							
Property taxes	1,770,769	-	-	-	-	1,770,769	-
Interest and rent	46,454	22,410	-	-	6,385	75,249	-
Loss on sale of capital assets	(78)	-	-	-	-	(78)	-
Amortization of discount and issuance costs	(90,106)	-	-	-	-	(90,106)	-
Interest expense and fiscal charges	(214,905)	-	(104,600)	(85,326)	(94,369)	(499,200)	-
Total nonoperating revenue (expenses)	1,512,134	22,410	(104,600)	(85,326)	(87,984)	1,256,634	-
Income (loss) before capital contributions and transfers	1,125,829	810,272	(104,600)	(85,326)	62,549	1,808,724	51,646
Capital contributions	-	-	104,600	85,326	94,369	284,295	-
Transfers							
Transfers out	-	(810,272)	-	-	(50,000)	(860,272)	-
Change in net assets	1,125,829	-	-	-	106,918	1,232,747	51,646
Net assets, beginning of year	13,005,992	5,684,233	-	-	389,174	19,079,399	523,284
Prior period adjustment	-	-	-	-	-	-	-
Net assets, end of year	\$ 14,131,821	\$ 5,684,233	\$ -	\$ -	\$ 496,092	\$ 20,312,146	\$ 574,930

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

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2011

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Cash flows from operating activities							
Cash received from customers	\$ 16,783,531	\$ 954,580	\$ -	\$ -	\$ 207,628	\$ 17,945,739	\$ 2,039,965
Cash received from interfund services provided					(33,338)	(33,338)	8,328
Cash payments to suppliers for goods and services	(5,321,978)	65,979			(339,906)	(5,595,905)	(2,030,862)
Cash payments to employees for services	(11,191,262)					(11,191,262)	
Other operating revenue					286,192	286,192	
Net cash provided (used) by operating activities	270,291	1,020,559	-	-	120,576	1,411,426	17,431
Cash flows from noncapital financing activities							
Property taxes	348,342					348,342	
Transfers out		(810,272)			(50,000)	(860,272)	
Net cash provided (used) by noncapital financing activities	348,342	(810,272)	-	-	(50,000)	(511,930)	
Cash flows from capital and related financing activities							
Property taxes	1,422,427					1,422,427	
Contributions from local units			445,979	111,594	318,823	876,396	
Issuance of long-term debt	5,440,000					5,440,000	
Principal paid on long-term debt	(7,350,000)		(340,000)	(26,000)	(222,000)	(7,938,000)	
Interest paid on long-term debt	(214,905)		(105,979)	(85,594)	(96,823)	(503,301)	
Purchases and construction of capital assets	(1,313,828)					(1,313,828)	
Net cash provided by capital and related financing activities	(2,016,306)	-	-	-	-	(2,016,306)	-
Cash flows from investing activities							
Interest and rent	46,454	22,410			6,385	75,249	
Purchase of investments	(1,314)					(1,314)	
Net cash provided (used) by investing activities	45,140	22,410	-	-	6,385	73,935	-
Net increase (decrease) in cash and cash equivalents	(1,352,533)	232,697	-	-	76,961	(1,042,875)	17,431
Cash and cash equivalents, beginning of year	6,110,571	1,566,754	-	-	763	7,678,088	1,199
Cash and cash equivalents, end of year	\$ 4,758,038	\$ 1,799,451	\$ -	\$ -	\$ 77,724	\$ 6,635,213	\$ 18,630
Statement of net assets classification of cash and cash equivalents							
Cash and cash equivalents	\$ 3,161,624				\$ 77,724	\$ 3,239,348	\$ 18,630
Restricted cash	1,596,414	\$ 1,799,451				3,395,865	
	\$ 4,758,038	\$ 1,799,451	\$ -	\$ -	\$ 77,724	\$ 6,635,213	\$ 18,630

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONCLUDED)  
 YEAR ENDED DECEMBER 31, 2011

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (386,305)	\$ 787,862	\$ -	\$ -	\$ 150,533	\$ 552,090	\$ 51,646
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	949,957					949,957	
Amortization of issue costs and discount	(90,106)					(90,106)	
Loss on sale of fixed assets	(78)					(78)	
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	(427,446)	171,281				(256,165)	2,681
Due from other funds					(33,338)	(33,338)	8,328
Due from other governmental units		(4,648)			(8,533)	(13,181)	
Prepaid expenses	(29,117)					(29,117)	4,344
Other assets	(17,603)					(17,603)	
Accounts payable	98,121	11,568			18,368	128,057	-
Accrued and other liabilities	69,158				(6,454)	62,704	
Due to other funds		54,496				54,496	(49,568)
Unearned revenue	14,466					14,466	
Deferred discount on bonds	68,202					68,202	
Compensated absences	21,042					21,042	
Net cash provided (used) by operating activities by operating activities	<u>\$ 270,291</u>	<u>\$ 1,020,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,576</u>	<u>\$ 1,411,426</u>	<u>\$ 17,431</u>

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

**TUSCOLA COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2011**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,337,808
<b>Total assets</b>	<b>\$ 1,337,808</b>
<b>Liabilities</b>	
Accrued liabilities	\$ 390,744
Due to other governmental units	810,706
Due to other funds	113,125
Undistributed receipts	23,233
<b>Total liabilities</b>	<b>\$ 1,337,808</b>

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

NOTES TO THE FINANCIAL STATEMENTS

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - 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 governing Board of the Road Commission consists of five elected members. 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 identification or environmental site assessment 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 financial statements to be misleading or incomplete. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 125 W. Lincoln St. Suite 100, 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, 125 W. Lincoln St. Suite 100, Caro, Michigan 48723.



**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**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 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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued):**

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 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 County 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. Revenue is primarily derived from property taxes, state and federal distributions and charges for services.

The *health department fund* accounts for the charges for medical services and grant revenues along with the related operations of the Tuscola County Health Department.

The County reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the Tuscola County Medical Care Facility. The primary revenue sources are charges for medical services and property taxes.

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.

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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued):**

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.

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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**D. Assets, Liabilities and Net Assets or Equity, (Continued):**

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 noncurrent 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."

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 Prepays**

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 the Delinquent Tax Revolving Fund.

**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 County 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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**D. Assets, Liabilities and Net Assets or Equity, (Continued):**

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.

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. Compensated Absences**

Eligible employees are permitted to accumulate earned but unused vacation pay benefits in varying amounts based on the length of service and certain other established criteria. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

**7. 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**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**D. Assets, Liabilities and Net Assets or Equity, (Continued):**

**8. Fund Equity**

Implementation of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" in 2011 resulted in new fund balance classifications for the county. The former classifications of reserved, designated and unreserved were replaced by new classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The new classifications are:

Nonspendable fund balance - includes amounts that cannot be spent (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance - amounts that are restricted to specific purposes by externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (Board) to take formal action using its most binding constraint (ordinance). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action (ordinance) to remove or change the constraint.

Assigned fund balance - amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners.

Unassigned fund balance- the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the County's policy is to first apply restricted resources. When an expense is incurred for purposes of which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned and unassigned.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – 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. The Appropriations Act details the budget at the line item level.
- 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.
- P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year, the County incurred expenditures over certain appropriations which are presented at the legal level of control as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>General Fund</b>			
County Weighmaster - public safety	\$ 6,301	\$ 6,393	\$ 92
<b>Health Department Fund</b>			
Health and Welfare	\$2,877,089	\$2,915,535	\$ 38,446
<b>Nonmajor Special Revenue Funds</b>			
Dispatch 911- capital outlay	\$ 367,000	\$ 386,859	\$ 19,859
Vassar Twp Police- public safety	\$ 79,179	\$ 79,280	\$ 101
State Survey Grant- general	\$ 54,165	\$ 54,199	\$ 34
Register of Deeds- capital outlay	\$ 28,500	\$ 34,569	\$ 6,069
Corrections Services- public safety	\$ 49,490	\$ 50,711	\$ 1,221
Probate Child Care- health & welfare	\$ 855,577	\$ 868,336	\$ 12,759
Senior Citizens- health & welfare	\$ 275,909	\$ 277,039	\$ 1,130

These expenditures over budget were funded by available fund balance.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - 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	\$ 9,685,474
Investments	1,491,902
Restricted cash	3,497,521
Restricted investments	1,813,833
Component Units:	
Cash and cash equivalents	3,652,741
Investments	4,733,565
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,337,808
<b>Total</b>	<u><u>\$ 26,212,844</u></u>
Notes to Financial Statements	
Deposits	\$ 18,165,744
Investments	8,039,300
Cash on hand	7,800
<b>Total</b>	<u><u>\$ 26,212,844</u></u>

Restricted cash consists of the County's deposits with MMRMA. See Note 4C for additional information.

**Deposits and investments**

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

	<u>Carrying Amount</u> <u>(Fair Value)</u>	<u>Maturity Less</u> <u>1 Year</u>	<u>Maturity</u> <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$7,039,560	\$7,039,560	-	AAAm
Commercial Paper	<u>999,740</u>	<u>999,740</u>	-	A1
<b>Total</b>	<u><u>\$8,039,300</u></u>	<u><u>\$8,039,300</u></u>	<u><u>\$ -</u></u>	



**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**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 mitigating deposit custodial credit risk. As of year end \$15,892,621 of the County's bank balance of \$17,731,076 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 County's funds are not exposed to custodial credit risk since the funds 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 commercial paper. All investments held at year-end are reported above.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**B. Receivables**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Taxes	\$ 3,211,399	\$ 2,692,312	\$ 1,597,183
Accounts	587,349	2,857,901	75,994
Special Assessments			
Due within one year	-	-	901,747
Due after one year	-	-	7,215,386
Intergovernmental			
Due within one year	366,278	859,586	1,688,123
Due after one year	544,139	9,670,114	-
Less: allowance for uncollectible accounts	-	(371,533)	-
<b>Total</b>	<u><u>\$ 4,709,165</u></u>	<u><u>\$ 15,708,380</u></u>	<u><u>\$ 11,478,433</u></u>

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:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 346,794	
Property taxes receivable (Nonmajor Governmental fund types)		\$ 2,638,131
Grant drawdowns prior to meeting all eligibility Requirements (Health Department)		20,381
<b>Total</b>	<u><u>\$ 346,794</u></u>	<u><u>\$ 2,658,512</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2011, 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	\$ -	\$ (25,000)	\$ 535,646
Construction in progress	222,903	336,822	(49,030)	510,695
Capital assets being depreciated:				
Buildings	6,031,859	945,402		6,977,261
Improvements	2,143,230	369,523		2,512,753
Equipment	3,059,736	172,345	(91,063)	3,141,018
Vehicles	1,182,912	97,159	(68,266)	1,211,805
Bond fees	-	38,045		38,045
Total capital assets being depreciated:	<u>12,417,737</u>	<u>1,622,474</u>	<u>(159,329)</u>	<u>13,880,882</u>
Less accumulated depreciation:				
Buildings	(3,667,002)	(172,801)		(3,839,803)
Improvements	(873,147)	(114,908)		(988,055)
Equipment	(2,280,356)	(195,763)	91,063	(2,385,056)
Vehicles	(809,916)	(118,269)	53,031	(875,154)
Bond fees	-	(476)		(476)
Total accumulated depreciation	<u>(7,630,421)</u>	<u>(602,217)</u>	<u>144,094</u>	<u>(8,088,544)</u>
Total capital assets being depreciated, net	<u>4,787,316</u>	<u>1,020,257</u>	<u>(15,235)</u>	<u>5,792,338</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 5,570,865</u></u>	<u><u>\$ 1,357,079</u></u>	<u><u>\$ (89,265)</u></u>	<u><u>\$ 6,838,679</u></u>

The County estimates it will cost approximately \$600,000 to complete the various projects currently in progress.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**C. Capital Assets, (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
Capital assets being depreciated:				
Land improvements	\$ 901,104	\$ 191,995	\$ -	\$ 1,093,099
Buildings	9,876,140	1,073,609	-	10,949,749
Equipment	7,121,336	48,224	(261)	7,169,299
Total capital assets being depreciated	<u>17,898,580</u>	<u>1,313,828</u>	<u>(261)</u>	<u>19,212,147</u>
Less accumulated depreciation:				
Land improvements	(329,474)	(70,676)		(400,150)
Buildings	(3,112,002)	(469,477)		(3,581,479)
Equipment	(2,970,722)	(409,804)	183	(3,380,343)
Total accumulated depreciation	<u>(6,412,198)</u>	<u>(949,957)</u>	<u>183</u>	<u>(7,361,972)</u>
Total capital assets being depreciated, net	<u>11,486,382</u>	<u>363,871</u>	<u>(78)</u>	<u>11,850,175</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 11,486,382</u>	<u>\$ 363,871</u>	<u>\$ (78)</u>	<u>\$ 11,850,175</u>

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

**Governmental activities:**

Judicial	\$ 4,500
General government	181,848
Public safety	305,607
Health and welfare	<u>110,262</u>

Total depreciation expense - governmental activities \$602,217

Business-type activities:

Total depreciation expense - Medical Care Facility \$949,957

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**C. Capital Assets, (Continued)**

**Discretely presented component units**

Activity for the Drain Commission for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Infrastructure	\$ 19,229,747	\$ 389,000	\$ -	\$ 19,618,747
Less accumulated depreciation:				
Infrastructure	(2,422,657)	(392,375)	-	(2,815,032)
Total capital assets being depreciated, net	<u>16,807,090</u>	<u>(3,375)</u>	<u>-</u>	<u>16,803,715</u>
<b>Drain commission capital assets, net</b>	<u><u>\$ 16,807,090</u></u>	<u><u>\$ (3,375)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,803,715</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**C. Capital Assets, (Continued)**

**Discretely presented component units (continued)**

Activity for the Road Commission for the year ended December 31, 2011, 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	32,055,975	341,420	-	32,397,395
Total capital assets not being depreciated:	<u>32,350,193</u>	<u>341,420</u>	<u>-</u>	<u>32,691,613</u>
Capital assets being depreciated:				
Infrastructure	77,590,553	4,795,399	(825,467)	81,560,485
Buildings	2,035,614	-	-	2,035,614
Equipment	4,611,873	655,838	(227,646)	5,040,065
Depletable assets	282,717	-	-	282,717
Total capital assets being depreciated:	<u>84,520,757</u>	<u>5,451,237</u>	<u>(1,053,113)</u>	<u>88,918,881</u>
Less accumulated depreciation:				
Infrastructure	(33,055,850)	(3,767,564)		(36,823,414)
Buildings	(1,166,241)	(52,055)	825,467	(392,829)
Equipment	(4,396,052)	(144,675)	227,029	(4,313,698)
Depletable assets	(44,283)	-	-	(44,283)
Total accumulated depreciation	<u>(38,662,426)</u>	<u>(3,964,294)</u>	<u>1,052,496</u>	<u>(41,574,224)</u>
Total capital assets being depreciated, net	<u>45,858,331</u>	<u>1,486,943</u>	<u>(617)</u>	<u>47,344,657</u>
<b>Road commission capital assets, net</b>	<u><u>\$ 78,208,524</u></u>	<u><u>\$ 1,828,363</u></u>	<u><u>\$ (617)</u></u>	<u><u>\$ 80,036,270</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

<b>Due To</b>	<b>Due From</b>				<b>Total</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Agency Funds</b>	<b>Delinquent Tax Revolving Fund</b>	
General Fund Nonmajor		\$ 114,188		\$ 810,272	\$ 924,460
Governmental Funds Nonmajor Enterprise	\$ 1,364,272	153,251	113,125		1,630,648
Funds Internal Service	400,000 810,672				400,000 810,672
<b>Total</b>	<b>\$ 2,574,944</b>	<b>\$ 267,439</b>	<b>\$ 113,125</b>	<b>\$ 810,272</b>	<b>\$ 3,765,780</b>

The General Fund owes \$2,574,944 to the various other fund types as a result of negative cash balances in the County's pooled cash account.

The balance of \$810,272 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 and (2) payments between funds are made.

**Advances to/from component units:**

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

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, (Continued):**

<b>Transfers From</b>	<b>Transfers To</b>			<b>Total</b>
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 341,415	\$ 1,247,158	\$ 1,588,573
Nonmajor Governmental Funds	\$ 3,423		24,641	28,064
Delinquent Tax Revolving Fund	810,272			810,272
Nonmajor Enterprise Funds	50,000			50,000
	<u>863,695</u>	<u>341,415</u>	<u>1,271,799</u>	<u>2,476,909</u>
Reconciling item		48,237		48,237
<b>Total</b>	<u><u>\$ 863,695</u></u>	<u><u>\$ 389,652</u></u>	<u><u>\$ 1,271,799</u></u>	<u><u>\$ 2,525,146</u></u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2011. 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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**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 \$267,506. The future minimum lease payments for the remainder of the lease are as follows:

<b>Year Ending December 31</b>	<b>Revenue</b>
2012	\$ 267,506
2013	272,780
2014	299,150
2015	299,150
2016	299,150
2017-2021	1,601,330
2022-2026	1,769,017
2027-2028	671,260
<b>Total</b>	<u><u>\$ 5,479,343</u></u>



**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**F. Long-Term Debt**

**Changes in long-term debt**

Long-term activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
<b>Governmental activities</b>					
Building Authority					
General obligation bonds:					
Tuscola County Series 1999	\$ 655,000	\$ -	\$ (120,000)	\$ 535,000	\$ 130,000
Capital Improvement Bonds					
Series 2011	-	995,000	-	995,000	35,000
Equipment lease	-	34,156	(33,815)	341	341
Compensated absences	694,200	600,172	(591,269)	703,103	258,855
<b>Governmental activities long-term liabilities</b>	<b><u>\$ 1,349,200</u></b>	<b><u>\$ 1,629,328</u></b>	<b><u>\$ (745,084)</u></b>	<b><u>\$ 2,233,444</u></b>	<b><u>\$ 424,196</u></b>
<b>Business-type activities</b>					
General obligation bonds	\$ 7,350,000	\$ -	\$ (7,350,000)	\$ -	\$ -
Less deferred amounts	(68,202)	-	68,202	-	-
Refunding bonds	-	5,440,000	-	5,440,000	975,000
General obligation bonds:					
Mayville Storm Sewer	1,131,000	-	(22,000)	1,109,000	23,000
Millington Sanitary Sewer	65,000	-	(10,000)	55,000	10,000
Richville Water System	485,000	-	(65,000)	420,000	65,000
Caro Area Sewage System	380,000	-	(125,000)	255,000	120,000
Caro Sewer System	6,692,114	-	(340,000)	6,352,114	325,000
USDA loans:					
Denmark Sewer System	2,075,000	-	(26,000)	2,049,000	27,000
Compensated absences	242,960	21,042	-	264,002	26,400
<b>Business-type activities long-term liabilities</b>	<b><u>\$ 18,352,872</u></b>	<b><u>\$ 5,461,042</u></b>	<b><u>\$ (7,869,798)</u></b>	<b><u>\$ 15,944,116</u></b>	<b><u>\$ 1,571,400</u></b>

**Advance Refunding**

During 2011, the Medical Care Facility issued general obligation bonds of \$5,440,000. Proceeds from this bond issue along with an issuer contribution of \$1,000,000 were used to advance refund the Capital Improvement Bonds, Series 2003. As a result, the refunded bonds are considered defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$450,433 and to obtain an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$287,500. The refunded bonds mature on June 1, 2012 through 2017. The balance of the defeased debt outstanding at December 31, 2011, was \$6,400,000.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**F. Long-Term Debt, (Continued):**

