



Tuscola County Michigan



Comprehensive Annual Financial Report

Year Ended December 31, 2013

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



**For the Year Ended
December 31, 2013**

Issued by:

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

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

PAGE

SECTION ONE: INTRODUCTORY SECTION

Letter of Transmittal.....	i-ix
List of Principal Officers.....	x
Organizational Chart.....	xi
GFOA Certificate.....	xii

SECTION TWO: FINANCIAL SECTION

Independent Auditor's Report	I-III
Management's Discussion and Analysis	IV-XVII
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	1
Statement of Activities.....	2-3
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	4
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
Statement of Net Position - Proprietary Funds.....	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	9
Statement of Cash Flows - Proprietary Funds.....	10-11
Statement of Fiduciary Net Position - Fiduciary Funds.....	12
Notes to Basic Financial Statements.....	13-48

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund.....	49-61
Budgetary Comparison Schedule - Health Department.....	62
Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions - Tuscola County.....	63
Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions - Medical Care Facility.....	64
Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions - Health Department.....	65
Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions - Road Commission.....	66
Massachusetts Mutual Retirement Plan - Schedule of Funding Progress and Employer Contributions - Road Commission.....	67
Additional Supplementary Information - Combining and Individual Fund Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	69
Combining Balance Sheet - Special Revenue Funds.....	70-76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds.....	77-83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds - Budget and Actual.....	84-105
Combining Balance Sheet - Capital Project Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Project Funds.....	107
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	108-109
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	110-111
Combining Statement of Cash Flows.....	112-113
Internal Service Funds	
Combining Statement of Net Position.....	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	115
Combining Statement of Cash Flows.....	116
Fiduciary Funds	
Combining Balance Sheet - Fiduciary Funds.....	117
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	118
Component Unit	
Statement of Net Position and Governmental Fund Balance Sheet - Drain Commission.....	119
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Drain Commission.....	120

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION THREE: STATISTICAL SECTION - UNAUDITED	
Net Position by Component	121
Changes in Net Position	122-124
Fund Balances of Governmental Funds	125
Changes in Fund Balance of Governmental Funds and General Government Tax Revenues by Source	126-127
Assessed Value and Estimated Actual Value of Taxable Property	128
Property Tax Rates Direct and Overlapping Governments	129
Principal Property Taxpayers	130
Property Tax Levies and Collections	131
Ratio of Outstanding Debt by Type	132
Ratios of General Bonded Deb Outstanding	133
Direct and Overlapping Governmental Activities Debt	134
Legal Debt Margin Information	135
Demographic and Economic Statistics	136
Principal Employers	137-138
Full-time Equivalent County Employees by Function	139
Operating Indicators by Function	140
Capital Asset Statistics by Function	141

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

PAGE

SECTION FOUR: SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards.....	142
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	143-144
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A133.....	145-146
Notes to Schedule of Expenditures of Federal Awards	147
Schedule of Findings and Questioned Costs.....	148-149
Summary of Schedule of Prior Audit Findings.....	150

I . INTRODUCTORY SECTION

The Introductory Section contains:

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

TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

Michael R. Hoagland
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Caro, Michigan 48723

Telephone
989-672-3700

June 9, 2014

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, 2013.

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, 2013 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, 2013 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 54,000.

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 to maintain required 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 2012 population estimate for Tuscola County was 54,662. This is a decline of 3,564 or 6.2% from the year 2000 population of 58,266. Tuscola County's unemployment rate remains high in the range of 10.3%, basically unchanged in the last couple of years.

The residential class of land experienced the largest declines in value over the last several years. Property tax is the single largest source of revenue to the general fund. The importance of property tax revenue cannot be overstated because it represents 45% of the total revenue for operations. Property tax value declines are clearly a result of the significantly weakened economy.

Positive Steps Taken To Revitalize the Economy

The County, Economic Development Corporation (EDC) other entities have continued their efforts of economic development in Tuscola County. Through their diligent efforts major economic development activities accomplished during 2013 include:

Job Retention/Creation

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

1. The establishment of Mi Green Thumb Sub-Region for Huron, Sanilac, and Tuscola County EDC in the new Michigan Economic Development Corporation Region 6. The economic development benefits of the new sub region are region grant funding, a seat on the Collaborative Development Council (CDC) Board, and giving Tuscola County an active voice in all State of Michigan Economic Development initiatives.
2. The EDC provided vital services and assistance to the Village of Cass City and Dairy Farmers of America (DFA) for Project Thumb, which is the development of a \$40 million dollar milk processing plant. This plant will create 25 new jobs at a base wage of \$14.00 per hour for Phase One and 100 – 300 new jobs for Phase Two.
3. The EDC was instrumental in the development of the application for the Cass City Agricultural Processing Renaissance Zone and the Environmental Study which were key elements in the development of the new Dairy Farmers of America Milk Processing Plant.
4. Through a new grant writing program the EDC has successfully raised over \$5 million for Tuscola County Businesses and Municipalities.
5. The Village of Cass City approved Tax Abatements for MI-Tech Tooling and Millennium, each of these have created jobs in Tuscola County.
6. The EDC provided an Equipment Lease to Ransford Wasik, LLC for kitchen and dining equipment for Intermission Deli.
7. The EDC provided an Equipment Lease to Ferris Inc. for digital projection equipment for the Caro Strand Theatre.
8. Through the Revolving Loan Fund the EDC provided funds to Ransford Wasik, LLC and Sally Peters for the Intermission Deli and Michigan Salon Services.

Entrepreneurial Interest Increases

The Tuscola County EDC is experiencing an increase in entrepreneurs interested in business start-ups. This is evidenced by the number of commercial, retail, and industrial property being sold over the past year. This increases the need for EDC services in providing help for business interests planning development with financing and tax abatement.

Wind Energy and Green Development

The EDC and Tuscola 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 Counties over the next few years.

One wind energy developer, Consumer's Energy began construction on their Cross Winds Energy Park which is a \$255 million investment and will create about 150 construction jobs. The 105 – megawatt wind park, which will include 62 wind turbines, is expected to be up and running by late 2014. These developments add a significant amount of dollars to the tax base.

Revolving Loan Fund

The 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.

Equipment Lease Program

This program is providing funding to My Sister's Barn, Michigan Salon Services, Intermission Deli, and the Strand Theatre in a collaborative effort of the Tuscola County EDC and the USDA through a grant. These funds are an exciting part of the services the EDC provides to help to retain and create jobs.

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's 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.

V – 2013 County Activity Summary

Wind Energy Development

Wind energy revenue has become the single most important factor impacting county finances. All governmental entities that have wind generators within their jurisdictional boundaries and levy a millage, realize revenue from wind projects. Revenue from wind projects is not a financial “fix all” for the county. However, if properly managed it should help to financially maintain the current county service base and capital improvement needs until 2016 when revenue from this source will begin to decline if additional generators are not constructed.

There are still unresolved issues that will impact the actual amount of revenue received from wind energy projects. One of these is the State Tax Commission (STC) change in the method of taxation. The STC “Multiplier Schedule” change made in 2012 could result in an estimated 27% revenue reduction to governmental units. Also, it is believed Nextera will continue to appeal the assessment on their projects in Tuscola County.

A local committee called the Michigan Renewable Energy Collaborative (MREC) has been formed to review fair and equitable methods of taxing wind generators. Counties from several areas of the state are appealing the STC change in the method of taxation. The law firm of Clark Hill was hired to help protect interests of counties that are members of MREC. A wind appraisal study has been completed and is being used to as a basis for a fair and equitable method of wind generator assessing.

The peak year for general fund revenue is anticipated to be 2015 with total general fund revenue is estimated at \$1,098,000. The peak year revenue for special revenue funds is anticipated to be 2016 with revenue estimated at \$1,217,000. It is important to stress that based on the current method of taxation the amount of revenue received from wind generators declines sharply with time. This is a critical factor that needs to be incorporated into planning and policy development so that dependency is not greater than can be sustained long-term.

The Phase 1 Nextera wind energy project with 68 generators in Gilford Township was completed in 2012. A 60 generator Phase 2 project was completed in Fairgrove (some in other townships) in 2013. A Consumers Energy project in Akron and Columbia Townships is expected to be completed in 2014 with 58 wind generators. International Transmission Company (ITC) is implementing \$550 million in upgrades to transmission lines in Huron, Sanilac and Tuscola Counties to accommodate the increase in electrical generation. The portion of the ITC project in Tuscola County was completed in 2012.

Energy Production/Solar and Oil Shale

In addition to the major wind energy investments, Tuscola County also has significant solar energy project to be constructed by Detroit Edison in Wells Township in 2014. Oil shale companies have signed leases through many areas of the county for exploration and potential mining of this natural resource. The county has formed a workgroup to monitor oil shale activities including land leases, environment practices and protection of groundwater. This committee will also review alternative methods of assessing and impact fees assessments. Several parts of the country including Pennsylvania have a different method of taxing the industry bases on impact fees.

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 many health department administrative services with Huron County. Effective communication and understanding with state officials has enabled a lease agreement to be established for housing the Michigan Department of Human Services and State Police Post 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> .

Recently staff and commissioners from Huron, Sanilac and Tuscola have started meeting to explore other services that may be able to be combined for efficiency and cost savings. Tuscola is part of the Region 6 Prosperity Regions that has been formed to conduct economic development planning.

Citizens Financial Guide and Performance Dashboard

County financial transparency and accountability information is required to be summarized on the county website in order to qualify for portions of state revenue sharing payments. Staff submitted the state required Citizens Guide, Performance Dashboard and Projected Budget to gain compliance with some of the new state requirements. The State has approved the information submitted which is now posted on the county website and available in the County Clerk and County Controller Offices for public use.