	<u>Balance</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Balance</u>	<u>One Year</u>
<b>Component Units:</b>					
<b>Road Commission</b>					
Compensated absences	\$ 69,382	\$ -	\$ (13,024)	\$ 56,358	\$ -
Net pension obligation	167,858		40,750	208,608	-
Net OPEB obligation	1,953,536		(159,614)	1,793,922	-
<b>Total Road Commission</b>	<u>\$ 2,190,776</u>	<u>\$ -</u>	<u>\$ (131,888)</u>	<u>\$ 2,058,888</u>	<u>\$ -</u>
<b>Drain Commission</b>					
General obligation bonds:					
Moore Drain	\$ 2,795,000	\$ -	\$ (170,000)	\$ 2,625,000	\$ 175,000
Bach and Branches Drain	1,580,000	-	(125,000)	1,455,000	125,000
Alder Creek Drain	500,000	-	(100,000)	400,000	100,000
Northwest Drain	3,150,000	-	(350,000)	2,800,000	350,000
Sebewaing River					
Intercounty Drain	649,220	-	(162,305)	486,915	162,305
Reese Drain	285,994	-	(47,666)	238,328	47,666
Armbruster Intercounty Drain	201,600		(10,943)	190,657	7,878
Loans Payable	330,050	400,000	(47,201)	682,849	62,534
<b>Total Drain Commission</b>	<u>\$ 9,491,864</u>	<u>\$ 400,000</u>	<u>\$ (1,013,115)</u>	<u>\$ 8,878,749</u>	<u>\$ 1,030,383</u>

General obligation bonds and loans 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. The debt service requirements for the Mayville Sewer, Millington Sewer, Richville Water, Caro Sewage, and Caro Sewer bonds are funded by various local government contributions. The amount in governmental activities includes an equipment lease. General obligation bonds, loans and equipment leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 - 14.8%	\$ 1,530,341
Business-type activities	7.2 - 8.7%	\$15,680,114

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

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**F. Long-Term Debt, (Continued):**

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 165,000	\$ 62,538	\$ 1,545,000	\$ 396,028
2013	170,000	54,872	1,612,000	360,115
2014	175,000	46,950	1,510,000	323,956
2015	165,000	39,156	1,588,000	284,831
2016	40,000	34,838	1,605,000	240,281
2017-2021	210,000	155,700	2,454,000	920,008
2022-2026	270,000	111,559	2,411,000	672,407
2027-2031	335,000	42,696	1,384,114	428,355
2032-2036	-	-	671,000	280,242
2037-2041	-	-	406,000	153,452
2042-2046	-	-	494,000	62,702
<b>Total</b>	<b>\$ 1,530,000</b>	<b>\$ 548,309</b>	<b>\$ 15,680,114</b>	<b>\$ 4,122,377</b>

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	3.00% - 6.50%		\$8,878,748
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 1,030,383	\$ 358,244	
2013	1,023,626	314,824	
2014	1,049,928	270,315	
2015	887,623	228,026	
2016	787,623	191,279	
2017-2021	2,874,955	513,696	
2022-2026	1,022,691	143,507	
2027-2031	86,253	25,538	
2032-2036	65,000	13,450	
2037-2040	50,666	3,740	
<b>Total</b>	<b>\$ 8,878,748</b>	<b>\$ 2,062,619</b>	

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):**

**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.

The following are the various net asset designations as of December 31, 2011:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 258,855
Designated for debt service on state police building	589,966
Designated for property tax settlements	<u>3,000,000</u>
 Total	 <u>\$3,848,821</u>

**NOTE 4 – 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; they were required to contribute 0.99% of employees' annual covered payroll 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 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, 2011, the annual pension cost of \$578,304 for the County, \$132,754 for the Health Department, and \$110,280 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had a pension cost of \$85,495, which equals their required amount. The required contribution was determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**A. Defined Benefit Pension Plans, (Continued):**

**MERS, (Continued):**

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, 2010, the date of the latest actuarial valuation, was 30 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>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/09	\$423,394	100%	-
12/31/10	\$554,311	100%	-
12/31/11	\$578,304	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll ((b-a)/c)</b>
12/31/10	\$23,419,238	\$26,325,295	\$2,906,057	89%	\$6,506,213	45%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**A. Defined Benefit Pension Plans, (Continued):**

**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	\$ 84,878
Less: Interest on net pension asset	(14,685)
Plus: Adjustment to annual required contribution	<u>15,302</u>
Annual pension cost	85,495
Contributions made	<u>(84,878)</u>
Decrease in net pension asset	617
Net pension (asset), beginning of year	<u>(183,560)</u>
Net pension (asset), end of year	<u>\$(182,943)</u>

**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>
12/31/09	\$ 5,251	83%	\$184,179
12/31/10	\$78,601	99%	\$183,560
12/31/11	\$85,495	99%	\$182,943

**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>
12/31/10	\$11,297,110	\$10,530,220	\$(766,890)	107%	\$8,218,895	(9)%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**A. Defined Benefit Pension Plans, (Continued):**

**Health Department Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/09	\$130,908	100%	-
9/30/10	\$131,266	100%	-
9/30/11	\$132,754	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c</b>
12/31/2010	\$6,825,380	\$7,941,980	\$1,116,600	86%	\$1,205,813	93%

**Road Commission Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/09	\$116,436	100%	-
12/31/10	\$116,952	100%	-
12/31/11	\$110,280	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c</b>
12/31/10	\$3,089,765	\$4,314,814	\$(1,225,049)	72%	\$1,065,900	115%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**A. Defined Benefit Pension Plans, (Continued):**

**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, 2011, the Road Commission’s annual pension cost of \$14,589 for the Massachusetts Mutual Plan was less than the Road Commission’s required contribution of \$55,339. The required contribution was determined as part of the April 1, 2011, 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, 2011, is \$489,759.

The Road Commission’s annual pension cost and net pension obligation to the Massachusetts Mutual Plan for the current year were as follows:

Annual pension cost	\$ 55,339
Contributions made	<u>(14,589)</u>
Increase in net pension obligation	40,750
Net pension obligation, beginning of year	<u>167,858</u>
Net pension obligation, end of year	<u>\$ 208,608</u>

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
3/31/09	\$51,536	28%	\$146,716
3/31/10	\$54,702	61%	\$167,858
3/31/11	\$55,339	26%	\$208,608

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c)</b>
4/01/11	\$129,345	\$619,104	\$(489,759)	21%	\$2,553,429	19%



**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION**

**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. A stand alone report is not issued for this plan.

**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.

**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 \$431,411 for the year ending December 31, 2011.

**Funding Progress**

For the year beginning January 1, 2011, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2011. 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	\$ 767,371
Interest on net OPEB	95,381
Amounts contributed:	
Payments of current premiums	<u>(431,411)</u>
Increase in net OPEB obligation	431,341
OPEB obligation, beginning of year	1,953,536
Adjustment	<u>(590,955)</u>
OPEB obligation, end of year	<u>\$1,793,922</u>

**Three-Year Trend Information**

<b><u>Fiscal Year</u></b>	<b><u>Annual</u></b>	<b><u>Original</u></b>		<b><u>Percentage</u></b>	<b><u>Net OPEB</u></b>
<b><u>Ending</u></b>	<b><u>OPEB Cost</u></b>	<b><u>Amount</u></b>	<b><u>Change</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
12/31/09*	\$ 810,729	\$1,103,059	(\$292,330)	83%	\$ 971,116
12/31/10*	\$ 835,349	\$1,133,973	(\$298,624)	61%	\$1,362,581
12/31/11	\$ 862,752			48%	\$1,793,922

\* Years 2009 and 2010 amounts changed due to a recalculation on the December 31, 2011 actuarial valuation.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION, (Continued):**

**Funding Progress (Continued)**

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

Valuation as of December 31, 2011	\$ -
Actuarial value of assets	NONE
Actuarial value of liability	9,617,927
Unfunded AAL	9,617,927
Funded ratio	0%
Annual covered payroll	2,553,429
Ratio of UAAL to covered payroll	377%

**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, 2011 actuarial valuation, the alternate calculation method was used. The actuarial assumptions included a 7% postretirement interest rate, 2.5% salary scale, 4% discount rate, health care premiums increasing by 5.5% to 7.2% per year, and health care inflation rate based on the NIH National Expenditure Projections. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**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.

During the year ended December 31, 2011, 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.

The County is insured with private carriers for employee health care, life insurance, and disability coverage. The County is a member of the Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage.

The County makes quarterly contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds.

Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments, and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, the County records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2011, the balance of the County's member retention fund was \$101,656.

Changes in the estimated claims liability are as follows:

	<u>2011</u>
Unpaid claims, beginning of year	\$ 20,831
Claims dismissed	-
Incurred claims	127,051
Claim payments	<u>(73,969)</u>
Unpaid claims, end of year	<u><u>\$ 73,913</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**C. RISK MANAGEMENT, (Continued):**

**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.

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 2011.

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

	<u>2010</u>	<u>2011</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	11,577	815
Claims Paid	<u>(11,577)</u>	<u>(815)</u>
Unpaid Claims	<u>\$ -</u>	<u>\$ -</u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**C. RISK MANAGEMENT, (Continued):**

**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.

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 2011. 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>2010</u>	<u>2011</u>
Unpaid Claims, beginning of year	\$ 293,934	\$ 303,940
Incurred Claims (including IBNR)	1,752,975	1,833,831
Claims Paid	<u>(1,742,969)</u>	<u>(1,883,591)</u>
Unpaid Claims	<u>\$ 303,940</u>	<u>\$ 254,180</u>

**D. PROPERTY TAXES**

The County property tax general operating levy is levied each July 1st and the special assessment levies are levied on December 1st through 2011 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 2011 ad valorem tax is levied and collectible by December 1, 2011, 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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**D. PROPERTY TAXES, (Continued):**

The taxable value of real and personal property for the December 1, 2010, levy totaled \$1,418,356,190. The taxable value of real and personal property for the July 1, 2011, levy totaled \$1,381,230,833. The tax levy for fiscal year 2011 operations was based on the following rates:

General Operating	3.9141 mills
Road Patrol	.9000 mills
Senior Citizens	.2000 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 2011 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).

**E. RESTATEMENTS**

Beginning January 1, 2011 the County adopted GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, which redefined the definition of a special revenue fund. As a result, the County Disaster Fund, Employee Vacation and Sick Time Fund and Retirement Fund are now included in the General Fund rather than separate funds. Also, during the year ended December 31, 2011, two prior period adjustments were made in the General Fund. The first, in the amount of \$113,123 was necessary to move prior year tax revenues from the Agency Fund to the General Fund. The second was for \$39,735 to correct the overstatement of state chargeback revenue during the year ended December 31, 2010. The effect on the fund balance was as follows:

	<u>General Fund</u>
Fund balance, beginning of year, as previously stated	\$1,661,213
Adoption of GASB 54 (county disaster fund balance)	2,692
Adoption of GASB 54 (vacation and sick time fund balance)	88,840
Adoption of GASB 54 (retirement fund net assets)	<u>325,395</u>
Fund balance, beginning of year, as restated	<u>\$2,078,140</u>
Prior period adjustment (net)	<u>\$ 73,388</u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – OTHER INFORMATION, (Continued):**

**F. CONTINGENCIES AND PENDING LITIGATION**

The County is a defendant in a discrimination claim filed by a former employee. The claim was filed with the Equal Employment Opportunity Commission and alleges sexual discrimination. Settlement was finalized through mediation that was held in May 2012. The County's share of the settlement will be their deductible of \$75,000. The County has already funded their deductible through a retention fund in their name held by the insurance company.

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, 2011, was \$85,716. Lease payments are determined annually by Tuscola County.

The County has three operating lease agreements for postage meters with total monthly payments of \$1,053, two operating lease agreements for copiers with total monthly payments of \$788 and a telephone operating lease for \$724 per month. They also have entered into two operating leases for building space with total monthly payments of \$2,146.

The Health Department has a operating lease agreement for a postage meter entered into October 1, 2009, with quarterly payments of \$522. Future payments for the next three fiscal years are in the amount of \$2,088 per year.

The Road Commission has entered into various operating leases for road equipment.

The total future payments due under all of these leases are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>
2012	\$ 296,559
2013	226,674
2014	151,630
2015	91,296
2016	<u>26,132</u>
Total	<u>\$ 792,291</u>

## REQUIRED SUPPLEMENTARY INFORMATION



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 5,479,000	\$ 5,484,300	\$ 5,563,863	\$ 79,563
Payment in lieu of taxes	5,000	5,000	5,554	554
Trailer park taxes	4,000	4,500	3,220	(1,280)
Total taxes	<u>5,488,000</u>	<u>5,493,800</u>	<u>5,572,637</u>	<u>78,837</u>
Licenses and permits				
Marriage licenses	1,600	1,600	1,912	312
Building code licenses	300,000	275,000	269,213	(5,787)
Dog licenses	110,000	100,000	113,027	13,027
Unified court licenses	12,000	15,000	18,202	3,202
Other	27,842	24,842	20,305	(4,537)
Total licenses and permits	<u>451,442</u>	<u>416,442</u>	<u>422,659</u>	<u>6,217</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	78,000	75,000	70,400	(4,600)
Marine safety	20,868	16,662	16,642	(20)
Civil defense	18,400	25,000	27,777	2,777
Byrne JAG	55,284	57,875	59,235	1,360
State				
SCAAP	1,200	900	878	(22)
Judges	239,703	239,703	240,570	867
State payment courts	250,000	250,000	233,691	(16,309)
Secondary road patrol	96,700	96,700	94,181	(2,519)
SSI incentive	4,200	4,200	5,200	1,000
Hotel liquor tax	130,000	136,000	134,271	(1,729)
State revenue sharing	1,143,926	985,113	1,018,162	33,049
Cigarette tax	14,000	10,000	3,595	(6,405)
Total intergovernmental - federal/state	<u>2,052,281</u>	<u>1,897,153</u>	<u>1,904,602</u>	<u>7,449</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 315,050	\$ 315,050	\$ 252,237	\$ (62,813)
District court - probation	230,000	238,000	226,756	(11,244)
County clerk costs	246,550	246,550	205,630	(40,920)
Friend of the court costs	53,000	44,000	47,475	3,475
Bond costs	2,000	3,000	2,443	(557)
District court				
Screening assessment	22,000	25,000	23,111	(1,889)
Probate court	31,000	29,500	26,735	(2,765)
Civil	150,000	175,000	172,391	(2,609)
Warrant fees	23,000	28,000	24,911	(3,089)
Friend of the court	7,200	7,200	5,636	(1,564)
Court	1,000	1,000	589	(411)
Other	2,300	2,300	3,170	870
Circuit court				
Court	6,000	5,000	8,839	3,839
Searches and motion fees	15,300	16,000	17,841	1,841
Jury, entry and forensic fees	19,000	25,000	24,533	(467)
Other	100	100	32	(68)
Family division				
Admin fees	30,000	37,000	32,207	(4,793)
Filing fees	950	-	-	-
County clerk				
Dba/co-partnership	5,400	5,400	4,860	(540)
Certified	33,000	31,000	29,014	(1,986)
Copies	9,750	7,000	7,844	844
Other	20,275	16,075	11,758	(4,317)
Equalization	50	50	340	290
Register of deeds				
Transfer	67,000	72,000	75,546	3,546
Recordings	105,000	127,000	133,093	6,093
Copies	47,000	45,000	44,045	(955)
Other	500	500	536	36
County treasurer	103,200	41,200	69,602	28,402
Animal shelter	2,500	1,500	2,404	904
Sheriff	26,150	30,150	29,763	(387)
Jail	192,800	228,000	228,448	448
Other	900	925	689	(236)
Sheriff				
Canteen	3,200	3,500	3,830	330
Auction	6,000	5,000	4,013	(987)
Animal shelter	800	800	220	(580)
Other	20,050	21,550	20,039	(1,511)
Film	3,500	6,000	5,219	(781)
<b>Total charges for services</b>	<u>1,801,525</u>	<u>1,840,350</u>	<u>1,745,799</u>	<u>(94,551)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 11,000	\$ 9,000	\$ 6,912	\$ (2,088)
Ordinance fines and warrant fees	25,000	22,000	23,891	1,891
County treasurer	6,000	16,500	15,730	(770)
Total fines and forfeits	<u>42,000</u>	<u>47,500</u>	<u>46,533</u>	<u>(967)</u>
Interest and rents				
Interest	198,000	173,000	151,907	(21,093)
Rentals	363,972	363,972	362,099	(1,873)
Total interest and rent	<u>561,972</u>	<u>536,972</u>	<u>514,006</u>	<u>(22,966)</u>
Other revenue				
Reimbursements and refunds	876,941	901,428	885,787	(15,641)
Total revenues	<u>11,274,161</u>	<u>11,133,645</u>	<u>11,092,023</u>	<u>(41,622)</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 75,785	\$ 76,935	\$ 70,998	\$ (5,937)
Supplies, printing and postage	4,000	4,000	1,608	(2,392)
Memberships and subscription	11,000	11,000	10,877	(123)
Travel	10,000	10,000	10,444	444
Advertising	700	700	1,081	381
Telephone	2,400	2,400	902	(1,498)
Employee training	14,000	14,000	6,078	(7,922)
Total legislative	<u>117,885</u>	<u>119,035</u>	<u>101,988</u>	<u>(17,047)</u>
Judicial				
Circuit court				
Salaries and fringes	467,142	489,459	411,229	(78,230)
Supplies, printing and postage	19,832	19,832	18,321	(1,511)
Contracted services	93,500	98,500	109,255	10,755
Court appointed counsel	300,000	295,000	264,289	(30,711)
Court appointed appeal of right	25,000	25,000	22,401	(2,599)
Witness fees and travel	7,000	7,000	4,418	(2,582)
Steno transcript	35,000	35,000	18,975	(16,025)
Steno appeal transcript	14,500	14,500	4,748	(9,752)
Jury fees, meals and travel	30,000	30,000	30,202	202
Memberships and subscriptions	2,000	2,000	1,855	(145)
Visiting judge	35,000	35,000	7,152	(27,848)
Travel	1,500	1,500	1,648	148
Telephone	2,300	2,300	2,175	(125)
Advertising	350	350	-	(350)
Repairs and maintenance	3,000	3,000	3,238	238
Employee training	3,628	3,628	2,276	(1,352)
Books	1,200	1,200	1,861	661
Total circuit court	<u>1,040,952</u>	<u>1,063,269</u>	<u>904,043</u>	<u>(159,226)</u>
District court				
Salaries and fringes	916,638	966,272	920,231	(46,041)
Supplies, printing and postage	29,050	29,050	26,144	(2,906)
Court appointed counsel	86,000	86,000	85,293	(707)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
District court - continued				
Steno transcript	\$ 3,300	\$ 3,300	\$ 2,715	\$ (585)
Jury fees, meals and travel	17,000	17,000	15,187	(1,813)
Witness fees and travel	2,000	2,000	1,787	(213)
Memberships and subscriptions	2,298	2,298	1,868	(430)
Visiting judge	8,000	8,000	7,269	(731)
Travel	2,700	2,700	2,350	(350)
Repairs and maintenance	500	500	172	(328)
Employee training	3,500	3,500	1,033	(2,467)
Books	2,500	2,500	1,143	(1,357)
	<u>1,073,486</u>	<u>1,123,120</u>	<u>1,065,192</u>	<u>(8,274)</u>
Total district court				
Probate court				
Salaries and fringes	223,102	221,917	217,279	(4,638)
Supplies, printing and postage	6,525	6,525	6,527	2
Contracted services	700	700	771	71
Court appointed counsel	10,111	15,391	17,296	1,905
Guardianship service	1,700	1,950	1,333	(617)
Steno transcript	500	375	62	(313)
Jury fees, meals and travel	600	465	-	(465)
Witness fees and travel	400	-	-	-
Memberships and subscriptions	1,600	1,600	1,639	39
Visiting judge	-	-	1,240	1,240
Travel	1,600	1,600	1,382	(218)
Advertising	43	43	-	(43)
Repairs and maintenance	2,000	2,135	2,686	551
Employee training	1,000	1,000	2,108	1,108
Books	500	250	1,628	1,378
	<u>250,381</u>	<u>253,951</u>	<u>253,951</u>	<u>-</u>
Total probate court				
Jury commission				
Salaries and fringes	1,218	1,454	1,420	(34)
Supplies, printing and postage	3,200	3,342	3,342	-
Travel	300	322	322	-
	<u>4,718</u>	<u>5,118</u>	<u>5,084</u>	<u>(34)</u>
Total jury commission				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 4,500	\$ 4,500	\$ 3,584	\$ (916)
Utilities	-	11,200	8,734	(2,466)
Lease payments	-	26,400	25,229	(1,171)
	<u>4,500</u>	<u>42,100</u>	<u>37,547</u>	<u>(4,553)</u>
Total adult probation	<u>4,500</u>	<u>42,100</u>	<u>37,547</u>	<u>(4,553)</u>
Total judicial	<u>2,374,037</u>	<u>2,487,558</u>	<u>2,265,817</u>	<u>(221,741)</u>
General government				
Elections				
Salaries and fringes	650	650	917	267
Supplies, printing and postage	17,000	17,000	15,779	(1,221)
Travel	250	250	296	46
	<u>17,900</u>	<u>17,900</u>	<u>16,992</u>	<u>(908)</u>
Total elections	<u>17,900</u>	<u>17,900</u>	<u>16,992</u>	<u>(908)</u>
Legal	<u>50,000</u>	<u>70,000</u>	<u>58,704</u>	<u>(11,296)</u>
County clerk				
Salaries and fringes	358,971	379,011	369,722	(9,289)
Supplies, printing and postage	25,525	25,499	19,424	(6,075)
Memberships and subscription	675	701	721	20
Employee training	1,100	1,100	747	(353)
Travel	400	400	250	(150)
	<u>386,671</u>	<u>406,711</u>	<u>390,864</u>	<u>(15,847)</u>
Total county clerk	<u>386,671</u>	<u>406,711</u>	<u>390,864</u>	<u>(15,847)</u>
Controller				
Salaries and fringes	336,396	348,859	343,585	(5,274)
Supplies, printing and postage	3,200	3,200	2,624	(576)
Memberships and subscription	900	900	785	(115)
Travel	350	350	134	(216)
Employee training	1,500	1,500	1,050	(450)
	<u>342,346</u>	<u>354,809</u>	<u>348,178</u>	<u>(6,631)</u>
Total controller	<u>342,346</u>	<u>354,809</u>	<u>348,178</u>	<u>(6,631)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 241,362	\$ 242,457	\$ 235,197	\$ (7,260)
Supplies, printing and postage	2,300	2,300	1,693	(607)
Memberships and subscription	800	800	1,050	250
Travel	2,400	2,400	2,345	(55)
Employee training	600	600	150	(450)
	<u>247,462</u>	<u>248,557</u>	<u>240,435</u>	<u>(8,122)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	462,856	484,384	461,095	(23,289)
Supplies, printing and postage	8,400	8,400	15,040	6,640
Contracted services	1,000	1,000	52	(948)
Steno transcript	750	750	214	(536)
Steno appeal transcript	200	200	899	699
Memberships and subscription	3,000	3,000	4,250	1,250
Travel	100	100	-	(100)
Employee training	500	500	174	(326)
Books	5,000	5,000	2,014	(2,986)
	<u>481,806</u>	<u>503,334</u>	<u>483,738</u>	<u>(19,596)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	163,462	172,826	171,811	(1,015)
Supplies, printing and postage	1,650	1,650	1,051	(599)
Contracted services	750	750	221	(529)
Telephone	1,300	1,300	-	(1,300)
	<u>167,162</u>	<u>176,526</u>	<u>173,083</u>	<u>(3,443)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	237,328	230,328	217,213	(13,115)
Supplies, printing and postage	6,000	6,000	6,507	507
Memberships and subscription	300	300	52	(248)
Travel	250	250	-	(250)
	<u>243,878</u>	<u>236,878</u>	<u>223,772</u>	<u>(13,106)</u>
Total register of deeds				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 273,579	\$ 281,779	\$ 277,029	\$ (4,750)
Supplies, printing and postage	52,350	52,350	46,785	(5,565)
Memberships and subscription	150	150	190	40
Travel	600	600	361	(239)
Employee training	1,500	1,500	800	(700)
	<u>328,179</u>	<u>336,379</u>	<u>325,165</u>	<u>(11,214)</u>
Total treasurer				
Cooperative extension				
Salaries	-	-	1,276	1,276
Supplies, printing and postage	8,000	8,000	9,158	1,158
Contractual services	101,779	101,779	57,055	(44,724)
Memberships and subscription	800	800	653	(147)
Travel	7,000	7,000	5,910	(1,090)
Repairs and maintenance	1,300	1,300	694	(606)
Employee training	2,500	2,500	1,425	(1,075)
	<u>121,379</u>	<u>121,379</u>	<u>76,171</u>	<u>(45,208)</u>
Total cooperative extension				
Computer operations				
Salaries and fringes	138,628	73,443	73,828	385
Supplies, printing and postage	420	420	420	-
Memberships and subscription	280	280	125	(155)
Employee training	2,500	2,500	3,750	1,250
Computer service contract	158,500	141,500	141,056	(444)
Computer repairs and maintenance	11,000	11,000	9,357	(1,643)
Computer contractual	27,000	120,459	121,064	605
	<u>338,328</u>	<u>349,602</u>	<u>349,600</u>	<u>(2)</u>
Total computer operations				
Building and grounds				
Salaries and fringes	329,730	347,731	339,525	(8,206)
Supplies, printing and postage	25,850	25,850	26,251	401
Uniforms and accessories	3,000	3,000	1,552	(1,448)
Gas, oil and grease	6,000	6,000	9,500	3,500
Janitorial supplies	23,500	23,500	18,969	(4,531)
Telephone	62,550	62,550	61,376	(1,174)
Utilities	260,590	260,590	218,549	(42,041)
Repairs and maintenance	119,500	119,500	114,201	(5,299)
Grounds care and maintenance	4,600	4,600	3,321	(1,279)
	<u>835,320</u>	<u>853,321</u>	<u>793,244</u>	<u>(60,077)</u>
Total building and grounds				

(Continued)



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 167,194	\$ 182,612	\$ 179,882	\$ (2,730)
Supplies, printing and postage	7,000	7,000	5,887	(1,113)
Memberships and subscription	550	550	636	86
Travel	2,000	2,000	1,307	(693)
Employee training	1,500	1,500	1,671	171
	<u>178,244</u>	<u>193,662</u>	<u>189,383</u>	<u>(4,279)</u>
Total drain commission	<u>178,244</u>	<u>193,662</u>	<u>189,383</u>	<u>(4,279)</u>
Total general government	<u>3,738,675</u>	<u>3,869,058</u>	<u>3,669,329</u>	<u>(199,729)</u>
Public safety				
Courthouse security				
Salaries and fringes	161,185	159,185	134,159	(25,026)
Supplies, printing and postage	1,100	1,100	536	(564)
Laundry - employees	550	550	332	(218)
Employee training	400	400	-	(400)
	<u>163,235</u>	<u>161,235</u>	<u>135,027</u>	<u>(26,208)</u>
Total courthouse security	<u>163,235</u>	<u>161,235</u>	<u>135,027</u>	<u>(26,208)</u>
Sheriff's department				
Salaries and fringes	1,524,512	1,577,936	1,586,571	8,635
Supplies, printing and postage	9,110	9,110	7,291	(1,819)
Food	100	100	-	(100)
Vehicle operating supplies	1,000	1,000	823	(177)
Kitchen supplies	1,000	1,000	430	(570)
Other supplies	800	800	451	(349)
Clothing and bedding	7,500	7,500	6,704	(796)
Uniforms and accessories	7,000	7,000	4,013	(2,987)
Gas, oil and grease	10,000	10,000	10,790	790
Drugs and prescriptions	42,000	42,000	18,558	(23,442)
Janitorial supplies	8,000	8,000	9,353	1,353
Contractual services	135,000	100,000	19,298	(80,702)
Memberships and subscription	1,200	1,200	955	(245)
Laundry - employees	6,000	6,000	4,615	(1,385)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 217,736	\$ 217,736	\$ 234,495	\$ 16,759
Health services	124,500	124,500	113,023	(11,477)
Telephone	19,600	19,600	14,537	(5,063)
Travel	500	500	964	464
Advertising (help bids)	300	300	137	(163)
Insurance and bonds	5,500	5,500	6,860	1,360
Repairs and maintenance	21,500	21,500	15,592	(5,908)
Equipment rental	3,000	3,000	3,403	403
Investigations	800	800	364	(436)
Employee training	2,500	2,500	1,235	(1,265)
<b>Total sheriff's department</b>	<u>2,149,158</u>	<u>2,167,582</u>	<u>2,060,462</u>	<u>(5,326)</u>
County weighmaster				
Salaries and fringes	-	6,191	6,387	196
Laundry	-	110	6	(104)
<b>Total county weighmaster</b>	<u>-</u>	<u>6,301</u>	<u>6,393</u>	<u>92</u>
Marine safety				
Salaries and fringes	12,998	9,492	10,392	900
Supplies, printing and postage	50	100	103	3
Uniforms and accessories	150	-	60	60
Gas, oil and grease	1,500	1,500	1,577	77
Equipment maintenance and supplies	450	150	101	(49)
Insurance	1,900	1,300	1,258	(42)
Repairs and maintenance	500	800	606	(194)
Rentals	3,100	3,100	2,545	(555)
Employee training	200	200	-	(200)
<b>Total marine safety</b>	<u>20,848</u>	<u>16,642</u>	<u>16,642</u>	<u>-</u>
Secondary road patrol				
Salaries and fringes	86,378	86,378	85,420	(958)
Uniforms and accessories	600	600	-	(600)
Gas, oil and grease	7,562	7,562	7,241	(321)
Laundry	450	450	324	(126)
Liability and blanket bond	1,110	1,110	1,196	86
Equipment	600	600	-	(600)
<b>Total secondary road patrol</b>	<u>96,700</u>	<u>96,700</u>	<u>94,181</u>	<u>(2,519)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 87,616	\$ 90,207	\$ 90,192	\$ (15)
Planning commission				
Salaries and fringes	3,978	3,978	2,696	(1,282)
Supplies, printing and postage	1,250	850	288	(562)
Employee training	550	550	550	-
Travel	1,200	1,600	1,584	(16)
Total planning commission	<u>6,978</u>	<u>6,978</u>	<u>5,118</u>	<u>(1,860)</u>
Emergency services				
Salaries and fringes	77,663	76,663	74,791	(1,872)
Supplies, printing and postage	1,550	1,550	1,410	(140)
Uniforms and accessories	400	400	243	(157)
Gas, oil and grease	1,000	1,000	486	(514)
Memberships and subscription	200	200	120	(80)
Telephone	1,000	1,000	823	(177)
Travel	250	250	213	(37)
Vehicle insurance	900	900	629	(271)
Repairs and maintenance	1,450	1,450	1,287	(163)
Employee training	750	750	810	60
Total emergency services	<u>85,163</u>	<u>84,163</u>	<u>80,812</u>	<u>(3,351)</u>
Animal shelter				
Contractual services	114,525	114,892	115,332	440
Supplies, printing and postage	1,500	1,500	1,147	(353)
Gas, oil and grease	9,000	12,545	12,545	-
Telephone	1,000	1,000	388	(612)
Total animal shelter	<u>126,025</u>	<u>129,937</u>	<u>129,412</u>	<u>(525)</u>
Total public safety	<u>2,735,723</u>	<u>2,759,745</u>	<u>2,618,239</u>	<u>(141,506)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 300,000	\$ 275,000	\$ 269,213	\$ (5,787)
Department of public works	2,846	2,846	1,939	(907)
Drains at large	422,186	422,186	422,186	-
Total public works	725,032	700,032	693,338	(6,694)
Health and welfare				
Substance abuse	65,000	67,200	67,136	(64)
Medical examiner				
Supplies, printing and postage	1,500	1,500	1,311	(189)
Body transport	3,000	3,000	2,841	(159)
Autopsies	25,000	25,000	16,806	(8,194)
Telephone	700	700	654	(46)
Employee training	1,000	1,000	-	(1,000)
Contractual services	14,700	14,700	14,257	(443)
Total medical examiner	45,900	45,900	35,869	(10,031)
Veterans' burial	19,000	19,000	13,060	(5,940)
Airport zoning board	-	678	157	(521)
Economic development	46,302	46,302	46,302	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	8,471	8,471	2,538	(5,933)
Total health and welfare	472,916	475,794	453,305	(22,489)
Other				
Insurance and bonds	174,000	160,000	119,151	(40,849)
Vacation and sick pay	76,269	76,269	74,478	(1,791)
Building lease	97,080	73,910	73,910	-
Tax refunds and rebates	8,500	48,125	47,464	(661)
Appropriations	2,000	2,000	3,826	1,826
Audit	41,000	41,000	33,000	(8,000)
Accounting services	9,000	9,000	8,230	(770)
Total other	407,849	410,304	360,059	(50,245)
Total expenditures	10,572,117	10,821,526	10,162,075	(659,451)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Transfers in				
Veterans trust	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Revolving tax	765,000	755,000	810,272	55,272
Principal exemption	2,423	2,423	2,423	-
Tax foreclosure	50,000	50,000	50,000	-
Total transfers in	<u>818,423</u>	<u>808,423</u>	<u>863,695</u>	<u>55,272</u>
Transfers out				
Friend of the court	(417,151)	(417,151)	(417,151)	-
Health department	(274,020)	(274,020)	(274,020)	-
Veterans counsel	(67,395)	(67,395)	(67,395)	-
Equipment/capital improvement	(131,305)	(131,305)	(131,305)	-
State survey grant	-	(34)	(34)	-
Child care - department of human services	(149,000)	(149,000)	(149,000)	-
Parks and recreation	(5,000)	(5,000)	(5,000)	-
Community corrections	(11,400)	(14,236)	(14,236)	-
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(442,932)	(492,932)	(492,932)	-
Soldiers' relief	(28,500)	(28,500)	(28,500)	-
Total transfers out	<u>(1,535,703)</u>	<u>(1,588,573)</u>	<u>(1,588,573)</u>	<u>-</u>
Total other financing sources (uses)	<u>(717,280)</u>	<u>(780,150)</u>	<u>(724,878)</u>	<u>55,272</u>
Net change in fund balance	(15,236)	(468,031)	205,070	673,101
Fund balance, beginning of year	2,078,140	2,078,140	2,078,140	-
Prior period adjustment	-	-	73,388	73,388
Fund balance, end of year	<u>\$ 2,062,904</u>	<u>\$ 1,610,109</u>	<u>\$ 2,356,598</u>	<u>\$ 746,489</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HEALTH DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 146,835	\$ 140,122	\$ 145,623	\$ 5,501
Intergovernmental				
Federal/state	1,497,110	1,713,628	1,713,980	352
Charges for services	452,653	511,376	565,038	53,662
Other	5,814	6,083	7,731	1,648
Total revenues	<u>2,102,412</u>	<u>2,371,209</u>	<u>2,432,372</u>	<u>61,163</u>
Expenditures				
Current				
Health and welfare	<u>2,526,374</u>	<u>2,877,089</u>	<u>2,915,535</u>	<u>38,446</u>
Revenues (under) expenditures	(423,962)	(505,880)	(483,163)	22,717
Other financing sources				
Loan proceeds	-	34,156	34,156	
Transfer in	<u>391,332</u>	<u>389,652</u>	<u>389,652</u>	<u>-</u>
Net change in fund balance	(32,630)	(82,072)	(59,355)	22,717
Fund balance, beginning of year	<u>636,246</u>	<u>636,246</u>	<u>636,246</u>	<u>-</u>
Fund balance, end of year	<u>\$ 603,616</u>	<u>\$ 554,174</u>	<u>\$ 576,891</u>	<u>\$ 22,717</u>

**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>
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%
2009	\$ 22,665,201	\$ 25,258,027	\$ 2,592,826	90%	\$ 6,720,273	39%
2010	\$ 23,419,238	\$ 26,325,295	\$ 2,906,057	89%	\$ 6,506,213	45%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 359,130	100%
2006	\$ 364,181	100%
2007	\$ 406,387	100%
2008	\$ 416,397	100%
2009	\$ 423,934	100%
2010	\$ 554,311	100%
2011	\$ 578,304	100%

**TUSCOLA COUNTY MEDICAL CARE FACILITY**

**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>
2005	\$ 9,179,884	\$ 7,958,259	\$(1,221,625)	115%	\$ 4,912,174	-25%
2006	\$ 9,725,999	\$ 8,299,125	\$(1,426,874)	117%	\$ 5,971,270	-24%
2007	\$ 10,389,257	\$ 9,074,952	\$(1,314,305)	114%	\$ 6,716,626	-20%
2008	\$ 10,572,192	\$ 9,682,238	\$ (889,954)	109%	\$ 7,348,098	-12%
2009	\$ 10,846,293	\$ 9,904,171	\$ (942,122)	110%	\$ 8,026,910	-12%
2010	\$ 11,297,110	\$ 10,530,220	\$ (766,890)	107%	\$ 8,218,895	-9%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2006	\$ -	0%
2007	\$ -	0%
2008	\$ -	0%
2009	\$ 4,630	100%
2010	\$ 77,982	108%
2011	\$ 84,878	107%



**TUSCOLA COUNTY HEALTH DEPARTMENT**

**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>
2004	\$ 4,666,152	\$ 4,958,294	\$ 292,142	94%	\$ 1,171,612	25%
2005	\$ 5,033,724	\$ 5,493,348	\$ 459,624	92%	\$ 1,185,815	39%
2006	\$ 5,488,915	\$ 6,009,115	\$ 520,200	91%	\$ 1,376,380	38%
2007	\$ 5,963,981	\$ 6,452,569	\$ 488,588	92%	\$ 1,322,778	37%
2008	\$ 6,254,801	\$ 6,872,962	\$ 618,161	91%	\$ 1,349,891	46%
2009	\$ 6,594,584	\$ 7,433,999	\$ 839,415	89%	\$ 1,428,774	59%
2010	\$ 6,825,380	\$ 7,491,980	\$ 1,116,600	86%	\$ 1,205,813	93%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 102,942	100%
2006	\$ 113,290	100%
2007	\$ 127,946	100%
2008	\$ 129,004	100%
2009	\$ 130,908	100%
2010	\$ 131,266	100%
2011	\$ 132,754	100%

**TUSCOLA COUNTY ROAD COMMISSION**

**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>
2004	\$ 2,105,045	\$ 3,068,059	\$ (963,014)	69%	\$ 788,509	122%
2005	\$ 2,195,640	\$ 3,187,163	\$ (991,523)	69%	\$ 678,624	146%
2006	\$ 2,335,396	\$ 3,370,443	\$(1,035,047)	69%	\$ 747,723	138%
2007	\$ 2,489,359	\$ 3,625,637	\$(1,136,278)	69%	\$ 781,776	145%
2008	\$ 2,766,674	\$ 4,064,500	\$(1,297,826)	68%	\$ 1,004,970	129%
2009	\$ 2,890,794	\$ 4,149,712	\$(1,258,918)	70%	\$ 1,040,605	121%
2010	\$ 3,089,765	\$ 4,314,814	\$(1,225,049)	72%	\$ 1,065,900	115%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 108,108	100%
2006	\$ 97,226	100%
2007	\$ 93,840	100%
2008	\$ 106,632	100%
2009	\$ 116,436	100%
2010	\$ 116,952	100%
2011	\$ 110,280	100%

**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
MASSACHUSETTS MUTUAL PLAN  
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>
2005	\$ 157,793	\$ 464,021	\$ (333,339)	34%	\$ 2,487,412	13%
2006	\$ 85,412	\$ 502,454	\$ (417,042)	17%	\$ 2,328,064	18%
2007	\$ 53,979	\$ 505,023	\$ (451,044)	11%	\$ 2,315,427	20%
2008	\$ 76,483	\$ 488,787	\$ (412,048)	16%	\$ 2,461,335	17%
2009	\$ 93,561	\$ 533,819	\$ (440,258)	18%	\$ 2,499,699	18%
2010	\$ 109,750	\$ 563,871	\$ (454,121)	20%	\$ 2,493,507	18%
2011	\$ 129,345	\$ 619,104	\$ (489,759)	21%	\$ 2,553,429	19%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 45,621	32%
2006	\$ 43,253	33%
2007	\$ 50,962	27%
2008	\$ 52,234	118%
2009	\$ 51,536	28%
2010	\$ 54,702	61%
2011	\$ 55,339	26%

## SUPPLEMENTARY INFORMATION

# **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. 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 Arbel 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.