<http://www.tuscolacounty.org/forms/Tuscola%20County%20Citizens%20Guide.pdf>

Medical Care Facility (MCF) “Small House Project”

This MCF housing project is planned for construction in the spring of 2014 on property purchased from Davenport University. These housing units are designed for 24/7 care while also providing patients with separate bedrooms and independent living. Two units are being planned with 10 beds in each housing unit. Total project cost is estimated at \$7.6 million with \$4.6 to be financed and 3.0 million using MCF reserves. The full faith and credit of the general fund is not used with this project because revenue bonds and not general obligation were issued. Financing using revenue bonds requires the MCF Board to adjust and to correct any funding difficulties if they occur in the future. Financial consultants for the project are Baird and Company.

Jail Overcrowding/Additional Jail Beds Implemented

For several years, costs to house prisoners in other counties were contained, but for 2012 and 2013 costs increased. The county was recently able to add 6 more beds at the jail without cost because of changes by the State Department of Corrections in prisoner housing regulations. In 2013, approximately \$90,000 in changes to the C-Wing of the jail were implemented which enabled adding 6 more jail beds. The addition 12 total beds are anticipated to ease jail overcrowding at least for the near term. Avoiding costs of housing prisoners in other counties can substantially reduce overall jail costs.

Strengthened Security

Indoor and outdoor security cameras were implemented for enhanced security at the jail to gain compliance with the Federal Prisoner Rape Elimination Act. Cost of the camera system was \$55,415. Approximately one-half of the cost was received from the county insurance carrier through a grant. Additional security buttons along with upgrades to current security buttons were implemented in 2013 for offices in the Courthouse and Purdy Buildings. A major upgrade to security in the County Treasurer's Office is planned for implementation in 2014. The county is working to establish generator power backup at most county buildings. A camera system was implemented in the Register Deeds Office to monitor public use of documents.

Central Dispatch Next Generation 911 Phone System

Currently, the Bay, Midland and Tuscola County 911 phone systems operate independent from one another using three separate analog systems. Current systems in all three counties do not allow certain functions and capabilities that are needed for upcoming changes in call delivery, the ability to route or re-route emergency calls based on geographic location, the ability to provide virtual backup to other 911 Centers and allow for network equipment and cost sharing. Dispatch/911 Centers need to be prepared to receive requests for emergency assistance from technologies other than just voice.

All of these centers need to replace their current 911 phone systems and equipment with an effective solution capable of handling future technology and connecting to the Michigan (NG911) network. Rather than each county purchasing the updated equipment resulting in duplication and added cost, one system can be designed to serve all three counties resulting in tremendous savings in terms of both purchase and operational costs. The counties are pursuing a Michigan Department of Treasury Competitive Assistance Grant to purchase the equipment. Approval of this grant would help in paying all or part of the equipment purchase costs.

In Sync Technology Committee and Activities

In 2013, a technology planning/advisory workgroup was formed with the title "Tuscola In Sync". Initial objectives include: expanding communication among county computer technicians/users, expanding understanding of the current network infrastructure, determining infrastructure capabilities, aiding with product review, developing recommendations, training and reviewing the potential of the advanced county optic network.

Recently the county determined a method of moving forward with the implementation of a digitized parcel layer mapping. Tuscola is one of the few remaining counties in the state that lacks this capability. This is being accomplished through the County Equalization Department. After digitized parcel maps are created the county will be able to initiate a Geographic Information System. This system will be highly beneficial to many county departments and local units of government.

A comprehensive update to the county web site was completed in 2013. This was accomplished with input from all departments. A much more user friendly web page has been created. The county is working to increase the number of online services that can be delivered for increased efficiency and public convenience.

Abused, Neglect and Delinquent Children

Cost for abused, neglected and delinquent children is significant and has been increasing over the last several years. These costs are a major financial factor in balancing the annual county budget. County costs to house one child for care at an institution can be as much as \$300 per day.

Commissioners and staff have begun working with the Probate Judge and Department of Human Services Board to evaluate upfront methods of helping children in early stages of problems to prevent problems before they escalate into full scale institutional care. Part of the objective may be to determine methods of funding preventative programs to avoid extremely costly institutional care.

Other 2013 Activities

Some of the other 2013 activities stated in 2013 include:

- Recovering certain funds the county borrowed for Denmark Township for an unsuccessful water project
- Using grant funds established a three county Driving While Under the Influence of Alcohol Court to work with violators and prevent recidivisms
- An update to the 10-Year Capital Improvement Plan was prepared and shows that currently the county is not capability of funding the annual buildings and grounds maintenance needs of the next 10 years
- County Economic Development Corporation has started the preparation of an updated to the County Solid Waste Management Plan which will enable application for Brownfield Redevelopment funds
- Implementation of a revamped Medical Examiner system will relieve county and local police officers of this responsibility to deal with other critical police requirements is nearing completion
- County was able to discontinue a lease on the former Niland Building reducing annual costs by approximately \$10,000

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.

1. **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.
2. **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.

IX - Awards and Acknowledgements

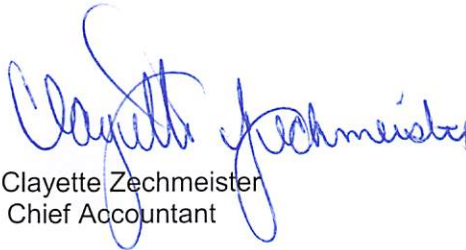
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. This was the twelfth consecutive year that the government has 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 Matthew Bierlein

District 3 Christine Trisch
District 4 Craig Kirkpatrick

Administration

County Controller/Administrator

Michael Hoagland

Elected Officials

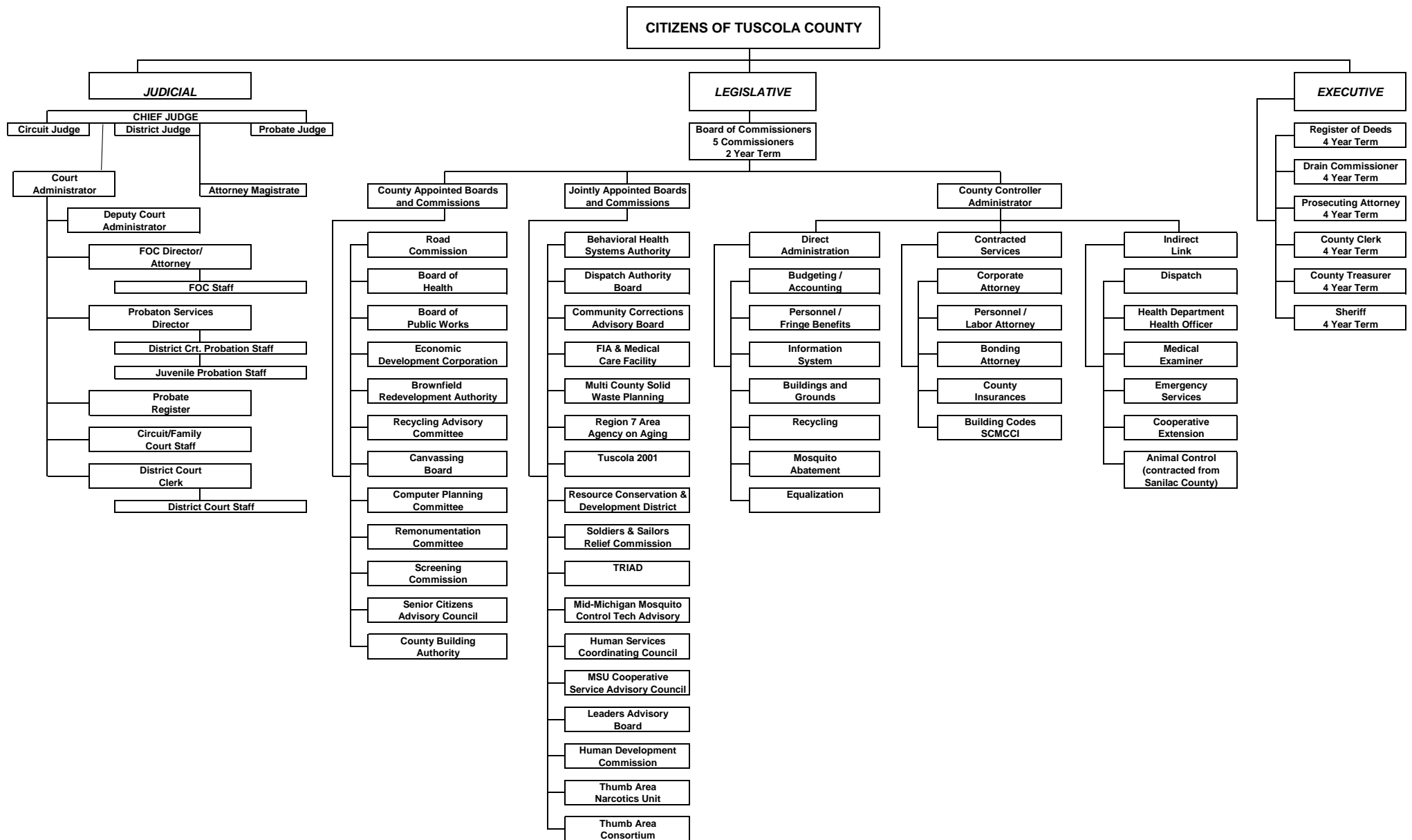
Circuit Court Judge
District Court Judge
Probate Court Judge
Prosecutor
Sheriff
County Clerk
Register of Deeds
Drain Commissioner
Treasurer

Amy Grace Gierhart
Kim Glaspie
Nancy Thane
Mark Reene
Leland Teschendorf
Jodi Fetting
John Bishop
Robert Mantey
Patricia Donovan-Gray

Appointed Officials

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

Donna Fraczek
Mike Miller
Zimco, Inc
Robert Klenk
Walter Schlichting
Sandy Erskine
Gretchen Tenbusch
Sheila Long
Kim Green
Joe Bixler
Mike Miller
Glen Skrent





Government Finance Officers Association

**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, 2012

Executive Director/CEO



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
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
.....
Jerry J. Bernhardt, CPA
Robert L. Tuckey, CPA

Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy D. Franzel
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tuscola County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tuscola County, Michigan** (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 10% of revenues of the governmental funds and 4% of assets and 12% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 58% of the assets and 91% of the revenues of the enterprise funds and 59% of assets and 93% of revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Medical Care Facility, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Tuscola County Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of 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, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 4H to the financial statements, Tuscola County implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and the Municipal Employees Retirement System of Michigan Schedules 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's, basic financial statements. The introductory section, combining and individual fund financial statements, 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, and combining and individual fund financial statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2014, on our considerations of Tuscola County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tuscola County's internal control over financial reporting and compliance.