EECBG Multi-Purpose Grant (242) Awarded to Tuscola County through the Department of Energy, Labor and Economic Growth. This is a multi-county grant for Tuscola, Huron and Sanilac counties. For various projects, including energy audits for municipal buildings.

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.

Violence Against Women Grant (254) The United States Department of Justice, Office of Violence against Women awarded Tuscola County these funds to encourage local governments to treat sexual assault, domestic violence, dating violence, and stalking as serious violations of criminal law. These funds assist in the investigation, arrest and prosecution of violent offenders.

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

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.

HDC STOP Grant (257) The County has a vendor relation on this grant with HDC. The goal of the grant is to strengthen local criminal justice system responses to deal with the problems of violent crimes against women.

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.

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 Corrections 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.



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

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.

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.

### **DEBT SERVICE FUNDS:**

Debt service funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and costs.

#### **Building Authority Bonds**

State Police Post Building (381)

#### **Other**

Purdy Building Debt (374)

### **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 Capital Expenditures (469)

State Police Capital Expenditures (470)

#### **Other**

Equipment and Capital Improvement (244)

Purdy Building Capital Expenditures (474)

Capital Improvements Fund (483)

Denmark Water Extension Construction (486)

### **PERMANENT FUNDS:**

Non-Expendable 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, 2011

	Special Revenue Funds	Debt Service Fund - State Police Post Building	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>						
<b>Assets</b>						
Cash and cash equivalents	\$ 822,735	\$ 11,380	\$ 1,426	\$ 1,440,289	\$ -	\$ 2,275,830
Investments	-	-	-	-	6,803	6,803
Taxes receivable	2,594,357	-	-	-	-	2,594,357
Taxes receivable - delinquent	30,107	-	-	-	-	30,107
Accounts receivable	426,902	-	-	-	-	426,902
Prepaid expenditures	-	-	-	-	-	-
Due from other funds	1,470,058	-	1,966	158,624	-	1,630,648
Due from federal	-	-	-	-	-	-
Due from state	260,280	-	-	-	-	260,280
<b>Total assets</b>	<b>\$ 5,604,439</b>	<b>\$ 11,380</b>	<b>\$ 3,392</b>	<b>\$ 1,598,913</b>	<b>\$ 6,803</b>	<b>\$ 7,224,927</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 164,021	\$ -	\$ -	\$ 47,042	\$ -	\$ 211,063
Accrued liabilities	70,354	-	-	-	-	70,354
Due to other governments	56,141	-	-	-	-	56,141
Due to other funds	252,844	11,380	-	3,215	-	267,439
Deposits payable	20,000	-	-	-	-	20,000
Deferred revenue	2,638,131	-	-	-	-	2,638,131
<b>Total liabilities</b>	<b>3,201,491</b>	<b>11,380</b>	<b>-</b>	<b>50,257</b>	<b>-</b>	<b>3,263,128</b>
<b>Fund balance</b>						
Nonspendable for:						
Cemetery maintenance					6,800	6,800
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Capital projects				1,548,656		1,548,656
Cemetery					3	3
Debt service			3,392			3,392
Special revenue funds	2,402,948					2,402,948
<b>Total fund balance</b>	<b>2,402,948</b>	<b>-</b>	<b>3,392</b>	<b>1,548,656</b>	<b>6,803</b>	<b>3,961,799</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,604,439</b>	<b>\$ 11,380</b>	<b>\$ 3,392</b>	<b>\$ 1,598,913</b>	<b>\$ 6,803</b>	<b>\$ 7,224,927</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - State Police Post Building</u>	<u>Debt Service Purdy Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues						
Taxes	\$ 2,652,225	\$ -	\$ -		\$ -	\$ 2,652,225
Intergovernmental						
Federal	1,875,070	-	-		-	1,875,070
State	935,704	162,134	-		-	1,097,838
Local	420,500	-	-		-	420,500
Charges for services	1,350,860	-	-		-	1,350,860
Fines and forfeits	9,539	-	-		-	9,539
Interest and rent	32,835	-	3	\$ 13,307	8	46,153
Reimbursements and refunds	261,111	-	-	8,977	-	270,088
Other	97,598	-	-		-	97,598
<b>Total revenues</b>	<b>7,635,442</b>	<b>162,134</b>	<b>3</b>	<b>22,284</b>	<b>8</b>	<b>7,819,871</b>
Expenditures						
Current						
Judicial	1,288,303	-	-		-	1,288,303
General government	1,738,113	-	-		-	1,738,113
Public safety	3,006,126	-	-		-	3,006,126
Health and welfare	1,895,513	-	-		-	1,895,513
Culture and recreation	9,712	-	-		13	9,725
Capital outlay	912,705	-	-	1,656,974	-	2,569,679
Debt service - principal	-	120,000	-		-	120,000
Debt service - interest	-	30,754	9,872		-	40,626
<b>Total expenditures</b>	<b>8,850,472</b>	<b>150,754</b>	<b>9,872</b>	<b>1,656,974</b>	<b>13</b>	<b>10,668,085</b>
Revenues over (under) expenditures	(1,215,030)	11,380	(9,869)	(1,634,690)	(5)	(2,848,214)
Other financing sources (uses)						
Bond proceeds				995,000		995,000
Transfer in	1,115,853	-	13,261	142,685	-	1,271,799
Transfer out	(3,423)	(11,380)	-	(13,261)	-	(28,064)
<b>Total other financing sources (uses)</b>	<b>1,112,430</b>	<b>(11,380)</b>	<b>13,261</b>	<b>1,124,424</b>	<b>-</b>	<b>2,238,735</b>
Net change in fund balance	(102,600)	-	3,392	(510,266)	(5)	(609,479)
Fund balance, beginning of year	2,505,548	-	-	2,058,922	6,808	4,571,278
Prior period adjustment	-	-	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ 2,402,948</b>	<b>\$ -</b>	<b>\$ 3,392</b>	<b>\$ 1,548,656</b>	<b>\$ 6,803</b>	<b>\$ 3,961,799</b>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2011**

	<b>Road Patrol</b>	<b>Parks and Recreation</b>	<b>Local Government Police Contract</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 148,870	\$ 6,649	\$ -
Investments	-	-	-
Taxes receivable	1,241,062	-	-
Taxes receivable - delinquent	16,286	-	-
Accounts receivable	-	-	13,917
Prepaid expenditures	-	-	-
Due from other funds	(7,112)	-	-
Due from federal	-	-	-
Due from state	-	-	-
	<b>\$ 1,399,106</b>	<b>\$ 6,649</b>	<b>\$ 13,917</b>
<b>Total assets</b>	<b>\$ 1,399,106</b>	<b>\$ 6,649</b>	<b>\$ 13,917</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ (1,087)	\$ 358	\$ -
Accrued liabilities	24,231	-	2,085
Due to other governments	-	-	-
Due to other funds	(1,241)	-	11,832
Deposits payable	-	-	-
Deferred revenue	1,257,348	-	-
	1,279,251	358	13,917
<b>Total liabilities</b>	<b>1,279,251</b>	<b>358</b>	<b>13,917</b>
<b>Fund balance</b>			
Nonspendable for prepaid expenditures	-	-	-
Restricted	119,855	6,291	-
	119,855	6,291	-
<b>Total fund balance</b>	<b>119,855</b>	<b>6,291</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,399,106</b>	<b>\$ 6,649</b>	<b>\$ 13,917</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>
\$ 1	\$ 9	\$ 27,166	\$ -	\$ 26,109	\$ -	\$ 740
-	-	-	-	-	-	-
-	-	-	-	206,847	-	-
-	-	-	-	1,308	-	-
71,424	-	305,523	10,586	830	21,324	70
-	-	-	-	-	-	-
-	24,630	200,000	-	360,000	-	23,000
-	-	-	-	-	-	-
115,331	-	-	-	-	-	-
<u>\$ 186,756</u>	<u>\$ 24,639</u>	<u>\$ 532,689</u>	<u>\$ 10,586</u>	<u>\$ 595,094</u>	<u>\$ 21,324</u>	<u>\$ 23,810</u>
\$ 874	\$ 2,800	\$ 4,008	\$ 166	\$ 11,118	\$ 139	\$ 415
9,037	-	24,926	1,728	2,669	3,155	-
-	-	-	-	-	-	-
126,230	-	145	8,692	-	18,030	-
-	-	-	-	-	-	-
-	-	-	-	208,155	-	-
<u>136,141</u>	<u>2,800</u>	<u>29,079</u>	<u>10,586</u>	<u>221,942</u>	<u>21,324</u>	<u>415</u>
-	-	-	-	-	-	-
50,615	21,839	503,610	-	373,152	-	23,395
50,615	21,839	503,610	-	373,152	-	23,395
<u>\$ 186,756</u>	<u>\$ 24,639</u>	<u>\$ 532,689</u>	<u>\$ 10,586</u>	<u>\$ 595,094</u>	<u>\$ 21,324</u>	<u>\$ 23,810</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2011**

	<b>Victim Services</b>	<b>Voted Mosquito</b>	<b>EECBG Multi-Purpose Grant</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 111,544	\$ -
Investments	-	-	-
Taxes receivable	-	870,657	-
Taxes receivable - delinquent	-	9,289	-
Accounts receivable	-	-	-
Prepaid expenditures	-	-	-
Due from other funds	-	680,000	-
Due from federal	-	-	-
Due from state	17,191	-	-
	<u>17,191</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 17,191</u>	<u>\$ 1,671,490</u>	<u>\$ -</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 16	\$ 95,088	\$ -
Accrued liabilities	-	460	-
Due to other governments	-	-	-
Due to other funds	15,285	395	-
Deposits payable	-	-	-
Deferred revenue	-	879,946	-
	<u>15,301</u>	<u>975,889</u>	<u>-</u>
<b>Total liabilities</b>	<u>15,301</u>	<u>975,889</u>	<u>-</u>
<b>Fund balance</b>			
Nonspendable for prepaid expenditures	-	-	-
Restricted	1,890	695,601	-
	<u>1,890</u>	<u>695,601</u>	<u>-</u>
<b>Total fund balance</b>	<u>1,890</u>	<u>695,601</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 17,191</u>	<u>\$ 1,671,490</u>	<u>\$ -</u>

<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Violence Against Women Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>
\$ 18,646	\$ -	\$ 11,009	\$ -	\$ 120,790	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,228
-	-	2,865	-	-	-
-	-	-	-	-	-
-	-	-	15,859	-	-
<u>\$ 18,646</u>	<u>\$ -</u>	<u>\$ 13,874</u>	<u>\$ 15,859</u>	<u>\$ 120,790</u>	<u>\$ 3,228</u>
\$ 2	\$ -	\$ 207	\$ -	\$ 2,997	\$ -
-	-	-	-	-	-
-	-	-	14,680	-	3,228
-	-	-	-	-	-
-	-	13,667	-	-	-
<u>2</u>	<u>-</u>	<u>13,874</u>	<u>14,680</u>	<u>2,997</u>	<u>3,228</u>
-	-	-	-	-	-
18,644	-	-	1,179	117,793	-
<u>18,644</u>	<u>-</u>	<u>-</u>	<u>1,179</u>	<u>117,793</u>	<u>-</u>
<u>\$ 18,646</u>	<u>\$ -</u>	<u>\$ 13,874</u>	<u>\$ 15,859</u>	<u>\$ 120,790</u>	<u>\$ 3,228</u>

(Continued)



**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2011**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 59,826	\$ -	\$ 913	\$ 368
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other funds	2,836	-	-	20,000	15,000
Due from federal	-	-	-	-	-
Due from state	6,685	-	-	-	-
<b>Total assets</b>	<b><u>\$ 9,521</u></b>	<b><u>\$ 59,826</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,913</u></b>	<b><u>\$ 15,368</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1,480	\$ -	\$ -	\$ 526
Accrued liabilities	878	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	8,643	624	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b><u>9,521</u></b>	<b><u>2,104</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>526</u></b>
<b>Fund balance</b>					
Nonspendable for prepaid expenditures	-	-	-	-	-
Restricted	-	57,722	-	20,913	14,842
<b>Total fund balance</b>	<b><u>-</u></b>	<b><u>57,722</u></b>	<b><u>-</u></b>	<b><u>20,913</u></b>	<b><u>14,842</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 9,521</u></b>	<b><u>\$ 59,826</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,913</u></b>	<b><u>\$ 15,368</u></b>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ 10,912	\$ 62,942	\$ 62,842	\$ 64,901	\$ 27,171	\$ 50,897	\$ 10,430
-	-	-	-	-	-	-
-	-	-	-	-	275,791	-
-	-	-	-	-	3,224	-
-	-	-	-	-	-	-
-	45,629	-	100,000	-	3,210	-
-	-	-	-	-	-	-
-	-	-	105,214	-	-	-
<u>\$ 10,912</u>	<u>\$ 108,571</u>	<u>\$ 62,842</u>	<u>\$ 270,115</u>	<u>\$ 27,171</u>	<u>\$ 333,122</u>	<u>\$ 10,430</u>
\$ 750	\$ -	\$ 847	\$ 28,832	\$ 2	\$ 14,483	\$ -
-	-	-	1,185	-	-	-
-	-	-	56,141	-	-	-
-	-	-	46,301	-	-	-
-	-	20,000	-	-	-	-
-	-	-	-	-	279,015	-
<u>750</u>	<u>-</u>	<u>20,847</u>	<u>132,459</u>	<u>2</u>	<u>293,498</u>	<u>-</u>
-	-	-	-	-	-	-
<u>10,162</u>	<u>108,571</u>	<u>41,995</u>	<u>137,656</u>	<u>27,169</u>	<u>39,624</u>	<u>10,430</u>
<u>10,162</u>	<u>108,571</u>	<u>41,995</u>	<u>137,656</u>	<u>27,169</u>	<u>39,624</u>	<u>10,430</u>
<u>\$ 10,912</u>	<u>\$ 108,571</u>	<u>\$ 62,842</u>	<u>\$ 270,115</u>	<u>\$ 27,171</u>	<u>\$ 333,122</u>	<u>\$ 10,430</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2011**

	<b>Totals</b>
<b><u>ASSETS</u></b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 822,735
Investments	-
Taxes receivable	2,594,357
Taxes receivable - delinquent	30,107
Accounts receivable	426,902
Prepaid expenditures	-
Due from other funds	1,470,058
Due from federal	-
Due from state	260,280
	260,280
<b>Total assets</b>	<b>\$ 5,604,439</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 164,021
Accrued liabilities	70,354
Due to other governments	56,141
Due to other funds	252,844
Deposits payable	20,000
Deferred revenue	2,638,131
	2,638,131
Total liabilities	3,201,491
<b>Fund balance</b>	
Nonspendable for prepaid expenditures	-
Restricted	2,402,948
	2,402,948
Total fund balance	2,402,948
<b>Total liabilities and fund balance</b>	<b>\$ 5,604,439</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>
Revenues			
Taxes	\$ 1,269,564	\$ -	\$ -
Intergovernmental			
Federal	14,740	-	-
State	2,720	-	-
Local	-	-	112,482
Charges for services	8,436	1,548	-
Fines and forfeits	-	-	-
Interest and rent	2,534	-	-
Reimbursements and refunds	49,734	-	-
Other	1,407	-	-
	<u>1,349,135</u>	<u>1,548</u>	<u>112,482</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	1,307,442	-	112,482
Health and welfare	-	-	-
Culture and recreation	-	9,712	-
Capital outlay	67,873	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
	<u>1,375,315</u>	<u>9,712</u>	<u>112,482</u>
Total expenditures			
Revenues over (under) expenditures	<u>(26,180)</u>	<u>(8,164)</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	-	5,000	-
Transfer out	-	-	-
	<u>-</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	(26,180)	(3,164)	-
Fund balance, beginning of year	<u>146,035</u>	<u>9,455</u>	<u>-</u>
Fund balance, end of year	<u>\$ 119,855</u>	<u>\$ 6,291</u>	<u>\$ -</u>

<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>
\$ -	\$ -	\$ -	\$ -	\$ 211,297	\$ -	\$ -
830,517	-	-	-	-	-	-
4,744	-	201,990	-	-	-	25,625
-	-	-	79,280	-	157,625	4,352
84,229	5,680	1,040,859	-	93,739	-	-
-	-	-	-	-	-	-
-	-	5,615	-	5,890	-	-
-	11,879	195,688	-	-	-	-
10,243	-	-	-	-	-	-
<u>929,733</u>	<u>17,559</u>	<u>1,444,152</u>	<u>79,280</u>	<u>310,926</u>	<u>157,625</u>	<u>29,977</u>
1,268,040	13,900	-	-	-	-	-
-	-	-	-	240,033	-	-
-	-	1,132,128	79,280	-	157,625	-
-	-	-	-	-	-	31,847
-	-	-	-	-	-	-
41,904	-	386,859	-	10,114	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,309,944</u>	<u>13,900</u>	<u>1,518,987</u>	<u>79,280</u>	<u>250,147</u>	<u>157,625</u>	<u>31,847</u>
<u>(380,211)</u>	<u>3,659</u>	<u>(74,835)</u>	<u>-</u>	<u>60,779</u>	<u>-</u>	<u>(1,870)</u>
417,151	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>417,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
36,940	3,659	(74,835)	-	60,779	-	(1,870)
13,675	18,180	578,445	-	312,373	-	25,265
<u>\$ 50,615</u>	<u>\$ 21,839</u>	<u>\$ 503,610</u>	<u>\$ -</u>	<u>\$ 373,152</u>	<u>\$ -</u>	<u>\$ 23,395</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<b>Victim Services</b>	<b>Voted Mosquito</b>	<b>EECBG Multi-Purpose Grant</b>
Revenues			
Taxes	\$ -	\$ 890,241	\$ -
Intergovernmental			
Federal	-	-	403,265
State	67,484	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	13,804	-
Reimbursements and refunds	-	790	-
Other	-	30,000	-
	<u>67,484</u>	<u>934,835</u>	<u>403,265</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	780,674	403,265
Public safety	67,489	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	91,138	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
	<u>67,489</u>	<u>871,812</u>	<u>403,265</u>
Total expenditures			
Revenues over (under) expenditures	<u>(5)</u>	<u>63,023</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	-	-	-
Transfer out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	<u>(5)</u>	<u>63,023</u>	<u>-</u>
Fund balance, beginning of year	1,895	632,578	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,890</u>	<u>\$ 695,601</u>	<u>\$ -</u>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Violence Against Women Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90,236	-	-	187,384	66,230	-	-
-	-	54,165	-	-	-	-
-	63,533	-	-	-	-	3,228
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,058	-	740	-	2,376	-
-	-	-	-	-	50	-
-	-	-	-	-	55,948	-
<u>90,236</u>	<u>64,591</u>	<u>54,165</u>	<u>188,124</u>	<u>66,230</u>	<u>58,374</u>	<u>3,228</u>
-	-	-	-	-	-	-
90,236	76,268	54,199	-	-	93,438	-
-	-	-	-	67,053	-	3,228
-	-	-	188,124	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	34,569	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>90,236</u>	<u>76,268</u>	<u>54,199</u>	<u>188,124</u>	<u>67,053</u>	<u>128,007</u>	<u>3,228</u>
-	(11,677)	(34)	-	(823)	(69,633)	-
-	-	34	-	-	-	-
-	(2,423)	-	-	-	-	-
<u>-</u>	<u>(2,423)</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(14,100)	-	-	(823)	(69,633)	-
-	32,744	-	-	2,002	187,426	-
<u>\$ -</u>	<u>\$ 18,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179</u>	<u>\$ 117,793</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	282,698	-	-
State	32,280	-	-	-	-
Local	-	-	-	-	-
Charges for services	4,190	16,846	-	-	-
Fines and forfeits	-	-	-	3,039	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>36,470</u>	<u>16,846</u>	<u>282,698</u>	<u>3,039</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,363
General government	-	-	-	-	-
Public safety	50,711	23,221	2,450	20	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	280,248	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Total expenditures	<u>50,711</u>	<u>23,221</u>	<u>282,698</u>	<u>20</u>	<u>6,363</u>
Revenues over (under) expenditures	<u>(14,241)</u>	<u>(6,375)</u>	<u>-</u>	<u>3,019</u>	<u>137</u>
Other financing sources (uses)					
Transfer in	14,236	-	-	-	-
Transfer out	-	-	-	-	-
Total other financing sources (uses)	<u>14,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5)	(6,375)	-	3,019	137
Fund balance, beginning of year	<u>5</u>	<u>64,097</u>	<u>-</u>	<u>17,894</u>	<u>14,705</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 57,722</u>	<u>\$ -</u>	<u>\$ 20,913</u>	<u>\$ 14,842</u>



<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,123	\$ -
-	-	-	-	-	-	-
5,464	135,652	153,155	237,825	-	-	14,600
-	-	-	-	-	-	-
-	59,408	-	35,925	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	818	-
-	-	-	2,970	-	-	-
-	-	-	-	-	-	-
<u>5,464</u>	<u>195,060</u>	<u>153,155</u>	<u>276,720</u>	<u>-</u>	<u>281,941</u>	<u>14,600</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,997	-	-	-	-	-	-
-	327,872	176,489	868,336	22,106	277,039	3,700
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,997</u>	<u>327,872</u>	<u>176,489</u>	<u>868,336</u>	<u>22,106</u>	<u>277,039</u>	<u>3,700</u>
2,467	(132,812)	(23,334)	(591,616)	(22,106)	4,902	10,900
-	149,000	9,000	492,932	28,500	-	-
-	-	-	-	-	-	(1,000)
<u>-</u>	<u>149,000</u>	<u>9,000</u>	<u>492,932</u>	<u>28,500</u>	<u>-</u>	<u>(1,000)</u>
2,467	16,188	(14,334)	(98,684)	6,394	4,902	9,900
<u>7,695</u>	<u>92,383</u>	<u>56,329</u>	<u>236,340</u>	<u>20,775</u>	<u>34,722</u>	<u>530</u>
<u>\$ 10,162</u>	<u>\$ 108,571</u>	<u>\$ 41,995</u>	<u>\$ 137,656</u>	<u>\$ 27,169</u>	<u>\$ 39,624</u>	<u>\$ 10,430</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<b>Totals</b>
Revenues	
Taxes	\$ 2,652,225
Intergovernmental	
Federal	1,875,070
State	935,704
Local	420,500
Charges for services	1,350,860
Fines and forfeits	9,539
Interest and rent	32,835
Reimbursements and refunds	261,111
Other	97,598
	<b>7,635,442</b>
Total revenues	<b>7,635,442</b>
Expenditures	
Current	
Judicial	1,288,303
General government	1,738,113
Public safety	3,006,126
Health and welfare	1,895,513
Culture and recreation	9,712
Capital outlay	912,705
Debt service - principal	-
Debt service - interest	-
	<b>8,850,472</b>
Total expenditures	<b>8,850,472</b>
Revenues over (under) expenditures	<b>(1,215,030)</b>
Other financing sources (uses)	
Transfer in	1,115,853
Transfer out	(3,423)
	<b>1,112,430</b>
Total other financing sources (uses)	<b>1,112,430</b>
Net change in fund balance	<b>(102,600)</b>
Fund balance, beginning of year	2,505,548
Prior period adjustment	-
Fund balance, end of year	<b>\$ 2,402,948</b>

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<b>Road Patrol</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ 1,272,875	\$ 1,272,875	\$ 1,269,564	\$ (3,311)
Intergovernmental				
Federal	16,000	14,767	14,740	(27)
State	-	2,720	2,720	-
Local	-	-	-	-
Charges for services	9,000	9,000	8,436	(564)
Fines and forfeits	-	-	-	-
Interest and rent	5,000	5,000	2,534	(2,466)
Reimbursements and refunds	2,000	50,479	49,734	(745)
Other	-	1,400	1,407	7
<b>Total revenues</b>	<b>1,304,875</b>	<b>1,356,241</b>	<b>1,349,135</b>	<b>(7,106)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,279,594	1,344,655	1,307,442	(37,213)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	87,500	92,025	67,873	(24,152)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>1,367,094</b>	<b>1,436,680</b>	<b>1,375,315</b>	<b>(61,365)</b>
Revenues over (under) expenditures	(62,219)	(80,439)	(26,180)	54,259
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(62,219)	(80,439)	(26,180)	54,259
Fund balance, beginning of year	146,035	146,035	146,035	-
Fund balance, end of year	<u>\$ 83,816</u>	<u>\$ 65,596</u>	<u>\$ 119,855</u>	<u>\$ 54,259</u>

Parks and Recreation				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	115,451	115,451	112,482	(2,969)
9,000	9,000	1,548	(7,452)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>1,548</u>	<u>(7,452)</u>	<u>115,451</u>	<u>115,451</u>	<u>112,482</u>	<u>(2,969)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	115,451	115,451	112,482	(2,969)
-	-	-	-	-	-	-	-
22,450	22,450	9,712	(12,738)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>22,450</u>	<u>22,450</u>	<u>9,712</u>	<u>(12,738)</u>	<u>115,451</u>	<u>115,451</u>	<u>112,482</u>	<u>(2,969)</u>
<u>(13,450)</u>	<u>(13,450)</u>	<u>(8,164)</u>	<u>5,286</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>
(8,450)	(8,450)	(3,164)	5,286	-	-	-	-
<u>9,455</u>	<u>9,455</u>	<u>9,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,005</u>	<u>\$ 1,005</u>	<u>\$ 6,291</u>	<u>\$ 5,286</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, 2011**

	<b>Friend of the Court Act 294</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	811,696	811,696	830,517	18,821
State	3,000	5,000	4,744	(256)
Local	-	-	-	-
Charges for services	79,050	89,050	84,229	(4,821)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	9,850	9,850	10,243	393
<b>Total revenues</b>	<b>903,596</b>	<b>915,596</b>	<b>929,733</b>	<b>14,137</b>
Expenditures				
Current				
Judicial	1,282,462	1,280,199	1,268,040	(12,159)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	32,000	47,500	41,904	(5,596)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>1,314,462</b>	<b>1,327,699</b>	<b>1,309,944</b>	<b>(17,755)</b>
Revenues over (under) expenditures	(410,866)	(412,103)	(380,211)	31,892
Other financing sources (uses)				
Transfer in	417,151	417,151	417,151	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>417,151</b>	<b>417,151</b>	<b>417,151</b>	<b>-</b>
Net change in fund balance	6,285	5,048	36,940	31,892
Fund balance, beginning of year	13,675	13,675	13,675	-
Fund balance, end of year	<b>\$ 19,960</b>	<b>\$ 18,723</b>	<b>\$ 50,615</b>	<b>\$ 31,892</b>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	201,000	201,000	201,990	990
-	-	-	-	-	-	-	-
5,750	5,750	5,680	(70)	1,060,516	1,060,516	1,040,859	(19,657)
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	5,615	615
7,000	7,000	11,879	4,879	10,450	194,917	195,688	771
-	-	-	-	-	-	-	-
<u>12,750</u>	<u>12,750</u>	<u>17,559</u>	<u>4,809</u>	<u>1,276,966</u>	<u>1,461,433</u>	<u>1,444,152</u>	<u>(17,281)</u>
19,680	15,000	13,900	(1,100)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,104,720	1,154,263	1,132,128	(22,135)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	150,000	367,000	386,859	19,859
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,680</u>	<u>15,000</u>	<u>13,900</u>	<u>(1,100)</u>	<u>1,254,720</u>	<u>1,521,263</u>	<u>1,518,987</u>	<u>(2,276)</u>
<u>(6,930)</u>	<u>(2,250)</u>	<u>3,659</u>	<u>5,909</u>	<u>22,246</u>	<u>(59,830)</u>	<u>(74,835)</u>	<u>(15,005)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(6,930)	(2,250)	3,659	5,909	22,246	(59,830)	(74,835)	(15,005)
<u>18,180</u>	<u>18,180</u>	<u>18,180</u>	<u>-</u>	<u>578,445</u>	<u>578,445</u>	<u>578,445</u>	<u>-</u>
<u>\$ 11,250</u>	<u>\$ 15,930</u>	<u>\$ 21,839</u>	<u>\$ 5,909</u>	<u>\$ 600,691</u>	<u>\$ 518,615</u>	<u>\$ 503,610</u>	<u>\$ (15,005)</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, 2011**

	<b>Vassar Township Police Contract</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	78,844	79,179	79,280	101
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>78,844</b>	<b>79,179</b>	<b>79,280</b>	<b>101</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	78,844	79,179	79,280	101
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>78,844</b>	<b>79,179</b>	<b>79,280</b>	<b>101</b>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 212,639	\$ 212,639	\$ 211,297	\$ (1,342)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	160,426	160,426	157,625	(2,801)
56,300	96,300	93,739	(2,561)	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	5,890	890	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>273,939</u>	<u>313,939</u>	<u>310,926</u>	<u>(3,013)</u>	<u>160,426</u>	<u>160,426</u>	<u>157,625</u>	<u>(2,801)</u>
-	-	-	-	-	-	-	-
278,205	268,023	240,033	(27,990)	-	-	-	-
-	-	-	-	160,426	160,426	157,625	(2,801)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,500	10,500	10,114	(386)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>288,705</u>	<u>278,523</u>	<u>250,147</u>	<u>(28,376)</u>	<u>160,426</u>	<u>160,426</u>	<u>157,625</u>	<u>(2,801)</u>
<u>(14,766)</u>	<u>35,416</u>	<u>60,779</u>	<u>25,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(14,766)	35,416	60,779	25,363	-	-	-	-
<u>312,373</u>	<u>312,373</u>	<u>312,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 297,607</u>	<u>\$ 347,789</u>	<u>\$ 373,152</u>	<u>\$ 25,363</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, 2011**

	<b>Building Strong Families</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	25,000	25,625	25,625	-
Local	8,000	8,000	4,352	(3,648)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>33,000</b>	<b>33,625</b>	<b>29,977</b>	<b>(3,648)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	33,000	35,678	31,847	(3,831)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>33,000</b>	<b>35,678</b>	<b>31,847</b>	<b>(3,831)</b>
Revenues over (under) expenditures	-	(2,053)	(1,870)	183
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	(2,053)	(1,870)	183
Fund balance, beginning of year	25,265	25,265	25,265	-
Fund balance, end of year	<u>\$ 25,265</u>	<u>\$ 23,212</u>	<u>\$ 23,395</u>	<u>\$ 183</u>

Victim Services				Voted Mosquito			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 794,249	\$ 889,249	\$ 890,241	\$ 992
-	-	-	-	-	-	-	-
54,100	67,484	67,484	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8,500	8,500	13,804	5,304
-	-	-	-	-	800	790	(10)
-	-	-	-	-	30,000	30,000	-
<u>54,100</u>	<u>67,484</u>	<u>67,484</u>	<u>-</u>	<u>802,749</u>	<u>928,549</u>	<u>934,835</u>	<u>6,286</u>
-	-	-	-	-	-	-	-
-	-	-	-	880,554	883,361	780,674	(102,687)
54,100	67,489	67,489	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	116,000	116,000	91,138	(24,862)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>54,100</u>	<u>67,489</u>	<u>67,489</u>	<u>-</u>	<u>996,554</u>	<u>999,361</u>	<u>871,812</u>	<u>(127,549)</u>
-	(5)	(5)	-	(193,805)	(70,812)	63,023	133,835
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(5)	(5)	-	(193,805)	(70,812)	63,023	133,835
<u>1,895</u>	<u>1,895</u>	<u>1,895</u>	<u>-</u>	<u>632,578</u>	<u>632,578</u>	<u>632,578</u>	<u>-</u>
<u>\$ 1,895</u>	<u>\$ 1,890</u>	<u>\$ 1,890</u>	<u>\$ -</u>	<u>\$ 438,773</u>	<u>\$ 561,766</u>	<u>\$ 695,601</u>	<u>\$ 133,835</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, 2011**

	<u>CDBG Housing Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	125,000	125,000	90,236	(34,764)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>125,000</u>	<u>125,000</u>	<u>90,236</u>	<u>(34,764)</u>
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>90,236</u>	<u>(34,764)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	125,000	125,000	90,236	(34,764)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>125,000</u>	<u>125,000</u>	<u>90,236</u>	<u>(34,764)</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>90,236</u>	<u>(34,764)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<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>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Principal Residence Exemption			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
127,500	127,500	63,533	(63,967)
-	-	-	-
600	600	1,058	458
-	-	-	-
-	-	-	-
<u>128,100</u>	<u>128,100</u>	<u>64,591</u>	<u>(63,509)</u>
-	-	-	-
134,000	134,000	76,268	(57,732)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>134,000</u>	<u>134,000</u>	<u>76,268</u>	<u>(57,732)</u>
<u>(5,900)</u>	<u>(5,900)</u>	<u>(11,677)</u>	<u>(5,777)</u>
-	-	-	-
<u>(2,674)</u>	<u>(2,674)</u>	<u>(2,423)</u>	<u>251</u>
<u>(2,674)</u>	<u>(2,674)</u>	<u>(2,423)</u>	<u>251</u>
(8,574)	(8,574)	(14,100)	(5,526)
<u>32,744</u>	<u>32,744</u>	<u>32,744</u>	<u>-</u>
<u>\$ 24,170</u>	<u>\$ 24,170</u>	<u>\$ 18,644</u>	<u>\$ (5,526)</u>

State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
54,165	54,165	54,165	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>54,165</u>	<u>54,165</u>	<u>54,165</u>	<u>-</u>
-	-	-	-
54,165	54,165	54,199	34
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>54,165</u>	<u>54,165</u>	<u>54,199</u>	<u>34</u>
<u>-</u>	<u>-</u>	<u>(34)</u>	<u>(34)</u>
-	34	34	-
-	-	-	-
-	34	34	-
-	34	-	(34)
-	-	-	-
<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ (34)</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, 2011**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	65,673	66,230	66,230	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>65,673</b>	<b>66,230</b>	<b>66,230</b>	<b>-</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	65,673	67,053	67,053	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>65,673</b>	<b>67,053</b>	<b>67,053</b>	<b>-</b>
Revenues over (under) expenditures	-	(823)	(823)	-
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	(823)	(823)	-
Fund balance, beginning of year	2,002	2,002	2,002	-
Fund balance, end of year	<u>\$ 2,002</u>	<u>\$ 1,179</u>	<u>\$ 1,179</u>	<u>\$ -</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	25,778	3,228	(22,550)
-	-	-	-	-	-	-	-
1,000	1,000	2,376	1,376	-	-	-	-
-	-	50	50	-	-	-	-
52,000	52,000	55,948	3,948	-	-	-	-
53,000	53,000	58,374	5,374	-	25,778	3,228	(22,550)
-	-	-	-	-	-	-	-
133,000	133,000	93,438	(39,562)	-	-	-	-
-	-	-	-	-	25,778	3,228	(22,550)
-	-	-	-	-	-	-	-
28,500	28,500	34,569	6,069	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
161,500	161,500	128,007	(33,493)	-	25,778	3,228	(22,550)
(108,500)	(108,500)	(69,633)	38,867	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(108,500)	(108,500)	(69,633)	38,867	-	-	-	-
187,426	187,426	187,426	-	-	-	-	-
<u>\$ 78,926</u>	<u>\$ 78,926</u>	<u>\$ 117,793</u>	<u>\$ 38,867</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, 2011**

	<u>Community Corrections Services</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	32,120	32,120	32,280	160
Local	-	-	-	-
Charges for services	6,500	6,500	4,190	(2,310)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>38,620</u>	<u>38,620</u>	<u>36,470</u>	<u>(2,150)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	49,490	49,490	50,711	1,221
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>49,490</u>	<u>49,490</u>	<u>50,711</u>	<u>1,221</u>
<b>Revenues over (under) expenditures</b>	<u>(10,870)</u>	<u>(10,870)</u>	<u>(14,241)</u>	<u>(3,371)</u>
Other financing sources (uses)				
Transfer in	11,400	14,236	14,236	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>11,400</u>	<u>14,236</u>	<u>14,236</u>	<u>-</u>
<b>Net change in fund balance</b>	530	3,366	(5)	(3,371)
Fund balance, beginning of year	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 535</u>	<u>\$ 3,371</u>	<u>\$ -</u>	<u>\$ (3,371)</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	282,698	282,698
-	-	-	-	-	-	-	-
18,000	18,000	16,846	(1,154)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,000</u>	<u>18,000</u>	<u>16,846</u>	<u>(1,154)</u>	<u>-</u>	<u>-</u>	<u>282,698</u>	<u>282,698</u>
-	-	-	-	-	-	-	-
12,000	23,222	23,221	(1)	-	-	2,450	2,450
-	-	-	-	-	-	-	-
-	-	-	-	-	-	280,248	280,248
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,000</u>	<u>23,222</u>	<u>23,221</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>282,698</u>	<u>282,698</u>
<u>6,000</u>	<u>(5,222)</u>	<u>(6,375)</u>	<u>(1,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	(5,222)	(6,375)	(1,153)	-	-	-	-
<u>64,097</u>	<u>64,097</u>	<u>64,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 70,097</u>	<u>\$ 58,875</u>	<u>\$ 57,722</u>	<u>\$ (1,153)</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, 2011**

	<u>Forfeiture Sheriff/Prosecutor</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	900	900	3,039	2,139
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>900</u>	<u>900</u>	<u>3,039</u>	<u>2,139</u>
Total revenues	<u>900</u>	<u>900</u>	<u>3,039</u>	<u>2,139</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	17,527	17,527	20	(17,507)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>17,527</u>	<u>17,527</u>	<u>20</u>	<u>(17,507)</u>
Total expenditures	<u>17,527</u>	<u>17,527</u>	<u>20</u>	<u>(17,507)</u>
Revenues over (under) expenditures	<u>(16,627)</u>	<u>(16,627)</u>	<u>3,019</u>	<u>19,646</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(16,627)	(16,627)	3,019	19,646
Fund balance, beginning of year	<u>17,894</u>	<u>17,894</u>	<u>17,894</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,267</u>	<u>\$ 1,267</u>	<u>\$ 20,913</u>	<u>\$ 19,646</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	7,600	7,600	5,464	(2,136)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>7,600</u>	<u>7,600</u>	<u>5,464</u>	<u>(2,136)</u>
6,500	6,500	6,363	(137)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,800	9,800	2,997	(6,803)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,363</u>	<u>(137)</u>	<u>9,800</u>	<u>9,800</u>	<u>2,997</u>	<u>(6,803)</u>
-	-	137	137	(2,200)	(2,200)	2,467	4,667
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	137	137	(2,200)	(2,200)	2,467	4,667
14,705	14,705	14,705	-	7,695	7,695	7,695	-
<u>\$ 14,705</u>	<u>\$ 14,705</u>	<u>\$ 14,842</u>	<u>\$ 137</u>	<u>\$ 5,495</u>	<u>\$ 5,495</u>	<u>\$ 10,162</u>	<u>\$ 4,667</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, 2011**