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

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

JUNE 9, 2014

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, 2013. 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 and deferred outflows of resources at the close of the most recent fiscal year by \$36,587,892 (net position). This is an increase of 9.9% from 2012. The business-type activities had an increase in net position of \$725,546 while the governmental activities experienced a decrease in net position of (\$522,826).
- Net investment in capital assets at the close of the 2013 fiscal year were \$12,720,622. This is an increase of 9.4% from 2012. The governmental activities reflect a small increase of \$57,282 while the business-type activities continue to increase, this year by \$697,702.
- The restricted portion of total net position was \$3,498,435. This is a 2012 to 2013 increase of \$220,117. The governmental activities decreased by (\$60,890) while the business-type activities increased \$281,007. The growth on the business-type is due to the Medical Care Facility debt service restrictions.
- Unrestricted net position at the end of 2013 was \$20,368,835. This is a decrease of 9.6% from 2012. Both governmental and business-type activities experienced decreases in unrestricted net position. Unrestricted position may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted net position, significant portions of these amounts can only be used for specific purposes.

Fund Balance Information.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,040,571. 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 \$955,076. (Additional information on fund balances can be found on pages 4-6 in the basic financial statements).
- The total fund balance for the general fund was \$2,645,943 this is a small increase of \$99,251 from fiscal year 2012. The unassigned portion is \$955,076. The remaining portions of the general fund balance are nonspendable, restricted, committed or assigned and not available for spending.
- Health Department fund balance had a significant increase of \$264,602 in 2012 mostly due to receiving settlements for Medicaid Cost Reimbursement for fiscal years 2008-2011. However, for 2013 Medicaid caseloads declined, causing the use of fund balance of (\$335,215).

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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, 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 37 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 35 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 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 84.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax collections and Medical Care Facility activities, and other funds that consist of public works activities for local units. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Tuscola County uses internal service funds to account for its health insurance, retirement supplement and the workman's compensation funds.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility, Delinquent Tax Revolving Fund, Caro Sewer System, Denmark Sewer System and Wisner Water District 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 108-113. 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 114-116.

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 13-48 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 49-120 of this report.

Government-wide Financial Analysis

The following tables show the County's net position for governmental and business-type activities, in addition to a comparison of 2012 and 2013 net position balances. As noted earlier, these may serve over time as a useful indicator of a government's financial position. At the end of the 2013 fiscal year, the County is able to report positive net position balances for the government as a whole including both governmental activities and business activities. Total net position had a modest increase of \$202,720 or 1% from \$36,385,172 in 2012 (as restated) to \$36,587,892 in 2013.

Governmental activities category seen a significant decrease in the net position from 2012 to 2013 of (\$522,826). This is the first decline since 2011. The major factor is due to the reduction in current and other assets.

The County's net investment in capital assets increased by \$776,721 or 6.5% from \$11,943,901 in 2012 to \$12,720,622 in 2013. Business-type activities shows an increase of \$697,702 while the governmental category reports an increase of \$79,019.

Restricted assets increased by \$220,117 or 9.4% from \$3,278,318 in 2012 to \$3,498,435 in 2013. Governmental activity funds actually decreased (\$60,890) but the Business-type reported an increase of \$281,007. This growth is all a result of the Medical Care Facility debt service restrictions.

The largest portion of the County's net position is in the unrestricted category. Unrestricted net position decreased by (\$794,118) or 9.6% from \$21,162,953 in 2012 to \$20,368,835 in 2013. This decrease occurred in both the activities. The governmental activities decreased (\$540,955). The decrease in the business-type activities from 2012 to 2013 was (\$253,163).

	Governmental Activities		Business-Type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Current and other assets	12,791,284	12,513,387	30,603,324	35,588,166	43,394,608	48,101,553
Capital assets, net	6,755,578	6,412,561	11,495,684	11,178,235	18,251,262	17,590,796
Total assets	19,546,862	18,925,948	42,099,008	46,766,401	61,645,870	65,692,349
Long-term liabilities outstanding	3,847,580	1,461,367	1,214,293	1,695,962	5,061,873	3,157,329
Other liabilities	2,513,189	2,023,401	17,663,899	21,124,077	20,177,088	23,147,478
Total liabilities	6,360,769	3,484,768	18,878,192	22,820,039	25,238,961	26,304,807
Taxes levied for subsequent period		2,799,650				2,799,650
Total deferred inflows of resources		2,799,650				2,799,650
Net Positions						
Net investment in capital assets	4,913,217	4,992,236	7,030,684	7,728,386	11,943,901	12,720,622
Restricted	1,397,671	1,336,781	1,880,647	2,161,654	3,278,318	3,498,435
Unrestricted	6,853,468	6,312,513	14,309,485	14,056,322	21,162,953	20,368,835
Total net position	\$ 13,164,356	\$ 12,641,530	\$ 23,220,816	\$ 23,946,362	\$ 36,385,172	\$ 36,587,892

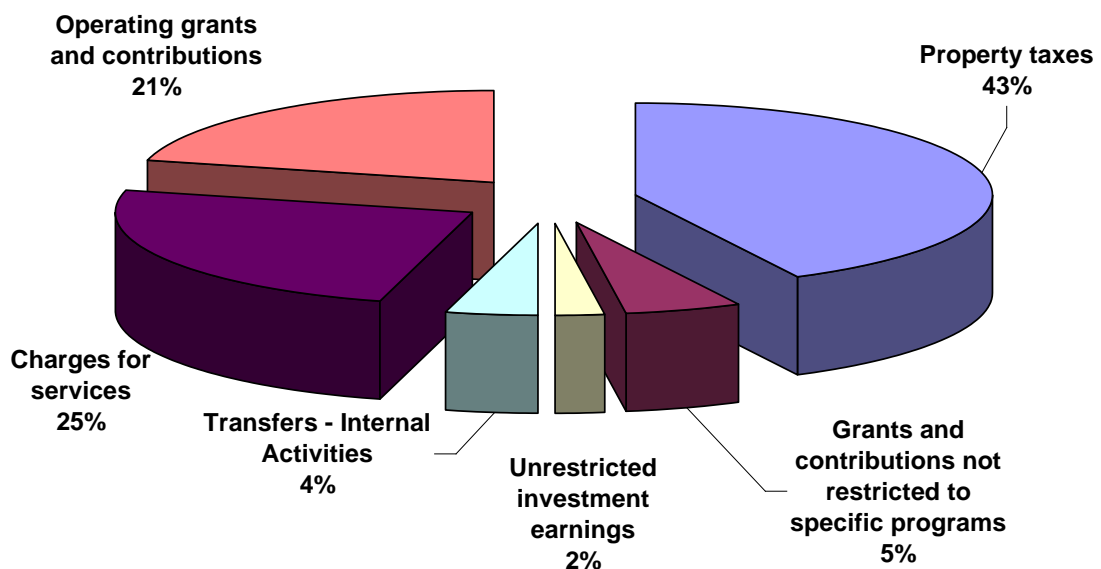
Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenue:						
Charges for services	4,989,868	4,971,331	19,676,832	18,054,610	24,666,700	23,025,941
Operating grants and contributions	4,857,622	4,258,198	-	-	4,857,622	4,258,198
Capital grants and contributions	-	-	258,856	1,022,637	258,856	1,022,637
General Revenue:						
Property Taxes	8,138,839	8,580,677	1,743,674	1,735,187	9,882,513	10,315,864
Grants and contributions not restricted to specific programs	1,033,823	1,045,628	-	-	1,033,823	1,045,628
Unrestricted investment earnings	499,575	471,176	66,403	35,869	565,978	507,045
Miscellaneous general revenues	-	-	-	-	-	-
Other Revenues	858,469	1,052,109	665,500	973,408	1,523,969	2,025,517
Total revenues	<u>20,378,196</u>	<u>20,379,119</u>	<u>22,411,265</u>	<u>21,821,711</u>	<u>42,789,461</u>	<u>42,200,830</u>
Expenses:						
Legislative	101,764	105,073	-	-	101,764	105,073
Judicial	2,879,517	3,196,846	-	-	2,879,517	3,196,846
General Government	6,221,722	6,321,347	-	-	6,221,722	6,321,347
Public Safety	5,804,282	6,029,646	-	-	5,804,282	6,029,646
Public Works	795,586	924,147	-	-	795,586	924,147
Health and Welfare	5,150,298	5,091,444	-	-	5,150,298	5,091,444
Culture and Recreation	6,899	6,137	-	-	6,899	6,137
Interest on debt	60,669	52,768	-	-	60,669	52,768
Medical Care Facility			18,068,414	18,849,925	18,068,414	18,849,925
Delinquent property tax			21	48	21	48
Caro Sewer System			99,261	93,919	99,261	93,919
Caro Sewage (Refunding)			5,970	988	5,970	988
Mayville Storm Sewer			55,067	53,900	55,067	53,900
Richville Water System			11,122	5,152	11,122	5,152
Millington Sewer System			2,587	2,138	2,587	2,138
Denmark Sewer System			84,242	83,119	84,242	83,119
Denmark water estension			624	3,294	624	3,294
Wisner Water				780,127		780,127
Tax Foreclosure			336,683	446,017	336,683	446,017
Other	-	-	-	-	-	-
Total expenses	<u>21,020,737</u>	<u>21,727,408</u>	<u>18,663,991</u>	<u>20,318,627</u>	<u>39,684,104</u>	<u>42,046,035</u>
Change in net positions before transfers	(642,541)	(1,348,289)	3,747,274	1,503,084	3,104,733	154,795
Transfers - internal activities	842,214	825,463	(798,862)	(777,538)	43,352	47,925
Change in net positions	199,673	(522,826)	2,948,412	725,546	3,148,085	202,720
Net positions-beginning of year, as restated	<u>12,964,683</u>	<u>13,164,356</u>	<u>20,272,404</u>	<u>23,220,816</u>	<u>33,237,087</u>	<u>36,385,172</u>
Prior period adjustment	-	-	-	-	-	-
Net positions-end of year	<u>\$ 13,164,356</u>	<u>\$ 12,641,530</u>	<u>\$ 23,220,816</u>	<u>\$ 23,946,362</u>	<u>\$ 36,385,172</u>	<u>\$ 36,587,892</u>

Governmental Activities. Governmental activities net position decreased from 2012 to 2013 by (\$522,826). 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.

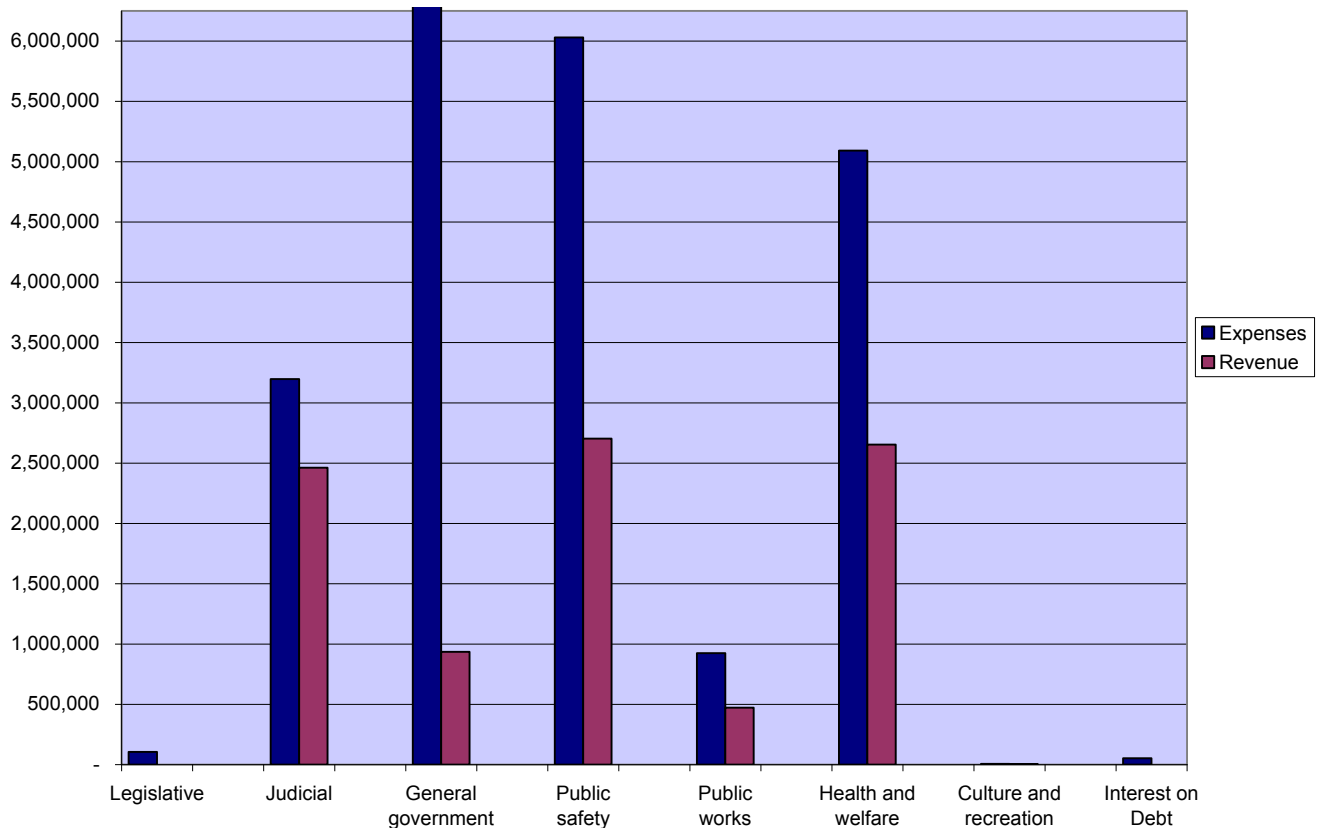
- The major sources of revenue for governmental activities are property tax followed by charges for services and operating grants and contributions (See pie chart below).
- Overall revenues show a decrease of (\$923) from \$20,378,196 in 2012 to \$20,379,119 in 2013 (prior to transfers). Although most revenues show a decline, the property tax revenue had a substantial increase of \$441,838 this is a direct influence from the wind energy revenue. This has become the single most important factor impacting the county finances for 2013. In 2014 and 2015 there will be continued growth in the wind farms in Tuscola County.
- Program revenue sources show a combined decline of (\$617,961) while the general revenue has increased \$618,884. The property tax alone holds \$441,838 of this increase. This is where you can see the value of the tax from the wind generators for Tuscola County.
- While the operating grants and contributions in program revenue decreased by (\$599,424) the Grants and contributions not restricted to specific programs show a small growth of \$11,805.
- Investment earnings continue trending down in 2013. 2012 reported \$499,575 compared to \$471,176 for 2013 ending in (\$28,399) less then 2012

Revenues by Source - Governmental Activities



- Major expenses in the governmental activity category are general government, public safety, health/welfare and judicial (See table below).
- Expenses show an increase of \$706,671 or 9.7% from \$21,020,737 in 2012 to \$21,727,408 in 2013 (before transfers). The most significant increase occurred in general government and public safety and followed by judicial.
- Even though overall governmental activity expenses increased from 2012 to 2013 health and welfare is recording a lower expense from 2012 to 2013 of (\$58,854). This is due in part to the reduced funding for programs offered at the health department.
- The statement of activities for program revenues for the governmental activities shows program revenue at \$9,229,529 and expenses at \$21,727,408. This makes revenues short of covering governmental expenses by \$12,497,879. The statement of activities can be found on pages 2-3.

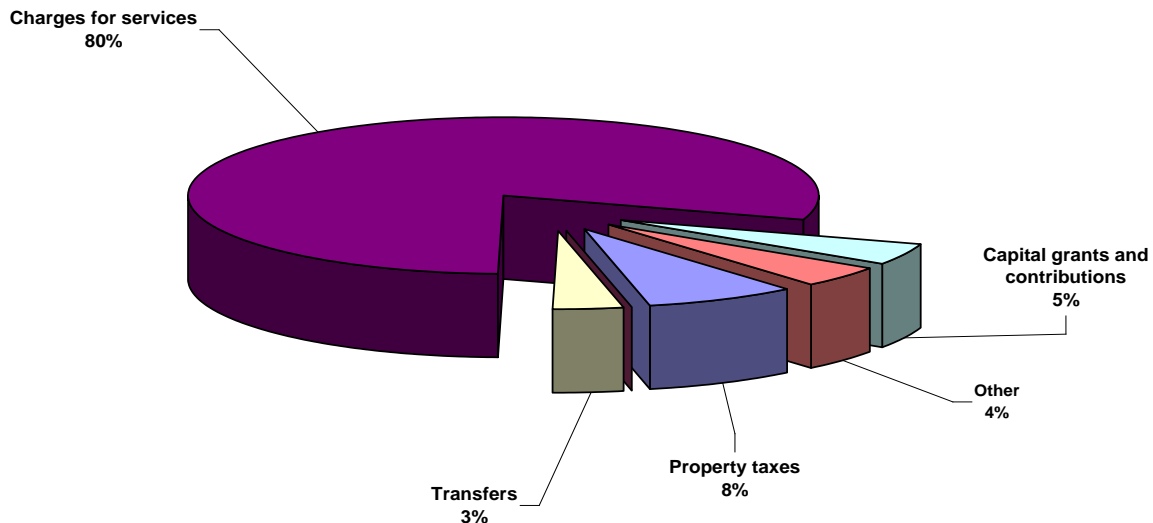
Expenses and Program Revenues - Governmental Activities



Business-Type Activities. Business-type activities increased the County's net position by \$725,546. Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System, Denmark Sewer Systems and Wisner Water project. Additional information on these major Enterprise funds can be found on pages 8-11. Other nonmajor business-type funds or enterprise funds are Caro Sewage Disposal (refunded), Mayville Storm Sewer, Richville Water System (refunded), Millington Sewer System, Denmark Water Extension, and the Tax Foreclosure Fund. Additional information on these nonmajor enterprise funds can be found on pages 108-113.