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	149,000	149,000	135,652	(13,348)
Local	-	-	-	-
Charges for services	50,000	50,000	59,408	9,408
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>199,000</b>	<b>199,000</b>	<b>195,060</b>	<b>(3,940)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	348,000	348,000	327,872	(20,128)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>348,000</b>	<b>348,000</b>	<b>327,872</b>	<b>(20,128)</b>
Revenues over (under) expenditures	(149,000)	(149,000)	(132,812)	16,188
Other financing sources (uses)				
Transfer in	149,000	149,000	149,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>149,000</b>	<b>149,000</b>	<b>149,000</b>	<b>-</b>
Net change in fund balance	-	-	16,188	16,188
Fund balance, beginning of year	92,383	92,383	92,383	-
Fund balance, end of year	<u>\$ 92,383</u>	<u>\$ 92,383</u>	<u>\$ 108,571</u>	<u>\$ 16,188</u>

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
110,000	153,155	153,155	-	308,817	212,118	237,825	25,707
-	-	-	-	-	-	-	-
-	-	-	-	53,500	36,169	35,925	(244)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	88,653	5,065	2,970	(2,095)
-	-	-	-	-	-	-	-
<u>110,000</u>	<u>153,155</u>	<u>153,155</u>	<u>-</u>	<u>450,970</u>	<u>253,352</u>	<u>276,720</u>	<u>23,368</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
119,000	176,489	176,489	-	910,651	855,577	868,336	12,759
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>119,000</u>	<u>176,489</u>	<u>176,489</u>	<u>-</u>	<u>910,651</u>	<u>855,577</u>	<u>868,336</u>	<u>12,759</u>
<u>(9,000)</u>	<u>(23,334)</u>	<u>(23,334)</u>	<u>-</u>	<u>(459,681)</u>	<u>(602,225)</u>	<u>(591,616)</u>	<u>10,609</u>
9,000	9,000	9,000	-	442,932	492,932	492,932	-
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>442,932</u>	<u>492,932</u>	<u>492,932</u>	<u>-</u>
-	(14,334)	(14,334)	-	(16,749)	(109,293)	(98,684)	10,609
<u>56,329</u>	<u>56,329</u>	<u>56,329</u>	<u>-</u>	<u>236,340</u>	<u>236,340</u>	<u>236,340</u>	<u>-</u>
<u>\$ 56,329</u>	<u>\$ 41,995</u>	<u>\$ 41,995</u>	<u>\$ -</u>	<u>\$ 219,591</u>	<u>\$ 127,047</u>	<u>\$ 137,656</u>	<u>\$ 10,609</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, 2011**

	<b>Soldiers Relief</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	28,500	28,500	22,106	(6,394)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>28,500</b>	<b>28,500</b>	<b>22,106</b>	<b>(6,394)</b>
Revenues over (under) expenditures	(28,500)	(28,500)	(22,106)	6,394
Other financing sources (uses)				
Transfer in	28,500	28,500	28,500	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>	<b>-</b>
Net change in fund balance	-	-	6,394	6,394
Fund balance, beginning of year	20,775	20,775	20,775	-
Fund balance, end of year	<u>\$ 20,775</u>	<u>\$ 20,775</u>	<u>\$ 27,169</u>	<u>\$ 6,394</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	\$ 281,123	\$ (1,877)
-	-	-	-	-	-	-	-
11,000	11,000	14,600	3,600	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	818	(182)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,000</u>	<u>11,000</u>	<u>14,600</u>	<u>3,600</u>	<u>284,000</u>	<u>284,000</u>	<u>281,941</u>	<u>(2,059)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	3,700	(6,300)	276,094	275,909	277,039	1,130
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,000</u>	<u>10,000</u>	<u>3,700</u>	<u>(6,300)</u>	<u>276,094</u>	<u>275,909</u>	<u>277,039</u>	<u>1,130</u>
<u>1,000</u>	<u>1,000</u>	<u>10,900</u>	<u>9,900</u>	<u>7,906</u>	<u>8,091</u>	<u>4,902</u>	<u>(3,189)</u>
-	-	-	-	-	-	-	-
<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	9,900	9,900	7,906	8,091	4,902	(3,189)
<u>530</u>	<u>530</u>	<u>530</u>	<u>-</u>	<u>34,722</u>	<u>34,722</u>	<u>34,722</u>	<u>-</u>
<u>\$ 530</u>	<u>\$ 530</u>	<u>\$ 10,430</u>	<u>\$ 9,900</u>	<u>\$ 42,628</u>	<u>\$ 42,813</u>	<u>\$ 39,624</u>	<u>\$ (3,189)</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, 2011**

	<u>EECBG Multi-Purpose Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	122,497	408,009	403,265	(4,744)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>122,497</u>	<u>408,009</u>	<u>403,265</u>	<u>(4,744)</u>
Total revenues	<u>122,497</u>	<u>408,009</u>	<u>403,265</u>	<u>(4,744)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	122,497	408,009	403,265	(4,744)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>122,497</u>	<u>408,009</u>	<u>403,265</u>	<u>(4,744)</u>
Total expenditures	<u>122,497</u>	<u>408,009</u>	<u>403,265</u>	<u>(4,744)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<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>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Violence Against Women Grant**

<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
\$ -	\$ -	\$ -	\$ -
195,228	195,535	187,384	(8,151)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	740	740
-	-	-	-
-	-	-	-
<u>195,228</u>	<u>195,535</u>	<u>188,124</u>	<u>(7,411)</u>
-	-	-	-
-	-	-	-
-	-	-	-
195,228	195,535	188,124	(7,411)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>195,228</u>	<u>195,535</u>	<u>188,124</u>	<u>(7,411)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011**

	Total			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,562,763	\$ 2,657,763	\$ 2,652,225	\$ (5,538)
Intergovernmental				
Federal	1,336,094	1,621,237	1,875,070	253,833
State	955,802	920,987	935,704	14,717
Local	490,221	516,334	420,500	(95,834)
Charges for services	1,347,616	1,380,285	1,350,860	(29,425)
Fines and forfeits	7,400	7,400	9,539	2,139
Interest and rent	26,100	26,100	32,835	6,735
Reimbursements and refunds	108,103	258,261	261,111	2,850
Other	61,850	93,250	97,598	4,348
<b>Total revenues</b>	<b>6,895,949</b>	<b>7,481,617</b>	<b>7,635,442</b>	<b>153,825</b>
Expenditures				
Current				
Judicial	1,308,642	1,301,699	1,288,303	(13,396)
General government	1,727,421	2,005,558	1,738,113	(267,445)
Public safety	2,947,625	3,114,333	3,006,126	(108,207)
Health and welfare	1,920,473	1,925,688	1,895,513	(30,175)
Culture and recreation	22,450	22,450	9,712	(12,738)
Capital outlay	424,500	661,525	912,705	251,180
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>8,351,111</b>	<b>9,031,253</b>	<b>8,850,472</b>	<b>(180,781)</b>
Revenues over (under) expenditures	(1,455,162)	(1,549,636)	(1,215,030)	334,606
Other financing sources (uses)				
Transfer in	1,062,983	1,115,853	1,115,853	-
Transfer out	(3,674)	(3,674)	(3,423)	251
<b>Total other financing sources (uses)</b>	<b>1,059,309</b>	<b>1,112,179</b>	<b>1,112,430</b>	<b>251</b>
Net change in fund balance	(395,853)	(437,457)	(102,600)	334,857
Fund balance, beginning of year	2,505,548	2,505,548	2,505,548	-
Fund balance, end of year	<u>\$ 2,109,695</u>	<u>\$ 2,068,091</u>	<u>\$ 2,402,948</u>	<u>\$ 334,857</u>

TUSCOLA COUNTY

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
December 31, 2011

	D.H.S. Building Capital Expenditures	State Police Capital Expenditures	Purdy Building Capital Expenditures	Denmark Water Extension	Equipment and Capital Improvement	Capital Improvements	Total
<b>ASSETS</b>							
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 164,612	\$ 1,966	\$ -	\$ 13,947	\$ 1,259,764	\$ 1,440,289
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	11,380	-	108	147,136	-	158,624
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 175,992</u>	<u>\$ 1,966</u>	<u>\$ 108</u>	<u>\$ 161,083</u>	<u>\$ 1,259,764</u>	<u>\$ 1,598,913</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,688	\$ 42,354	\$ 47,042
Due to other funds	-	-	1,966	108	1,141	-	3,215
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,966</u>	<u>108</u>	<u>5,829</u>	<u>42,354</u>	<u>50,257</u>
<b>Fund balance</b>							
Restricted for capital projects	-	175,992	-	-	155,254	1,217,410	1,548,656
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ 175,992</u>	<u>\$ 1,966</u>	<u>\$ 108</u>	<u>\$ 161,083</u>	<u>\$ 1,259,764</u>	<u>\$ 1,598,913</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>D.H.S. Building Capital Expenditures</u>	<u>State Police Capital Expenditures</u>	<u>Purdy Building Capital Expenditures</u>	<u>Denmark Water Extension</u>	<u>Equipment and Capital Improvement</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues							
Interest and rent	\$ -	\$ 2,528	\$ 4,208	\$ -	\$ -	\$ 6,571	\$ 13,307
Reimbursement	-	-	-	108	8,869	-	8,977
Total revenues	<u>-</u>	<u>2,528</u>	<u>4,208</u>	<u>108</u>	<u>8,869</u>	<u>6,571</u>	<u>22,284</u>
Expenditures							
Capital outlay	<u>97</u>	<u>6,856</u>	<u>985,947</u>	<u>108</u>	<u>120,464</u>	<u>543,502</u>	<u>1,656,974</u>
Revenues under expenditures	(97)	(4,328)	(981,739)	-	(111,595)	(536,931)	(1,634,690)
Other financing sources (uses)							
Bond proceeds			995,000	-	-		995,000
Transfer in	-	11,380	-	-	131,305	-	142,685
Transfer out	-	-	(13,261)	-	-	-	(13,261)
Total other financing source(uses)	-	11,380	981,739	-	131,305	-	1,124,424
Net change in fund balance	(97)	7,052	-	-	19,710	(536,931)	(510,266)
Fund balance, beginning of year	<u>97</u>	<u>168,940</u>	<u>-</u>	<u>-</u>	<u>135,544</u>	<u>1,754,341</u>	<u>2,058,922</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 175,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,254</u>	<u>\$ 1,217,410</u>	<u>\$ 1,548,656</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 (384) 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, 2011**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System</b>
<b>Assets</b>			
Current assets			
Cash	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
Contracts receivable - current	123,065	41,483	68,638
Total current assets	123,065	41,483	68,638
Noncurrent assets			
Contracts receivable, net of current portion	135,000	1,086,000	355,000
<b>Total assets</b>	<b>258,065</b>	<b>1,127,483</b>	<b>423,638</b>
 <b>Liabilities</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	3,065	18,483	3,638
Bonds payable, current	120,000	23,000	65,000
Total current liabilities	123,065	41,483	68,638
Bonds payable, net of current portion	135,000	1,086,000	355,000
<b>Total liabilities</b>	<b>258,065</b>	<b>1,127,483</b>	<b>423,638</b>
 <b>Net assets</b>			
Unrestricted	\$ -	\$ -	\$ -

<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ 77,724	\$ 77,724
-	400,000	400,000
	19,398	19,398
<u>10,619</u>	<u>-</u>	<u>243,805</u>
<u>10,619</u>	<u>497,122</u>	<u>740,927</u>
<u>45,000</u>		<u>1,621,000</u>
<u>55,619</u>	<u>497,122</u>	<u>2,361,927</u>
-	1,030	1,030
619	-	25,805
<u>10,000</u>		<u>218,000</u>
10,619	1,030	244,835
<u>45,000</u>		<u>1,621,000</u>
<u>55,619</u>	<u>1,030</u>	<u>1,865,835</u>
<u>\$ -</u>	<u>\$ 496,092</u>	<u>\$ 496,092</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System</b>
Operating revenues			
Charges for services	\$ -	\$ -	\$ -
Other	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Administration	-	-	-
Operating income	-	-	-
Nonoperating revenues (expenses)			
Interest and rent	-	-	-
Interest expense and fiscal charges	(10,178)	(56,183)	(24,970)
Total nonoperating revenues (expenses)	(10,178)	(56,183)	(24,970)
Income (loss) before capital contributions and transfers	(10,178)	(56,183)	(24,970)
Capital contributions	10,178	56,183	24,970
Transfers			
Transfers out	-	-	-
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -



<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ 207,628	\$ 207,628
-	286,192	286,192
-	493,820	493,820
-	343,287	343,287
-	150,533	150,533
-	6,385	6,385
(3,038)		(94,369)
(3,038)	6,385	(87,984)
(3,038)	156,918	62,549
3,038		94,369
-	(50,000)	(50,000)
-	106,918	106,918
-	389,174	389,174
<u>\$ -</u>	<u>\$ 496,092</u>	<u>\$ 496,092</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System</u>
Cash flows from operating activities			
Cash received from customers	\$ -	\$ -	\$ -
Cash payments for interfund services provided	-	-	-
Cash payments to suppliers	-	-	-
Other operating revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	-	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from noncapital financing activities			
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(125,000)	(22,000)	(65,000)
Interest paid on long-term debt	(11,595)	(56,550)	(25,528)
Contributions from local units	136,595	78,550	90,528
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	-	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Interest and rent	-	-	-
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<hr/>	<hr/>	<hr/>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
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	6,417	(633)	558
Accounts payable			
Accrued liabilities	(6,417)	633	(558)
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Millington Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ 207,628	\$ 207,628
-	(33,338)	(33,338)
-	(339,906)	(339,906)
-	286,192	286,192
-	120,576	120,576
-	(50,000)	(50,000)
(10,000)	-	(222,000)
(3,150)	-	(96,823)
13,150	-	318,823
-	-	-
-	6,385	6,385
-	76,961	76,961
-	763	763
<u>\$ -</u>	<u>\$ 77,724</u>	<u>\$ 77,724</u>
\$ -	\$ 150,533	\$ 150,533
	(33,338)	(33,338)
112	(14,987)	(8,533)
	18,368	18,368
(112)		(6,454)
<u>\$ -</u>	<u>\$ 120,576</u>	<u>\$ 120,576</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.

Motor Pool Fund (676) This fund was established to set aside funds to purchase a vehicle in the future for Juvenile transport.

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
December 31, 2011**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash	\$ 8,264	\$ 2,574	\$ 7,792	\$ 18,630
Accounts receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	460,000	672	350,000	810,672
<b>Total assets</b>	<u>468,264</u>	<u>3,246</u>	<u>357,792</u>	<u>829,302</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable		\$ 192	\$ -	\$ 192
Accrued liabilities	\$ -	-	254,180	254,180
<b>Total liabilities</b>	-	192	254,180	254,372
<b>Net assets</b>				
Unrestricted	<u>\$ 468,264</u>	<u>\$ 3,054</u>	<u>\$ 103,612</u>	<u>\$ 574,930</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 19,512	\$ 4,250	\$ 2,013,522	\$ 2,037,284
Operating expenses				
Vehicle expenses		1,196		1,196
Insurance costs	19,321	-	1,964,306	1,983,627
Settlements and claims	815	-	-	815
Total operating expenses	<u>20,136</u>	<u>1,196</u>	<u>1,964,306</u>	<u>1,985,638</u>
Change in net assets	(624)	3,054	49,216	51,646
Net assets, beginning of year	<u>468,888</u>	<u>-</u>	<u>54,396</u>	<u>523,284</u>
Net assets, end of year	<u>\$ 468,264</u>	<u>\$ 3,054</u>	<u>\$ 103,612</u>	<u>\$ 574,930</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<b>Workers' Compensation Insurance</b>	<b>Motor Pool Fund</b>	<b>Health Insurance</b>	<b>Total</b>
Cash flows from operating activities				
Cash received from interfund services provided	\$ 22,193	\$ 4,250	\$ 2,013,522	\$ 2,039,965
Cash received from interfund services provided	1,000	(672)	8,000	8,328
Cash payments to suppliers for goods and services	(15,768)	(1,004)	(2,014,090)	(2,030,862)
Net cash provided (used) by operating activities	7,425	2,574	7,432	17,431
Cash and cash equivalents, beginning of year	839	-	360	1,199
Cash and cash equivalents, end of year	\$ 8,264	\$ 2,574	\$ 7,792	\$ 18,630
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (624)	\$ 3,054	\$ 49,216	\$ 51,646
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	2,681			2,681
Due from other funds	1,000	(672)	8,000	8,328
Prepaid expenses	4,368		(24)	4,344
Accounts payable		192	(49,760)	(49,568)
Accrued liabilities				-
Net cash provided (used) by operating activities	\$ 7,425	\$ 2,574	\$ 7,432	\$ 17,431



# **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, 2011**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,317,332	\$ 20,476	\$ 1,337,808
Due from other funds	-	-	-
Accounts receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<u>\$ 1,317,332</u>	<u>\$ 20,476</u>	<u>\$ 1,337,808</u>
<b>Liabilities</b>			
Accrued liabilities	\$ 390,744		\$ 390,744
Due to other governmental units	810,706		810,706
Due to other funds	113,125		113,125
Undistributed receipts	2,757	\$ 20,476	23,233
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<u>\$ 1,317,332</u>	<u>\$ 20,476</u>	<u>\$ 1,337,808</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2011**

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
<b>Trust and Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,379,149	\$ 16,738,304	\$ 16,800,121	\$ 1,317,332
Due from other funds	2,070	-	2,070	-
Accounts receivable	-	1,000	1,000	-
<b>Total assets</b>	<u>\$ 1,381,219</u>	<u>\$ 16,739,304</u>	<u>\$ 16,803,191</u>	<u>\$ 1,317,332</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,637,354	\$ 9,637,354	\$ -
Accrued liabilities	307,529	1,330,008	1,413,223	390,744
Due to other governmental units	1,073,491	15,914,375	15,651,590	810,706
Due to other funds	-	-	113,125	113,125
Undistributed receipts	199	-	2,558	2,757
<b>Total liabilities</b>	<u>\$ 1,381,219</u>	<u>\$ 26,881,737</u>	<u>\$ 26,817,850</u>	<u>\$ 1,317,332</u>
<b>Library Penal Fines</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 777	\$ 341,323	\$ 321,624	\$ 20,476
Due from other funds	24,000	-	24,000	-
<b>Total assets</b>	<u>\$ 24,777</u>	<u>\$ 341,323</u>	<u>\$ 345,624</u>	<u>\$ 20,476</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 315,124	\$ 315,124	\$ -
Undistributed receipts	24,777	321,624	317,323	20,476
<b>Total liabilities</b>	<u>\$ 24,777</u>	<u>\$ 636,748</u>	<u>\$ 632,447</u>	<u>\$ 20,476</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,379,926	\$ 17,079,627	\$ 17,121,745	\$ 1,337,808
Due from other funds	2,070	-	2,070	-
Accounts receivable	-	1,000	1,000	-
<b>Total assets</b>	<u>\$ 1,381,996</u>	<u>\$ 17,080,627</u>	<u>\$ 17,124,815</u>	<u>\$ 1,337,808</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,952,478	\$ 9,952,478	\$ -
Accrued liabilities	307,529	1,330,008	1,413,223	390,744
Due to other governmental units	1,073,491	15,914,375	15,651,590	810,706
Due to other funds	-	-	113,125	113,125
Undistributed receipts	24,976	321,624	319,881	23,233
<b>Total liabilities</b>	<u>\$ 1,405,996</u>	<u>\$ 27,518,485</u>	<u>\$ 27,450,297</u>	<u>\$ 1,337,808</u>