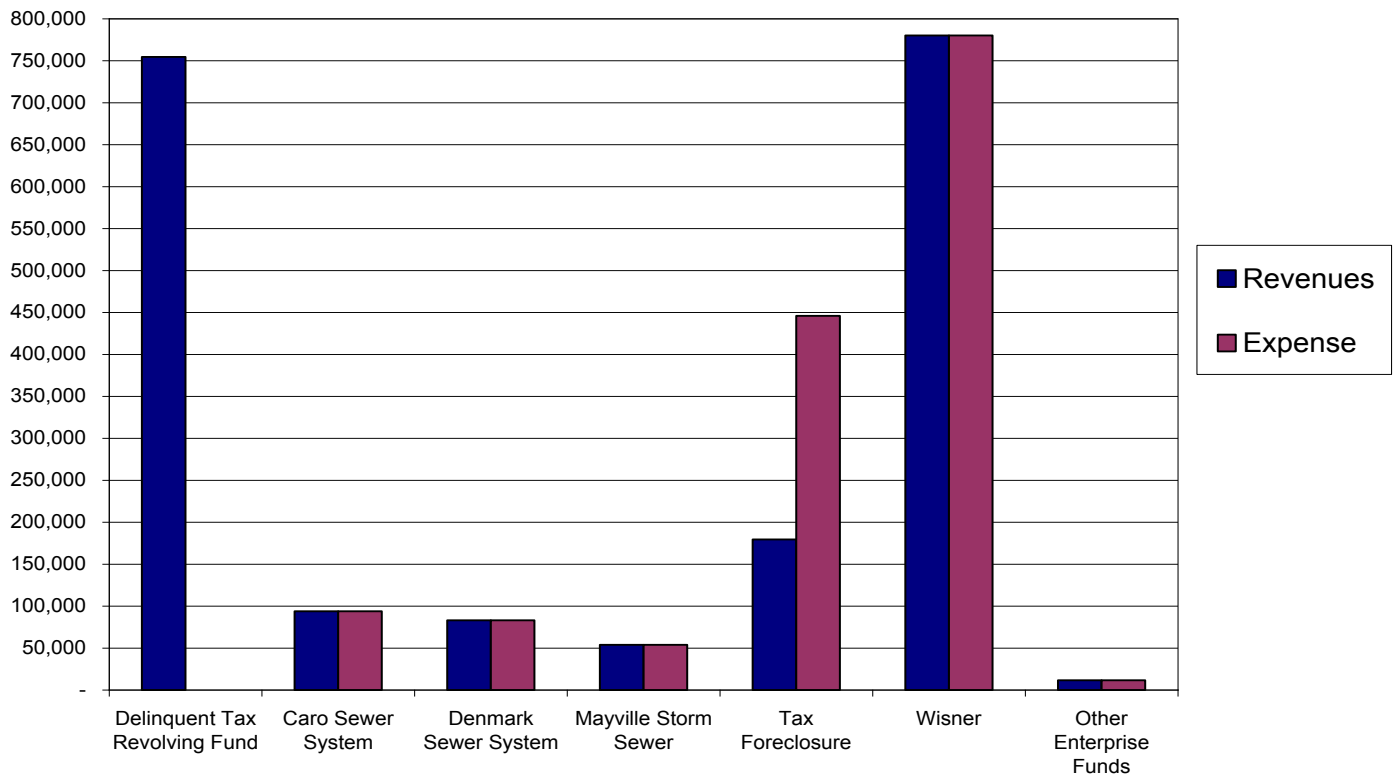
- Charges for services are the major sources of revenue for business-type activities. This single source of revenue accounts for 80% of all business-type activities revenue (See pie chart below).
- Overall business-type activities revenues show a decrease of (\$589,554) or 2.7% from \$22,411,265 in 2012 to \$21,821,711 in 2013 (prior to transfers).
- This overall decrease results primarily from the decrease in charges for services. Charges for services revenue decreased by (\$1,622,222) or 9.2% from \$19,676,832 in 2012 to \$18,054,610 in 2013.
- Delinquent property tax earnings are a significant source of revenue in the business-type activity category and earnings decreased from 2012 to 2013 of (\$37,310). Delinquent Tax Revolving Fund assets prior to transfers are showing income of \$810,272 in 2012 compared to \$772,962 in 2013. These funds are transferred for general fund operations and/or capital improvements needs.

Revenues by Source - Business-type Activities

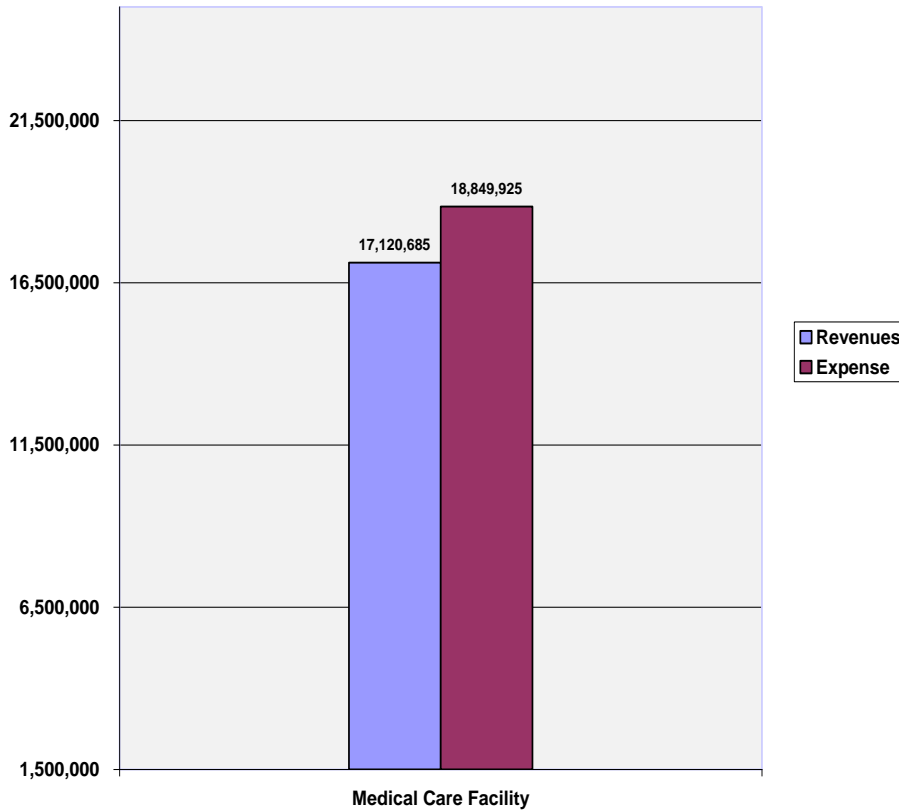


- The major expenses in the business-type category are the Medical Care Facility accounting for 96% of all expenses in this category. (See table below).
- Expenses show an increase of \$874,509 from \$18,663,991 in 2012 to \$19,538,500 in 2013. The single most significant increase occurred with the Medical Care Facility.
- The statement of activities for program revenues for the business-type activities shows program revenue at \$18,297,120 and expenses at \$19,538,500. Business-type activities program revenue covers expenses unlike the governmental activities that fall short. 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



- The major revenue source for the Medical Care Facility are charges for services.
- Program revenues for Medical Care Facility show a decrease of (\$1,661,618) or 9.1% from \$18,782,303 in 2012 to \$17,120,685 in 2013 (prior to transfers). The main reason for this substantial decrease was a one time distribution of medicare refunds that occurred in 2012
- Expenses show an increase of \$781,511 or 9.6% from \$18,068,414 in 2012 to \$18,849,925 in 2013.

Financial Analysis of the Government’s Funds

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

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

As of the end of the 2013 fiscal year, the County's governmental funds reported combined ending fund balances of \$7,040,571. 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 2013 include: inventory, prepaid expenditures, flexible spending and advances to component units. The nonspendable portion of the total fund balance for governmental funds was \$505,653 or 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: Children's special health care relief fund, cost based reimbursement, capital projects, cemetery, debt service and special revenue funds. The restricted portion of the total fund balance for governmental funds was \$3,704,505 or 53% 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, imprest cash, veteran affairs and vision program. The committed portion of the total fund balance for governmental funds was \$353,337 or 5% of the total.
- ***Assigned*** fund balance are funds that are designated to be expended in the budget for the next fiscal year and funds set aside for the mosquito fund. The assigned portion of the total fund balance for governmental funds was \$1,522,000 or 22% 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 the most current board approved budget. The amount for 2013 is \$1,272,000.
- ***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 \$955,076 in the governmental funds is in the general fund. These funds are available for spending at the government's discretion. The unassigned portion of the total fund balance for governmental funds was \$955,076 or 13% of the total.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$955,076 which is approximately 7% of the 2014 budgeted total general fund expenditures and transfers out.

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 position at the end of the year amounted to \$14,056,322. The Medical Care Facility Fund was \$7,746,295, the Delinquent Tax Revolving Fund ended at \$5,731,510. All other unrestricted net position of the nonmajor enterprise funds are \$578,517.

The Medical Care Facility Fund had a 9.7% increase in their net position from 2012 to 2013 for a total of \$17,636,335. This accounts for 7.4% of the total growth for the proprietary funds in 2013. The combined major/nonmajor total net position increased by \$725,546.