# COMPONENT UNIT

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**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF NET ASSETS AND BALANCE SHEET  
December 31, 2011**

	<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	\$ 803,231	\$ 1,252,656	\$ 16,493	\$ 2,072,380	\$ -	\$ 2,072,380
Investments	1,921,868	2,811,697	-	4,733,565	-	4,733,565
Special assessments receivable	7,737,245	379,888	-	8,117,133	-	8,117,133
Accounts receivable	-	-	-	-	-	-
Due from other component units	-	3,857	329,454	333,311	(333,311)	-
Capital assets, net	-	-	-	-	16,803,715	16,803,715
<b>Total assets</b>	<b><u>\$ 10,462,344</u></b>	<b><u>\$ 4,448,098</u></b>	<b><u>\$ 345,947</u></b>	<b><u>\$ 15,256,389</u></b>	<b><u>\$ 16,470,404</u></b>	<b><u>\$ 31,726,793</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 1,076	\$ 15,036	\$ 35,947	\$ 52,059	\$ -	\$ 52,059
Due to other component units	3,857	329,454	-	333,311	(333,311)	-
Deferred revenue	7,737,245	379,490	-	8,116,735	(8,116,735)	-
Drain bonds payable	-	-	-	-	8,195,900	8,195,900
Drain notes payable	-	-	-	-	682,849	682,849
Advance from primary government	-	-	310,000	310,000	-	310,000
<b>Total liabilities</b>	<b><u>7,742,178</u></b>	<b><u>723,980</u></b>	<b><u>345,947</u></b>	<b><u>8,812,105</u></b>	<b><u>428,703</u></b>	<b><u>9,240,808</u></b>
<b>Fund equity</b>						
Fund balance						
Restricted for debt service	2,720,166		-	2,720,166	(2,720,166)	-
Restricted for drain projects		3,724,118	-	3,724,118	(3,724,118)	-
<b>Total fund equity</b>	<b><u>2,720,166</u></b>	<b><u>3,724,118</u></b>	<b><u>-</u></b>	<b><u>6,444,284</u></b>	<b><u>(6,444,284)</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 10,462,344</u></b>	<b><u>\$ 4,448,098</u></b>	<b><u>\$ 345,947</u></b>	<b><u>\$ 15,256,389</u></b>		
<b>Net assets:</b>						
Invested in capital assets, net of related debt					7,924,966	7,924,966
Restricted for:						
Debt service					2,720,166	2,720,166
Acquisition/construction of capital assets					3,724,118	3,724,118
Unrestricted					8,116,735	8,116,735
<b>Total net assets</b>					<b><u>\$ 22,485,985</u></b>	<b><u>\$ 22,485,985</u></b>

**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2011**

	<b>Debt Service</b>	<b>Capital Project</b>	<b>Total Governmental Funds</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
Revenues					
Taxes	\$ 1,508,670	\$ 622,697	\$ 2,131,367	\$ (1,333,098)	\$ 798,269
Interest and rents	14,281	16,864	31,145		31,145
Total revenues	<u>1,522,951</u>	<u>639,561</u>	<u>2,162,512</u>	<u>(1,333,098)</u>	<u>829,414</u>
Expenditures / expenses					
Capital outlay	-	844,306	844,306	(389,000)	455,306
Depreciation			-	392,375	392,375
Debt service					
Principal	976,914	36,201	1,013,115	(1,013,115)	-
Interest and charges	507,250	16,558	523,808		523,808
Total expenditures / expenses	<u>1,484,164</u>	<u>897,065</u>	<u>2,381,229</u>	<u>(1,009,740)</u>	<u>1,371,489</u>
Revenues over (under) expenditures	<u>38,787</u>	<u>(257,504)</u>	<u>(218,717)</u>	<u>(323,358)</u>	<u>(542,075)</u>
Other financing sources (uses)					
Transfers in	11,000	263,249	274,249		274,249
Transfers out	(161,718)	(112,531)	(274,249)		(274,249)
Total other financing sources (uses)	(150,718)	150,718	-	-	-
Net change in fund balance	(111,931)	(106,786)	(218,717)	218,717	-
Change in net assets	-	-	-	(542,075)	(542,075)
Fund balance / net assets, beginning of year	<u>2,832,097</u>	<u>3,830,904</u>	<u>6,663,001</u>	<u>16,365,059</u>	<u>23,028,060</u>
Fund balance / net assets, end of year	<u>\$ 2,720,166</u>	<u>\$ 3,724,118</u>	<u>\$ 6,444,284</u>	<u>\$ 16,041,701</u>	<u>\$ 22,485,985</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>118-124</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>125-128</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>129-132</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>133-134</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>135-137</b>

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

Table 1

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 6,772,818	\$ 4,565,125	\$ 4,790,205	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338
Restricted	1,811,720	1,851,900	1,829,746	2,059,273	2,415,673	2,407,986	2,012,008	1,935,180	1,555,459
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>	<u>6,254,015</u>	<u>6,120,317</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>	<u>\$ 13,105,060</u>	<u>\$ 12,984,114</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	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175
Restricted	-	4,216,791	1,871,357	931,338	1,241,842	1,241,842	1,910,834	2,286,104	1,564,341
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>19,169,261</u>	<u>12,657,056</u>	<u>12,337,630</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>	<u>\$ 19,079,399</u>	<u>\$ 20,312,146</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	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513
Restricted	1,811,720	6,068,691	3,701,103	2,990,611	3,657,515	3,649,828	3,922,842	4,221,284	3,119,800
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>25,387,446</u>	<u>18,911,071</u>	<u>18,457,947</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>	<u>\$ 32,184,459</u>	<u>\$ 33,296,260</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 Nine Fiscal Years (1)  
*(accrual basis of accounting)*

Table 2

	Fiscal Year								
	2003	2004 (2)	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental activities:									
Legislative	\$ 104,985	\$ 107,275	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774
Judicial	3,293,066	3,373,694	3,236,683	3,403,161	3,376,451	3,665,853	3,909,719	3,737,722	3,550,345
General government	4,621,668	4,905,058	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900	5,844,575	6,755,644
Public safety	4,713,775	4,927,107	5,016,821	5,040,173	5,182,899	5,628,777	5,997,680	5,696,877	5,841,052
Public works	1,185,845	1,141,879	1,064,344	912,869	913,182	939,794	865,143	769,984	693,296
Health and welfare	4,478,759	4,425,578	4,658,677	4,811,305	5,159,902	5,463,407	5,250,554	4,930,144	5,288,860
Culture and recreation	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725
Interest on debt	552,866	245,467	87,755	69,229	75,153	50,441	42,620	36,004	41,826
Total governmental activities expenses	<u>18,952,805</u>	<u>19,127,996</u>	<u>19,485,164</u>	<u>19,385,771</u>	<u>20,035,204</u>	<u>21,454,657</u>	<u>21,930,342</u>	<u>21,159,398</u>	<u>22,282,522</u>
Business-type activities:									
Medical care facility	685,209	8,404,754	10,086,430	12,315,825	13,417,162	14,476,962	16,390,118	17,189,496	17,899,830
Delinquent property tax	195	42	28	366	4,412	2,478	1,455	90	85
Water/sewage systems	-	-	139,455	146,134	527,715	3,778,099	312,675	299,672	284,295
Tax foreclosure	-	-	37,239	115,871	112,853	114,590	215,711	253,288	343,287
Total business-type activities expenses	<u>685,404</u>	<u>8,404,796</u>	<u>10,263,152</u>	<u>12,578,196</u>	<u>14,062,142</u>	<u>18,372,129</u>	<u>16,919,959</u>	<u>17,742,546</u>	<u>18,527,497</u>
Total primary government expenses	<u>\$ 19,638,209</u>	<u>\$ 27,532,792</u>	<u>\$ 29,748,316</u>	<u>\$ 31,963,967</u>	<u>\$ 34,097,346</u>	<u>\$ 39,826,786</u>	<u>\$ 38,850,301</u>	<u>\$ 38,901,944</u>	<u>\$ 40,810,019</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services									
Judicial	\$ 1,526,620	\$ 1,405,760	\$ 1,371,148	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478
General government	1,049,878	990,730	964,670	899,733	859,655	844,975	806,527	761,439	689,760
Public safety	1,724,028	1,696,680	1,627,690	1,658,525	1,855,330	1,830,531	1,811,889	1,743,017	1,714,978
Public works	667,445	601,692	544,889	467,382	396,643	418,363	324,593	275,567	269,213
Health and welfare	713,741	812,629	821,370	795,485	896,500	1,007,945	1,191,633	742,876	810,346
Culture and recreation	-	180	189	199	4,751	2,209	2,414	3,861	1,548
Operating grants and contributions									
Judicial	968,744	1,085,773	1,126,102	1,062,160	1,059,074	1,067,410	1,103,077	1,364,571	1,467,812
General government	258,637	210,767	530,629	202,550	345,126	252,725	230,215	159,249	547,666
Public Safety	886,098	875,956	1,050,512	938,694	750,387	914,234	1,016,033	690,258	883,561
Health and welfare	2,261,330	2,257,454	2,277,666	2,297,058	2,580,301	2,619,685	2,541,733	2,539,046	2,543,246
Capital grants and contributions	570,969	374,660	182,980	185,615	142,617	127,155	50,264	-	-
Total governmental activities program revenues	<u>10,627,490</u>	<u>10,312,281</u>	<u>10,497,845</u>	<u>9,963,768</u>	<u>10,250,100</u>	<u>10,360,771</u>	<u>10,413,785</u>	<u>9,587,350</u>	<u>10,145,608</u>

(continued)

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

Source: Tuscola County Financial Reports

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

Table 2

	Fiscal Year								
	2003	2004 (2)	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services									
Medical Care Facility	215,621	7,561,350	8,464,985	11,938,841	12,386,663	13,302,206	14,746,024	16,068,197	16,801,011
Delinquent Tax	547,209	545,697	541,475	542,980	538,748	603,172	710,041	714,369	787,947
Water/Sewer Systems	-	-	300,000	288,001	14,099	81,248	-	-	-
Tax Foreclosure	-	-	61,896	116,396	121,257	144,563	159,146	187,921	-
Operating grants and contributions	-	212,476	-	-	-	-	-	-	207,628
Capital grants and contributions	-	-	139,455	146,134	7,120,155	3,495,097	589,188	299,672	284,295
Total business-type activities program revenues	<u>762,830</u>	<u>8,319,523</u>	<u>9,507,811</u>	<u>13,032,352</u>	<u>20,180,922</u>	<u>17,626,286</u>	<u>16,204,399</u>	<u>17,270,159</u>	<u>18,080,881</u>
Total primary government program revenues	<u>\$ 11,390,320</u>	<u>\$ 18,631,804</u>	<u>\$ 20,005,656</u>	<u>\$ 22,996,120</u>	<u>\$ 30,431,022</u>	<u>\$ 27,987,057</u>	<u>\$ 26,618,184</u>	<u>\$ 26,857,509</u>	<u>\$ 28,226,489</u>
<b>Net (Expenses)/Revenue</b>									
Governmental activities	\$ (8,325,315)	\$ (8,815,715)	\$ (8,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)
Business-type activities	<u>77,426</u>	<u>(85,273)</u>	<u>(755,341)</u>	<u>454,156</u>	<u>6,118,780</u>	<u>(745,843)</u>	<u>(715,560)</u>	<u>(472,387)</u>	<u>(446,616)</u>
Total primary government net expense	<u>\$ (8,247,889)</u>	<u>\$ (8,900,988)</u>	<u>\$ (9,742,660)</u>	<u>\$ (8,967,847)</u>	<u>\$ (3,666,324)</u>	<u>\$ (11,839,729)</u>	<u>\$ (12,232,117)</u>	<u>\$ (12,044,435)</u>	<u>\$ (12,583,530)</u>

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

(continued)

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

Source: Tuscola County Financial Reports

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

Table 2

	Fiscal Year								
	2003	2004 (2)	2005	2006	2007	2008	2009	2010	2011
<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	\$ 8,238,352	\$ 8,182,316
Grants and contributions not restricted to specific programs	1,115,501	516,767	98,107	106,465	114,210	589,645	1,184,605	1,106,822	1,152,433
Unrestricted investment earnings	121,986	193,516	204,241	350,147	530,747	312,610	270,797	592,262	560,159
Loss on sale of assets								(86)	-
Other	13,589	3,556	-	10,302	-	-	11,241	672,730	1,139,163
Transfers	632,355	690,733	775,307	764,246	802,573	797,575	857,111	872,404	908,509
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>	<u>11,482,484</u>	<u>11,942,580</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	1,845,663	1,770,769
Unrestricted investment earnings	246,222	187,313	609,127	417,938	439,658	229,178	137,287	103,738	75,249
Other	-	234,704	-	330,159	307,797	302,614	523,536	509,380	693,617
Transfers	(599,161)	(640,760)	(726,120)	(715,932)	(759,916)	(751,517)	(848,941)	(805,776)	(860,272)
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>	<u>1,653,005</u>	<u>1,679,363</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>	<u>\$ 13,135,489</u>	<u>\$ 13,621,943</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 99,177	\$ 941,177	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)
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>	<u>1,180,618</u>	<u>1,232,747</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>\$ 615,752</u>	<u>\$ 1,091,054</u>	<u>\$ 1,038,413</u>

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

Table 3

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>
<b>General Fund</b>									
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -
Unreserved	1,068,500	1,068,500	1,163,631	1,377,578	1,377,311	1,906,960	1,256,998	1,337,490	-
Nonspendable	-	-	-	-	-	-	-	-	416,551
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,248,368
Unassigned	-	-	-	-	-	-	-	-	691,679
<b>Total general fund</b>	<b>\$ 1,678,500</b>	<b>\$ 1,678,500</b>	<b>\$ 1,773,631</b>	<b>\$ 1,987,578</b>	<b>\$ 1,987,311</b>	<b>\$ 2,216,960</b>	<b>\$ 1,571,893</b>	<b>\$ 1,661,213</b>	<b>\$ 2,356,598</b>
<b>Health Department</b>									
Reserved	\$ 35,571	\$ 17,513	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -
Unreserved	540,214	619,262	642,274	593,147	587,388	470,300	614,268	557,500	-
Nonspendable	-	-	-	-	-	-	-	-	72,939
Restricted	-	-	-	-	-	-	-	-	224,790
Committed	-	-	-	-	-	-	-	-	279,162
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total Health Department</b>	<b>\$ 575,785</b>	<b>\$ 636,775</b>	<b>\$ 689,885</b>	<b>\$ 643,765</b>	<b>\$ 635,148</b>	<b>\$ 637,245</b>	<b>\$ 657,720</b>	<b>\$ 636,246</b>	<b>\$ 576,891</b>
<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	\$ 1,930,178	\$ -
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	2,732,624	-
Permanent funds	41	53	173	234	241	100	14	8	-
Nonspendable	-	-	-	-	-	-	-	-	6,800
Restricted	-	-	-	-	-	-	-	-	3,954,999
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 3,826,478</b>	<b>\$ 4,704,103</b>	<b>\$ 5,215,235</b>	<b>\$ 5,878,696</b>	<b>\$ 5,586,450</b>	<b>\$ 4,678,763</b>	<b>\$ 4,625,831</b>	<b>\$ 4,662,810</b>	<b>\$ 3,961,799</b>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003.

Accordingly, data prior to 2003 is not available.

(2) Tuscola County implemented GASB Statement No 54 for year ended December 31, 2011.

Source: Tuscola County Financial Reports

# Tuscola County

Table 4

## Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (1) (modified accrual basis of accounting)

Revenues	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Taxes	\$6,231,090	\$6,539,180	\$8,351,979	\$8,614,597	\$9,132,692	\$7,951,067	\$8,479,464	\$8,462,190	\$8,350,911	\$8,224,862
Licenses and permits	659,999	833,421	917,820	870,300	737,975	681,338	692,278	610,135	578,920	568,282
Intergovernmental					-	-				
Federal	1,326,899	1,990,728	1,829,327	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131	3,763,104
State	4,310,986	3,707,904	3,226,208	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815	2,828,386
Local	564,984	596,847	633,757	492,373	478,792	417,121	405,052	484,203	484,180	420,500
Charges for services	10,358,359	3,859,045	3,501,901	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820	3,661,697
Fines and forfeits	121,327	107,272	110,944	86,547	78,720	82,030	54,515	50,138	42,306	56,072
Interest and rents	347,549	216,819	288,349	299,140	445,076	626,293	447,461	641,691	592,262	560,159
Reimbursements and refunds	430,955	478,522	539,582	545,246	512,336	531,317	553,645	544,238	693,980	1,155,875
Other	337,953	88,008	164,232	142,755	192,977	129,437	116,880	104,769	101,205	105,329
<b>Total revenues</b>	<b><u>24,690,101</u></b>	<b><u>18,417,746</u></b>	<b><u>19,564,099</u></b>	<b><u>19,504,790</u></b>	<b><u>19,648,072</u></b>	<b><u>19,183,094</u></b>	<b><u>20,049,067</u></b>	<b><u>20,680,903</u></b>	<b><u>20,432,530</u></b>	<b><u>21,344,266</u></b>
<b>Expenditures</b>										
Legislative	121,977	104,773	107,275	117,986	119,534	122,906	118,052	146,040	139,864	101,988
Judicial	3,106,158	3,267,907	3,361,660	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726	3,554,120
General government	4,079,340	4,257,958	4,354,624	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462	5,407,442
Public safety	4,111,730	4,390,969	4,516,359	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302	5,624,365
Public works	1,022,741	1,183,940	1,140,165	1,062,425	911,102	910,866	939,330	864,916	769,096	693,338
Health and welfare	11,314,506	4,324,363	4,338,991	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755	5,264,353
Culture and recreation	9,862	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725
Other	376,192	210,735	288,904	220,764	245,792	203,733	241,097	242,903	220,651	360,059
Capital outlay	728,508	421,663	529,500	608,893	643,010	540,621	692,935	1,109,845	657,795	2,569,679
Debt service					-	-				
Principal	1,008,964	520,000	626,759	433,105	403,173	126,987	171,579	125,565	131,538	120,000
Interest	-	286,300	245,467	87,755	69,229	58,022	52,567	44,490	37,959	40,626
<b>Total expenditures</b>	<b><u>25,879,978</u></b>	<b><u>18,970,449</u></b>	<b><u>19,511,642</u></b>	<b><u>19,621,372</u></b>	<b><u>19,660,001</u></b>	<b><u>20,286,797</u></b>	<b><u>21,572,257</u></b>	<b><u>22,215,538</u></b>	<b><u>21,099,549</u></b>	<b><u>23,745,695</u></b>
Excess of revenues over (under) expenditures	(1,189,877)	(552,703)	52,457	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)

(continued)

# Tuscola County

Table 4

## Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (1) *(modified accrual basis of accounting)*

<b>Other Financing Sources (Uses)</b>	<b><u>2002</u></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>	<b><u>2010</u></b>	<b><u>2011</u></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)	-	-	-	-	-	-	-	-	-
Contract proceeds	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	1,029,156
Sale of capital assets	-	-	-	-	9,097	-	-	-	-	-
Proceeds from issuance of capital	-	-	-	-	-	-	49,674	-	-	-
Transfer in	4,308,841	2,763,533	3,144,749	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589	2,238,502	2,555,146
Transfer out	<u>(2,312,567)</u>	<u>(2,020,204)</u>	<u>(2,456,227)</u>	<u>(2,998,756)</u>	<u>(2,977,631)</u>	<u>(2,915,377)</u>	<u>(2,599,194)</u>	<u>(1,704,478)</u>	<u>(1,371,598)</u>	<u>(1,646,637)</u>
Total other financing sources (uses)	<u>1,996,274</u>	<u>743,329</u>	<u>869,029</u>	<u>769,794</u>	<u>843,217</u>	<u>802,573</u>	<u>847,249</u>	<u>857,111</u>	<u>866,904</u>	<u>1,937,665</u>
Net change in fund balances	<u>\$ 806,397</u>	<u>\$ 190,626</u>	<u>\$ 921,486</u>	<u>\$ 653,212</u>	<u>\$ 831,288</u>	<u>\$ (301,130)</u>	<u>\$ (675,941)</u>	<u>\$ (677,524)</u>	<u>\$ 199,885</u>	<u>\$ (463,764)</u>
Debt service as a percentage of noncapital expenditures	4.01%	4.35%	4.59%	2.74%	2.48%	0.94%	1.07%	0.81%	0.83%	0.76%

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

Source: Tuscola County Financial Reports

(concluded)



## 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						
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%	
2010	140,962,900	998,577,902	591,196,950	98,725,410	1,829,463,162	8.4921	3,658,926,324	50%	
2011	132,608,025	916,610,507	586,216,731	101,708,858	1,737,144,121	8.4921	3,474,288,242	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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>County direct rates</b>										
Operating Millage	3.9544	3.9417	3.9342	3.9251	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5499	3.5530	3.5643	3.5559	3.5456	3.5456	3.5705	3.5022	3.5780	3.5780
Debt Millage	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total direct rate	7.5043	8.4947	8.4985	8.4810	8.4597	8.4597	8.4846	8.4163	8.4921	8.4921
<b>City rate</b>										
Vassar	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.0000
Caro (2)	-	-	-	-	-	-	-	-	16.1643	16.1643
<b>Village rates</b>	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	11.0000- 21.6036	11.0000- 21.6036
<b>School district rates (1)</b>	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	30.6498- 35.0998	28.2409- 35.2409
<b>Township rates</b>	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	1.0000- 5.6563	1.0000- 6.3957
<b>District library rates</b>	.5000- 1.4909	.5000- 1.4865	.4966- 1.4794	.7966- 1.4794	.7966- 1.4761	.7924- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4909
<b>Caro Transit Authority (3)</b>	-	-	-	-	-	-	-	-	1.0000	1.0000

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

(2) In 2010 Caro was voted in as a City, rather than being a Village

(3) In 2010 new millage for public transportation.