General Fund Budgetary Highlights

The differences between the original and final amended budgets for expenses and transfer out resulted in a decrease of (\$523,123). Variances between budget and actual show an increase in fund balance of \$353,068.

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, 2013, amounted to \$17,590,796 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets decreased by (\$660,466) or 9.6% from \$18,251,262 in 2012 to \$17,590,796 in 2013. The majority of this change is due to the decrease in value of buildings, and equipment.

County of Tuscola Capital Assets (net of depreciation)

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2013	2013	2013
Land	535,646	-	535,646
Construction in Progress	-	429,751	429,751
Land Improvements	-	573,326	573,326
Buildings	2,744,585	6,722,600	9,467,185
Improvements	1,515,196	-	1,515,196
Vehicles	400,694	-	400,694
Equipment	1,216,440	3,452,558	4,668,998
Bond Fees	-	-	-
Total	<u>\$ 6,412,561</u>	<u>\$ 11,178,235</u>	<u>\$ 17,590,796</u>

Additional information on the County's capital assets can be found in Note 3 C on pages 25-28 of this report.

Primary Government Long-Term Debt. At the end of the current fiscal year, the County had total debt outstanding of \$23,147,478. Of this amount, \$ 21,084,930 is 100 percent comprises debt backed by the full faith and credit of the local government, \$925,000 is direct county debt for capital improvement, the remaining \$1,137,548 is for compensated absences, capital lease payable, and equipment loan.

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 2013 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.

Additional information on the County's long-term debt can be found in Note 3 F on pages 31-34 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 2014 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2013 was 10.5%, which is an increase from the 2012 unemployment rate of 9.9%. The 2013 county average unemployment rate is higher than both the State at 8.4% and the national at 7.0%.
- State revenue sharing was \$11,110 more for 2013 compared to 2012. In 2014 \$877,000 in revenue sharing is anticipated compared to \$849,775 received in 2013. This growth is expected in the year's ahead do to the restoration of full revenue sharing from the legislature.
- Negative trends in property values are affecting taxable values and property tax revenues. The residential class of land is experiencing the largest declines in land values. This is A critical budgetary consideration because property tax revenue accounts for approximately 45% of total revenue in the General Fund.
- One bright spot has been wind energy. In 2012, 68 wind turbines were installed in Tuscola County. In 2013 an additional 59 generators were installed. More growth is expected for 2014. This revenue will help Tuscola County maintain current service levels.
- With the new revenue from wind generators County officials will have to use careful financial management to prevent a level of dependency to sustain a long term use of these funds. Unless there are more wind projects, the amount of wind revenue will decline over each year.
- On average, one abused or neglected child costs the county \$120,000 per year to be placed in institutional care. The county is experiencing a rise in this type of care. For 2014 we have budgeted \$ 425,000 by 2015, as much as \$450,000 may have to be budgeted for Department of Human Services Child Care costs. Without question, this is a huge negative budget factor.
- Another major factor driving 2014 financial challenges is the declining indirect cost revenue. From 2013 to 2014, the county cost allocation plan indicates a General Fund revenue decline of approximately \$124,000. Over the last several years reductions in central service department expenditures were made. These reductions result in a decrease of funds.
- The further reduction of some federal and state grants continue to put pressure on local funds to keep vital programs for Health and Public Safety.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those With an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tuscola County Controller's Office, 125 Lincoln St. Suite 500, Caro, Michigan 48723.



BASIC FINANCIAL STATEMENTS



TUSCOLA COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 6,280,789	\$ 6,249,801	\$ 12,530,590	\$ 1,574,227	\$ 2,182,993	\$ 3,757,220
Investments	-	1,488,477	1,488,477		4,429,085	4,429,085
Receivables	4,875,227	17,445,832	22,321,059	3,431,861	6,888,953	10,320,814
Advance to component units	410,000		410,000			-
Internal balances	727,280	(727,280)	-			-
Prepaid items and other assets	45,703	183,734	229,437	240,341		240,341
Inventory	45,219		45,219	369,677		369,677
Restricted cash	129,169	9,451,149	9,580,318			-
Restricted investments		1,314,737	1,314,737			-
Net pension asset		181,716	181,716			-
Capital assets, net:						
Assets not being depreciated	535,646	429,751	965,397	33,091,792		33,091,792
Assets being depreciated	5,876,915	10,748,484	16,625,399	49,243,367	16,523,733	65,767,100
Total Assets	18,925,948	46,766,401	65,692,349	87,951,265	30,024,764	117,976,029
Liabilities						
Accounts payable	790,800	934,020	1,724,820	575,729	60,775	636,504
Accrued liabilities	625,347	758,268	1,383,615	223,850		223,850
Advance from primary government			-		410,000	410,000
Unearned revenue	45,220	3,674	48,894		-	-
Noncurrent liabilities:						
Due within one year	626,352	1,959,596	2,585,948		1,150,058	1,150,058
Due in more than one year	1,397,049	19,164,481	20,561,530	2,905,491	6,039,908	8,945,399
Total Liabilities	3,484,768	22,820,039	26,304,807	3,705,070	7,660,741	11,365,811
Deferred inflows of resources						
Taxes levied for a subsequent period	2,799,650	-	2,799,650	-	-	-
Total deferred inflows of resources	2,799,650	-	2,799,650	-	-	-
Net Position						
Net investment in capital assets	4,992,236	7,728,386	12,720,622	82,335,159	9,333,767	91,668,926
Restricted for:						
Debt service		2,161,654	2,161,654	-	2,768,447	2,768,447
Capital projects	1,329,956		1,329,956	-	3,372,856	3,372,856
Cemetery maintenance						
Expendable	6,825	-	6,825	-	-	-
Road construction				1,490,831		1,490,831
Unrestricted	6,312,513	14,056,322	20,368,835	420,205	6,888,953	7,309,158
Total Net Position	\$ 12,641,530	\$ 23,946,362	\$ 36,587,892	\$ 84,246,195	\$ 22,364,023	\$ 106,610,218

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government						
Governmental activities:						
Legislative	\$ 105,073				\$ -	\$ (105,073)
Judicial	3,196,846		\$ 1,224,201	\$ 1,237,672		(734,973)
General government	6,323,120	\$ (1,773)	744,192	190,582		(5,386,573)
Public safety	6,029,646		1,842,902	860,223		(3,326,521)
Public works	924,147		472,183			(451,964)
Health and welfare	5,091,444		683,951	1,969,721		(2,437,772)
Culture and recreation	6,137		3,902			(2,235)
Interest on debt	52,768					(52,768)
Total governmental activities	21,729,181	(1,773)	4,971,331	4,258,198	-	(12,497,879)
Business-type activities:						
Medical care facility	18,848,152	1,773	17,120,685		-	(1,729,240)
Delinquent property tax	48		754,501		-	754,453
Caro sewer system	93,919		-		93,919	-
Caro sewage disposal (refunded)	988		-		988	-
Mayville storm sewer	53,900		-		53,900	-
Richville water system	5,152		-		5,152	-
Millington sewer system	2,138		-		2,138	-
Denmark sewer system	83,119		-		83,119	-
Denmark water extension	3,294		-		3,294	-
Wisner water district	780,127		-		780,127	-
Tax foreclosure	446,017		179,424		-	(266,593)
Total business-type activities	20,316,854	1,773	18,054,610	-	1,022,637	(1,241,380)
Total Primary Government	\$ 42,046,035	\$ -	\$ 23,025,941	\$ 4,258,198	\$ 1,022,637	\$ (13,739,259)
Component Units						
Road commission	\$ 10,050,840		\$ 970,582	\$ 9,937,674		\$ 857,416
Drain commission	1,670,563				\$ 1,129,247	(541,316)
Total Component Units	\$ 11,721,403	\$ -	\$ 970,582	\$ 9,937,674	\$ 1,129,247	\$ 316,100

continued...

TUSCOLA COUNTY

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

Functions / Programs	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
Changes in net position						
Net revenue (expense)	\$ (12,497,879)	\$ (1,241,380)	\$ (13,739,259)	\$ 857,416	\$ (541,316)	\$ 316,100
General revenues:						
Property taxes	8,580,677	1,735,187	10,315,864			-
Grants and contributions not restricted to specific programs	1,045,628		1,045,628			-
Unrestricted investment earnings	471,176	35,869	507,045	7,557	14,573	22,130
Other revenue	1,052,109	973,408	2,025,517	75,600		75,600
Transfers - internal activities	825,463	(777,538)	47,925		-	-
Total general revenues and transfers	11,975,053	1,966,926	13,941,979	83,157	14,573	97,730
Change in net position	(522,826)	725,546	202,720	940,573	(526,743)	413,830
Net position, beginning of year, as restated	13,164,356	23,220,816	36,385,172	83,305,622	22,890,766	106,196,388
Net position, end of year	\$ 12,641,530	\$ 23,946,362	\$ 36,587,892	\$ 84,246,195	\$ 22,364,023	\$ 106,610,218

See notes to financial statements.

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-13</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,235,157	\$ 489,358	\$ 3,595,920	\$ 5,320,435
Investments	-		-	-
Receivables:				
Taxes receivable	548,645	-	2,799,650	3,348,295
Taxes receivable - delinquent	21,374	-	36,482	57,856
Accounts receivable	220,114	82,607	574,849	877,570
Due from other funds	891,863	-	258,027	1,149,890
Due from state	27,485	25,592	217,180	270,257
Due from other governmental units	-	46,546		46,546
Prepaid expenditures	8,867	36,737	99	45,703
Inventory	-	45,219		45,219
Advances to component unit	410,000			410,000
Restricted cash and cash equivalents	129,169			129,169
Total Assets	<u>\$ 3,492,674</u>	<u>\$ 726,059</u>	<u>\$ 7,482,207</u>	<u>\$ 11,700,940</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 299,585	\$ 111,759	\$ 328,045	\$ 739,389
Accrued liabilities	111,497	62,802	76,406	250,705
Due to other governments	-		51,254	51,254
Due to other funds	120,721		302,020	422,741
Deposits payable	-		-	-
Unearned revenue		45,220	-	45,220
Total Liabilities	<u>531,803</u>	<u>219,781</u>	<u>757,725</u>	<u>1,509,309</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	314,928	-	36,482	351,410
Taxes levied for a subsequent period	-	-	2,799,650	2,799,650
Total deferred inflows of resources	<u>314,928</u>	<u>-</u>	<u>2,836,132</u>	<u>3,151,060</u>
Fund Balance				
Nonspendable for:				
Inventory	-	45,219		45,219
Prepaid expenditures	8,867	36,737	99	45,703
Flexible spending		4,731		4,731
Advances to component units	410,000			410,000
Restricted for:				
Cost based reimbursement		39,475		39,475
Capital projects			1,329,956	1,329,956
Cemetery			6,825	6,825
Debt service			14	14
Special revenue funds		26,779	2,301,456	2,328,235
Committed for:				
Compensated absences		128,387		128,387
Retirement contribution		216,567		216,567
Imprest cash		240		240
Northstar bank savings		10		10
Substance abuse coalition		2,000		2,000
Exchange club donation		313		313
Veteran affairs		4,584		4,584
Vision program		1,236		1,236
Assigned for:				
Contingency reserve	1,272,000			1,272,000
Mosquito fund			250,000	250,000
Unassigned	955,076			955,076
Total Fund Balance	<u>2,645,943</u>	<u>506,278</u>	<u>3,888,350</u>	<u>7,040,571</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,492,674</u>	<u>\$ 726,059</u>	<u>\$ 7,482,207</u>	<u>\$ 11,700,940</u>

See notes to financial statements.

TUSCOLA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Fund Balances - Total Governmental Funds	\$ 7,040,571
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	15,564,262
Subtract: accumulated depreciation	(9,151,701)
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	351,410
Add: long-term receivables - due from other governments	274,613
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 position.	
Add: net position of governmental activities accounted for in internal service funds	593,484
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	(1,420,325)
Subtract: accrued interest payable	(7,708)
Subtract: compensated absences	(603,076)
Net Position of Governmental Activities	<u>\$ 12,641,530</u>

See notes to financial statements.

TUSCOLA COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Health Department 9-30-13</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 6,010,192	\$ -	\$ 2,588,427	\$ 8,598,619
Licenses and permits	683,417	157,019		840,436
Intergovernmental				
Federal	113,147	1,453,603	1,079,096	2,645,846
State	1,617,518		1,023,737	2,641,255
Local			435,065	435,065
Charges for services	1,909,923	474,551	1,284,809	3,669,283
Fines and forfeits	35,946		7,326	43,272
Interest and rents	456,667		14,509	471,176
Reimbursements and refunds	734,526		367,234	1,101,760
Other		6,898	80,757	87,655
Total Revenues	<u>11,561,336</u>	<u>2,092,071</u>	<u>6,880,960</u>	<u>20,534,367</u>
Expenditures				
Current:				
Legislative	104,414			104,414
Judicial	2,165,891		1,024,975	3,190,866
General government	3,603,952		1,386,346	4,990,298
Public safety	2,949,818		2,924,414	5,874,232
Public works	921,486			921,486
Health and welfare	481,924	2,783,090	1,718,283	4,983,297
Culture and recreation			6,137	6,137
Other	251,022			251,022
Capital outlay			905,437	905,437
Debt service - principal			170,000	170,000
Debt service - interest			55,147	55,147
Total Expenditures	<u>10,478,507</u>	<u>2,783,090</u>	<u>8,190,739</u>	<u>21,452,336</u>
Revenues over (under) expenditures	<u>1,082,829</u>	<u>(691,019)</u>	<u>(1,309,779)</u>	<u>(917,969)</u>
Other Financing Sources (uses)				
Transfer in	780,305	355,804	1,465,577	2,601,686
Transfer out	(1,763,883)	-	(12,340)	(1,776,223)
Total Other Financing Sources (uses)	<u>(983,578)</u>	<u>355,804</u>	<u>1,453,237</u>	<u>825,463</u>
Net change in fund balances	<u>99,251</u>	<u>(335,215)</u>	<u>143,458</u>	<u>(92,506)</u>
Fund Balance, Beginning of Year	<u>2,546,692</u>	<u>841,493</u>	<u>3,744,892</u>	<u>7,133,077</u>
Fund Balance, End of Year	<u>\$ 2,645,943</u>	<u>\$ 506,278</u>	<u>\$ 3,888,350</u>	<u>\$ 7,040,571</u>

See notes to 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, 2013**

Net Change In Fund Balances - Total Governmental Funds	\$ (92,506)
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	295,656
Subtract: depreciation expense	(603,006)
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 prepaid expenses	(343,976)
Subtract: decrease in deferred delinquent property taxes	(17,942)
Subtract: decrease in long-term receivables	(137,306)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Add: principal payments on long-term liabilities	387,115
Add: decrease in accrued interest payable	2,379
Subtract: amortization of bond discount	(746)
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.	
Add: decrease in the accrual of compensated absences	89,489
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.	
Add: net income from governmental activities accounted for in internal service funds	(101,983)
Change In Net Position Of Governmental Activities	<u>\$ (522,826)</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2013

	Enterprise Funds						Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Assets								
Current assets:								
Cash and cash equivalents	\$ 5,667,498	\$ -	\$ -	\$ -	\$ 71	\$ 582,232	\$ 6,249,801	\$ 960,354
Investments	1,488,477	-	-	-	-	-	1,488,477	-
Receivables:								
Taxes receivable - delinquent	-	2,347,789	-	-	-	-	2,347,789	-
Accounts receivable	2,270,246	22,855	-	-	107,768	-	2,400,869	90
Allowance for uncollectible accounts	(298,275)	-	-	-	-	-	(298,275)	-
Due from other funds	-	-	-	-	-	258	258	131
Due from other governmental units	-	124,635	-	-	-	-	124,635	-
Contracts receivable - current	-	-	363,145	49,563	84,563	495,429	992,700	-
Prepaid expenses	183,734	-	-	-	-	-	183,734	-
Other assets	-	-	-	-	-	-	-	-
Restricted cash	6,793,833	2,657,316	-	-	-	-	9,451,149	-
Restricted investments	-	1,314,737	-	-	-	-	1,314,737	-
Total current assets	16,105,513	6,467,332	363,145	49,563	192,402	1,077,919	24,255,874	960,575
Noncurrent assets:								
Contracts receivable, net of current portion	-	-	5,357,114	1,965,000	3,170,000	1,386,000	11,878,114	-
Net pension asset	181,716	-	-	-	-	-	181,716	-
Capital assets, net	11,178,235	-	-	-	-	-	11,178,235	-
Total noncurrent assets	11,359,951	-	5,357,114	1,965,000	3,170,000	1,386,000	23,238,065	-
Total assets	27,465,464	6,467,332	5,720,259	2,014,563	3,362,402	2,463,919	47,493,939	960,575
Liabilities								
Current liabilities:								
Accounts payable	813,924	8,284	-	-	107,839	3,973	934,020	157
Accrued and other liabilities	172,231	-	23,145	20,563	29,563	19,429	264,931	366,934
Due to other funds	-	727,538	-	-	-	-	727,538	-
Patient trust fund	32,028	-	-	-	-	-	32,028	-
Deposits payable	461,309	-	-	-	-	-	461,309	-
Unearned revenue	3,674	-	-	-	-	-	3,674	-
Compensated absences - current	29,596	-	-	-	-	-	29,596	-
Bonds payable, current	1,030,000	-	340,000	29,000	55,000	476,000	1,930,000	-
Total current liabilities	2,542,762	735,822	363,145	49,563	192,402	499,402	4,383,096	367,091
Noncurrent liabilities:								
Compensated absences - net of current	266,367	-	-	-	-	-	266,367	-
Bonds payable, net of current portion	7,020,000	-	5,357,114	1,965,000	3,170,000	1,386,000	18,898,114	-
Total long-term liabilities	7,286,367	-	5,357,114	1,965,000	3,170,000	1,386,000	19,164,481	-
Total liabilities	9,829,129	735,822	5,720,259	2,014,563	3,362,402	1,885,402	23,547,577	367,091
Net position								
Net investment in capital assets	7,728,386	-	-	-	-	-	7,728,386	-
Restricted for:								
Debt service	2,161,654	-	-	-	-	-	2,161,654	-
Unrestricted	7,746,295	5,731,510	-	-	-	578,517	14,056,322	593,484
Total net position	\$ 17,636,335	\$ 5,731,510	\$ -	\$ -	\$ -	\$ 578,517	\$ 23,946,362	\$ 593,484

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds					Total	Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District		Other Enterprise Funds	Internal Service Funds
Operating revenue								
Charges for services	\$ 17,120,685	\$ 754,501	\$ -	\$ -	\$ -	\$ 179,424	\$ 18,054,610	\$ 1,966,745
Other operating revenue	550,517	115	-	-	-	422,776	973,408	-
Grant proceeds	-	-	-	-	701,868	-	701,868	-
Total operating revenue	17,671,202	754,616	-	-	701,868	602,200	19,729,886	1,966,745
Operating expenses								
Operation and maintenance	17,952,223	48	-	-	-	-	17,952,271	2,068,031
Benefits and claims	-	-	-	-	-	-	-	697
Administration	-	-	-	-	-	446,017	446,017	-
Depreciation	795,035	-	-	-	-	-	795,035	-
Program expenses	-	-	-	-	701,868	-	701,868	-
Total operating expenses	18,747,258	48	-	-	701,868	446,017	19,895,191	2,068,728
Operating income (loss)	(1,076,056)	754,568	-	-	-	156,183	(165,305)	(101,983)
Nonoperating revenue (expenses)								
Property taxes	1,735,187	-	-	-	-	-	1,735,187	-
Interest and rent	14,788	18,394	-	-	-	2,687	35,869	-
Loss on sale of capital assets	(184)	-	-	-	-	-	(184)	-
Interest expense and fiscal charges	(102,483)	-	(93,919)	(83,119)	(78,259)	(65,472)	(423,252)	-
Total nonoperating revenue (expenses)	1,647,308	18,394	(93,919)	(83,119)	(78,259)	(62,785)	1,347,620	-
Income (loss) before capital contributions and transfers	571,252	772,962	(93,919)	(83,119)	(78,259)	93,398	1,182,315	(101,983)
Capital contributions	-	-	93,919	83,119	78,259	65,472	320,769	-
Transfers								
Transfers out	-	(727,538)	-	-	-	(50,000)	(777,538)	-
Change in net position	571,252	45,424	-	-	-	108,870	725,546	(101,983)
Net position, beginning of year	17,065,083	5,686,086	-	-	-	469,647	23,220,816	695,467
Net position, end of year	<u>\$ 17,636,335</u>	<u>\$ 5,731,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,517</u>	<u>\$ 23,946,362</u>	<u>\$ 593,484</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds						Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities								
Cash received from customers	\$ 18,080,338	\$ 1,061,437	\$ -	\$ -	\$ -	\$ 179,424	\$ 19,321,199	\$ 1,973,213
Cash received from interfund services provided	-					1,942	1,942	(199,908)
Cash payments to suppliers for goods and services	(5,262,671)	(44,007)				(458,745)	(5,765,423)	(1,936,148)
Cash payments to employees for services	(12,444,925)						(12,444,925)	
Other operating revenue	-					422,776	422,776	
Net cash provided by operating activities	372,742	1,017,430	-	-	-	145,397	1,535,569	(162,843)
Cash flows from noncapital financing activities								
Property taxes	342,977						342,977	
Transfers out		(727,538)				(50,000)	(777,538)	
Net cash provided (used) by noncapital financing activities	342,977	(727,538)	-	-	-	(50,000)	(434,561)	
Cash flows from capital and related financing activities								
Property taxes	1,392,210						1,392,210	
Contributions from local units	-		423,919	111,119	103,259	258,942	897,239	
Grant proceeds					594,100		594,100	
Issuance of long-term debt	4,600,000				443,000	-	5,043,000	
Principal paid on long-term debt	(1,015,000)		(330,000)	(28,000)	(25,000)	(209,000)	(1,607,000)	
Interest paid on long-term debt	(104,175)		(93,919)	(83,119)	(78,259)	(67,301)	(426,773)	
Contributions to local units					(1,037,161)	-	(1,037,161)	
Purchases and construction of capital assets	(477,770)					-	(477,770)	
Net cash provided (used) by capital and related financing activities	4,395,265	-	-	-	(61)	(17,359)	4,377,845	-
Cash flows from investing activities								
Interest and rent	14,788	18,394				2,687	35,869	
Sale (purchase) of investments	(1,205)	320,401					319,196	
Net cash provided (used) by investing activities	13,583	338,795	-	-	-	2,687	355,065	-
Net increase in cash and cash equivalents	5,124,567	628,687	-	-	(61)	80,725	5,833,918	(162,843)
Cash and cash equivalents, beginning of year	7,336,764	2,028,629	-	-	132	501,507	9,867,032	1,123,197
Cash and cash equivalents, end of year	\$ 12,461,331	\$ 2,657,316	\$ -	\$ -	\$ 71	\$ 582,232	\$ 15,700,950	\$ 960,354
Statement of net position classification of cash and cash equivalents								
Cash and cash equivalents	\$ 5,667,498				\$ 71	\$ 582,232	\$ 6,249,801	\$ 960,354
Restricted cash	6,793,833	\$ 2,657,316					9,451,149	
	\$ 12,461,331	\$ 2,657,316	\$ -	\$ -	\$ 71	\$ 582,232	\$ 15,700,950	\$ 960,354

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONCLUDED)
 YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds						Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	\$ (1,076,056)	\$ 754,568	\$ -	\$ -	\$ -	\$ 156,183	\$ (165,305)	\$ (101,983)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	795,035						795,035	
Loss on sale of fixed assets							-	
Changes in assets and liabilities which increase (decrease) cash:								
Receivables	258,778	204,119			(127,408)	69	335,558	6,468
Due from other funds						1,942	1,942	(131)
Due from other governmental units		102,702				2,317	105,019	
Prepaid expenses	(42,495)						(42,495)	6,452
Other assets							-	
Net pension asset	612						612	
Accounts payable	487,380	(22,635)			107,707	(12,797)	559,655	(199,777)
Accrued and other liabilities	(266,931)					(2,317)	(269,248)	142,049
Due to other funds		(21,324)			19,701		(1,623)	(15,921)
Unearned revenue	(251,613)						(251,613)	
Patient trust funds	(4,780)						(4,780)	
Deposits payable	448,634						448,634	
Compensated absences	24,178						24,178	
Net cash provided by operating activities by operating activities	<u>\$ 372,742</u>	<u>\$ 1,017,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,397</u>	<u>\$ 1,535,569</u>	<u>\$ (162,843)</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,334,304
Accounts receivable	<u>325</u>
Total assets	<u>\$ 1,334,629</u>
Liabilities	
Accrued liabilities	\$ 515,549
Due to other governmental units	789,061
Undistributed receipts	<u>30,019</u>
Total liabilities	<u>\$ 1,334,629</u>

See notes to 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.

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.

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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of 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-

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

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 County Sewer System. The construction project is funded by loans and grants from the USDA.

The *Wisner water district fund* accounts for the water district in Wisner County. 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 for the maintenance of the cemetery grounds.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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, Deferred Outflows/Inflows of Resources, and Net Position or Equity:

1. Cash 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.

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 reported as nonspendable find balance 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 Cash and Investments

Restricted cash and investments are assets that have been set aside for future purposes in the Medical Care Facility and the Delinquent Tax Revolving Fund, as well as the General Fund’s MMRMA deposits.

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.

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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year no interest expense was 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2013 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2013, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2013 levies is reported as deferred inflows of resources at year-end.

7. 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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

8. 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 position. Bond premiums and discounts 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 expenses in the year which they are incurred.

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

9. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the County that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. By resolution of the Board of Commissioners, the Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. In addition, by resolution of the Board of Commissioners, authority to assign fund balance has been designated to the Chief Financial Officer or his/her designee subject to the approval of the Tuscola County Commission. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The purpose of the fund balance policy for the General Fund is to establish a level of reserve within the General Fund to preserve fiscal stability. The level of Fund Balance prescribed within this policy is designed to ensure adequate cash flow for operations and adequate reserves for contingency and emergency purposes. The authority to establish Fund Balance levels is with the Tuscola County Board of Commissioners. The Board of Commissioners and Controller/Administrator shall be responsible for the implementation of this policy. The General Fund shall maintain a minimum unreserved-undesignated fund balance of approximately 10% of the most current Board approved General Fund Budget.

12. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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>
Health Department Fund			
Health and Welfare	\$ 2,753,545	\$ 2,783,090	\$ 29,545
Nonmajor Special Revenue Funds			
Parks and Recreation	\$ 5,850	\$ 6,084	\$ 234
Local Government Police Contract	\$ 141,396	\$ 156,303	\$ 14,907
Recycling	\$ 21,000	\$ 21,018	\$ 18
GPGS/Strong Families	\$ 28,380	\$ 29,343	\$ 963
Victim Services- public safety	\$ 68,550	\$ 69,167	\$ 617
Register of Deeds Automation	\$ 56,575	\$ 79,342	\$ 22,767
HDC Stop Grant	\$ 23,949	\$ 24,116	\$ 167
Corrections Services- public safety	\$ 52,122	\$ 54,347	\$ 2,225
Homeland Security- public safety	\$ 242,868	\$ 320,819	\$ 77,951
Soldier's Relief	\$ 17,000	\$ 17,302	\$ 302

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:

Government-Wide Financial Statement Captions:	<u>Carrying Amount</u>
Primary Government:	
Cash and cash equivalents	\$ 12,530,590
Investments	1,488,477
Restricted cash	9,580,318
Restricted investments	1,314,737
Component Units:	
Cash and cash equivalents	3,757,220
Investments	4,429,085
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,334,304
Total	<u><u>\$ 34,434,731</u></u>
Notes to Financial Statements	
Deposits	\$ 27,193,872
Investments	7,232,299
Cash on hand	8,560
Total	<u><u>\$ 34,434,731</u></u>

See Note 1D#4 for additional information on restricted cash and investments and Note 4C for details of the County's deposits with MMRMA..

Deposits and investments

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

	Carrying Amount <u>(Fair Value)</u>	Maturity Less <u>1 Year</u>	Maturity <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$