**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.

Table 7

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Detroit Edison Company	\$ 30,814,163	1	2.20%	\$ 22,219,120	1	1.46%
POET-Biorefining - Caro	16,935,342	2	1.21%			
Wal-Mart Stores #01-1798	5,990,896	3	0.43%	6,053,046	3	0.40%
Consumers Energy Company	5,813,877	4	0.41%	5,557,228	4	0.37%
Thumb Electric Co-Op	5,519,315	5	0.39%			
Michigan Sugar Co.	4,244,748	6	0.30%	3,458,382	8	0.23%
TI Group Automotive Services	3,006,682	7	0.21%	3,912,600	6	0.26%
ITC Transmission	2,831,374	8	0.20%	4,186,667	5	0.28%
International Transmission Co	2,665,094	9	0.19%			
Metavation	2,524,200	10	0.18%			
DNR				8,596,068	2	0.57%
Walbro Corp.	-		-	3,731,000	7	0.25%
Grede Vassar Inc.	-		-	1,974,100	10	0.13%
Varlen Corp.	-		-	2,293,600	9	0.15%
	-		-	-		-
<b>Totals</b>	<b>\$ 80,345,691</b>		<b>5.54%</b>	<b>\$ 61,981,811</b>		<b>4.10%</b>

note: DNR taxable value is no longer included in our top 10 because it is not recognized in the ad valorem tax roll

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
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%
2010	5,577,639	4,858,788	87.11%	408,811	271,535	5,539,134	99.31%
2011	5,455,216	4,837,071	88.67%	369,721	183,040	5,389,832	98.80%

**Source:** Tuscola County Treasurer

**Note:** Delinquent information not available for years 2001 through 2005. -128-

# Tuscola County

Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities			
	General Obligation Bonds	Capital Improvement Bonds	Capital Lease Payable	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
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	7.97%	311
2010	655,000	-	-	16,034,912	16,689,912	8.75%	286
2011	535,000	995,000	-	13,631,114	15,161,114	10.13%	274

(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 under Note 3-F.

**Tuscola County**  
 Ratios of Net General Bonded Debt Outstanding  
 (Last ten years)

Fiscal Year	General Bonded Debt Outstanding					Net General Bonded	Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Capital Improvement Bonds	Less Paid by Benefited Municipality			
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	0.0021%
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%
2010	655,000	4,422,000	-	-	5,077,000	-	1,436,953,853	0.0000%
2011	535,000	10,240,114	-	995,000	10,775,114	995,000	1,401,083,732	0.0710%

Fiscal Year	Overlapping Debt					Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate School	Village	City		
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%
2010	55,944,375	4,215,737	79,603	5,686,071	567,127	66,492,913	4.6274%
2011	52,883,867	3,911,263	23,915	5,229,922	532,633	62,581,600	4.4667%

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

# Tuscola County

Table 11

## Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2010

2010 Census Totals 2011 Taxable Value	55,729 \$ 1,401,083,732	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 535,000	\$ 535,000	\$ -
Sewer/Water		10,240,114	10,240,114	-
Capital Improvement		995,000	-	995,000
Capital Leases		-	-	-
		\$ 11,770,114	\$ 10,775,114	\$ 995,000
Per-Capita County Net Direct Debt				17.85
Percent County Net Direct Debt to 2011 Taxable				0.0710%
Overlapping Debt of County:				
School Districts				\$ 52,883,867
Townships				3,911,263
Intermediate School District				23,915
Village				5,229,922
City				532,633
Net Overlapping Debt				\$ 62,581,600
Net County and Overlapping Debt				\$ 63,576,600
Per-Capita County Net Direct and Overlapping Debt				\$ 1,140.82
Percent Net Direct and Overlapping Debt to 2011 Taxable Value				4.5377%

(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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Value of Property	\$ 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	\$ 1,829,463,162	\$ 1,737,144,121
Debt limit, 10% of Assessed Value (Statutory Limitation)	152,018,803	157,424,546	163,631,341	172,873,124	186,129,640	195,549,908	198,683,137	196,844,473	182,946,316	173,714,412
Total Net debt applicable to limit	5,965,668	5,421,577	4,965,483	4,810,550	4,294,995	3,970,008	5,798,103	5,427,538	5,077,000	11,770,114
Legal debt margin	\$ 146,053,135	\$ 152,002,969	\$ 158,665,858	\$ 168,062,574	\$ 181,834,645	\$ 191,579,900	\$ 192,885,034	\$ 191,416,935	\$ 177,869,316	\$ 161,944,298
Total net debt applicable to the limit as a percentage of debt limit	3.92%	3.44%	3.03%	2.78%	2.31%	2.03%	3.01%	2.84%	2.78%	6.78%



**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 (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
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	1,445,494	26,094	9,991	16.0%
2010	55,665	1,459,860	26,226	9,496	14.2%
2011	55,422	1,535,772	27,589	9,518	11.3%

(1) Census Bureau 2001-2009 estimated census data. 2010 actual census data. 2011 estimated

(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 2011. Estimates based on population changes, and state change in personal income. 2010 updated with reported actuals.

(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

Table 14

Principal Employers,  
Current Year and Ten Years Ago (1)

<u>Employer</u>	<u>1999</u>			<u>2011</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				406	1	1.8%
Caro Regional Center				324	2	1.4%
Hills and Dales General Hospital				301	3	1.3%
Wolverine Human Services				300	4	1.3%
Caro Community Schools				264	5	1.2%
Vassar Schools				258	6	1.1%
Tuscola Intermediate School District				256	7	1.1%
Walbro - Engine Management				224	8	1.0%
Wal-Mart				140	9	0.6%
Metavation Foundry				140	10	0.6%
<b>Total</b>				<b>2613</b>		<b>11.5%</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>			

(1) Data for 2000 not available for comparison we used 1999

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

# Tuscola County

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

Table 15

<b>Function</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Legislative	5	5	5	5	5	5	5	5	5	5
Judicial	47	46	44	45	45	45	45	48	45	44
General Government	54	52	52	52	53	53	53	53	50	50
Public Safety	57	60	58	59	57	57	58	59	60	60
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare <b>(1)</b>	162	162	165	167	171	190	190	196	189	196
<b>Total</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>	<b>349</b>	<b>355</b>

(1) Includes Health Department and Medical Care Facility. Does not include Component Units  
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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Function/Program</u></b>										
<b>Public safety (1)</b>										
Incarcerated offenders	2,321	2,366	1,962	1,843	2,039	2,160	2,247	2,157	2,025	2,002
First time offenders	766	749	634	608	766	603	608	589	562	577
Repeat offenders	1,555	1,617	1,370	1,380	1,555	1,557	1,639	1,568	1,463	1,425
Traffic violations and other summons issued	6,581	5,460	4,504	2,689	3,318	2,870	2,635	3,056	2,968	2,263
Physical arrests made	1,148	1,223	937	1,005	841	920	1,013	994	893	854
<b>Judicial</b>										
54th Circuit Court new case filings	1,806	1,829	1,629	1,467	1,626	1,595	1,533	1,375	1,368	1,311
71B District Court new case filings	17,703	14,937	12,272	10,446	10,842	10,120	9,335	9,451	8,922	7,670
Probate Court new case filings	458	354	382	382	351	322	388	349	325	343

(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

Table 17

## Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

<u>Function/Program</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>	<u>2010</u>	<u>2011</u>
<b>Public Safety</b>										
Sheriffs Department										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	23	25	24	22	24	21	21	22	23	22
Mileage	469,436	479,646	437,615	388,822	397,278	435,970	398,914	425,351	383,335	364,153
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Animal control (1)										
Vehicles	2	-	-	-	-	-	-	-	-	-
<b>General Government</b>										
Building and Grounds										
Vehicles	16	16	13	12	14	12	12	13	11	12
Mosquito control										
Vehicles	14	14	14	15	16	17	19	19	19	17
Recycling										
Vehicles	1	1	1	1	1	1	1	2	2	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.

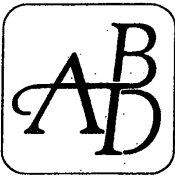
(1) In 2003 Animal Shelter was closed. In 2005 Tuscola entered into a contract with Sanilac County to run the animal shelter.

**IV. SINGLE AUDIT**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

<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 11-79002	\$ 51,946
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 12-79002	18,454
Friend of Court Cooperative Reimbursement Program	93.563		746,463
Title IV-D Incentive Program	93.563		<u>84,054</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>900,917</u>
<b>U.S. Department of Homeland Security</b>			
Passed-Through Michigan Department of State Police Emergency Management Performance	97.042		27,777
Passed-Through Bay County Homeland Security Grant	97.067		182,364
Public Safety Interoperable Communications Grant	97.067		100,334
Passed-Through Michigan Department of Natural Resources: Marine Safety Program	97.012		<u>16,642</u>
<b>Total U.S. Department of Homeland Security</b>			<u>327,117</u>
<b>U.S. Department of Justice</b>			
Passed-Through Office of Community Health: Victims of Crime Act	16.575		66,230
Violent Crimes Against Women	16.575		187,384
Passed-Through Lapeer County Byrne JAG TNU - ARRA	16.803		<u>59,235</u>
<b>Total U.S. Department of Justice</b>			<u>312,849</u>
<b>U.S. Department of Agriculture</b>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>29,079</u>
<b>Total U.S. Department of Agriculture</b>			<u>29,079</u>
<b>U.S. Department of Transportation</b>			
Passed-Through Michigan Department of State Police Safe Communities Grant	20.600		<u>14,740</u>
<b>Total U.S. Department of Transportation</b>			<u>14,740</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		<u>90,236</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>90,236</u>
<b>U.S. Department of Energy</b>			
Energy Efficiency and Conservation Block Grant Program - ARRA	81.128		<u>484,246 *</u>
<b>Total U.S. Department of Energy</b>			<u>484,246</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 2,159,184</u></u>

\* Includes \$80,981 of grant funds spent in 2010 that were not reported on the SEFA.



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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May 9, 2012

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.....  
Robert L. Tuckey, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Tuscola County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tuscola County, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 9, 2012. We did not audit the financial statements of the Tuscola County Health Department, a major governmental fund which represents 6% of assets and 11% of revenues of the governmental funds and 5% of assets and 14% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 55% of the assets and 92% of the revenues of the enterprise funds and 56% of assets and 90% of revenues of the business-type activities. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it related to the amounts included for the Tuscola County Health Department and Tuscola County Medical Care Facility, 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. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of Tuscola County, Michigan is responsible for establishing and maintaining effective 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in 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.

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Board of Commissioners  
May 9, 2012

*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 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 following deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2011-1 thru 2011-3.

### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Tuscola County's 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*.

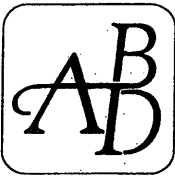
We noted certain matters that we reported to the management of Tuscola County in a separate letter dated May 9, 2012.

Tuscola County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tuscola County's responses and, accordingly, we express no opinions on them.

This report is intended solely for the information and use of the Financial 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.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**



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May 9, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

**COMPLIANCE**

We have audited Tuscola County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tuscola County's major federal programs for the year ended December 31, 2011. Tuscola County's major federal programs are identified in the summary of auditors' 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, which received \$1,713,980 in federal awards and which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of the Tuscola County Health Department because other auditors performed the audit 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 of Tuscola County's compliance with those requirements.

In our opinion, Tuscola County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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Board of Commissioners  
May 9, 2012

**INTERNAL CONTROL OVER COMPLIANCE**

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 the requirements that could have a direct and material effect on a major federal program to determine the 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 a 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 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Financial 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.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified:   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   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 deficiency(ies) identified that are 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 with Section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.575	Victims of Crime
81.128	Energy Efficiency & Conservation Block Grant
93.563	Friend of the Court and Prosecuting Attorney Cooperative Reimbursement (Title IV-D)

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

Auditee qualified as low-risk auditee?        Yes   X   No

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Section II – Financial Statement Findings**

Finding considered a material weakness

**Finding 2011-1 (Repeat Comment)**

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 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.

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Section II – Financial Statement Findings**

Finding considered a material weakness

**Finding 2011-2 – Prior Period Adjustment**

Criteria:

During our current year audit we found that over the past several years a portion of the tax revenues received in the agency fund had not been transferred to the general fund.

Condition:

The County's agency fund receives tax revenues and then pays the money to the general fund each year.

Cause:

Accidental oversight by management caused a portion of the tax money not to get transferred to the general fund.

Effect:

Because of the missing transfers of tax revenues, the County's general fund revenues and fund balance had been understated.

View of Responsible Officials:

The County agreed to record the transfer as a prior period adjustment.

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Section II – Financial Statement Findings**

Finding considered a material weakness

**Finding 2011-3 – Prior Period Adjustment**

Criteria:

The County received revenue from the State of Michigan and recorded receivables for amounts due at the end of the year. The State of Michigan changed the amount the County was to receive causing the receivable to be overstated.

Condition:

Accounts receivable was recorded for amounts that will never be received by the County from the State of Michigan.

Cause:

The cause of the adjustment was a change in the amount receivable from the State of Michigan.

Effect:

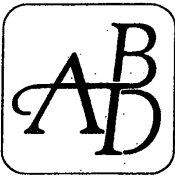
The County's current assets and fund balance were overstated in the amount \$39,735.

View of Responsible Officials:

The County agreed to record the change in accounts receivable as a prior period adjustment.

**Section III – Federal Award Findings and Questioned Costs**

None



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May 9, 2012

.....  
Robert L. Tuckey, CPA

Board of Commissioners  
Tuscola County

In planning and performing our audit of the financial statements of the **Tuscola County, Michigan** as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 9, 2012 on the financial statements of **Tuscola County, Michigan**. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

### **Court Administrator Audit - Repeat Comment**

As a result of the retirement of the Probate/Family Court judge, the State of Michigan's court administrator's office performed an audit of the 54th Judicial Circuit Probate Court's office procedures. The audit also covered the Friend of the Court's office as well as Juvenile Court. The audit included a review of the court's accounting procedures and internal control as well as a review of the trust accounts.

Although many of the issues that were communicated involved internal control matters, the state auditor did point out that the subsidiary ledgers for the court that are maintained by the County Clerk for bonds, restitution as well as other trust accounts are not reconciled to the general ledger. As the Controller's Office does not have access to the court's AS400 system they can only assist with the process on the general ledger side of the reconciliation. The final reconciliation of the bond, restitution and other trust accounts ultimately rests with the Clerk's Office.

We recommend that the subsidiary ledgers mentioned above be reviewed for accuracy, that any differences between the subsidiary ledgers and general ledger be reconciled and adjusted as needed and that the chief accountant meet with the county clerk on a monthly basis to insure this recommendation is implemented.

### **Treasurer's Office - Repeat Comment**

The County has a significant number of bank accounts located at various financial institutions. During our testing procedures, we noted that the treasurer's name is not on all of the accounts and that in a few instances, she does not receive the bank statements. We identified one account at the Friend of the Court, six accounts at the District Court, two accounts at the Sheriff's office and one account at Michigan FIA. We recommend that a concerted effort be made to add the treasurer's name to all county-owned accounts and that the financial institutions be instructed to mail bank statements each month to the county treasurer.

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**Fixed Asset Inventory - Repeat Comment**

The County has significant investments in equipment items, and we recommend that controls be strengthened in this area. Most fixed assets are never physically inventoried. We recommend that periodic physical counts of property (such as every two to three years), especially removable equipment items, be taken and compared to the detailed fixed assets subsidiary ledger. Affixing identifying tags with numbers as assigned in subsidiary ledger will aid in making this comparison. These controls will assist in planning for capital expenditures, help determine accurate amounts and values of insurable assets, and help detect the loss or unauthorized use of valuable county property.

**Budget Amendments**

We observed that the final budget amendments for the calendar year 2011 had not been adopted by the board until the second month of the next fiscal year. Public Act 621 requires that final budget amendments be approved and accepted by the Board by year-end, in this case December 31, 2011. Therefore, we recommend the Board approve all budget amendments no later than the end of December.

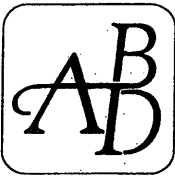
This communication is intended solely for the information and use of management and others within the governmental unit and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the ***Tuscola County, Michigan*** and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants



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May 9, 2012

Board of Commissioners  
**Tuscola County**  
Caro, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Tuscola County** for the year ended **December 31, 2011**, and have issued our report thereon dated May 9, 2012. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133  
As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered **Tuscola County's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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.

As part of obtaining reasonable assurance about whether **Tuscola County's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about **Tuscola County's** compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on **Tuscola County's'** compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on **Tuscola County's'** compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 19, 2012.

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989-673-3137 fax: 989-673-3375  
1-800-234-8829

2956 Main Street • Marlette, MI 48453  
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6261 Church Street • Cass City, MI 48726  
989-872-3730 fax: 989-872-3978

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Tuscola County** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011, except for the adoption of GASB 54 (*Fund Balance Reporting and Governmental Fund Type Definitions*). We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimates used in calculating the liability for employee compensated absences.

The disclosures in the financial statements are neutral, consistent and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 9, 2012.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Board of Commissioners  
May 9, 2012  
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This information is intended solely for the use of the Board of Commissioners and management of **Tuscola County** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Anderson, Tuckey, Bernhardt & Doran, P.C." The signature is written in a cursive, flowing style.

Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants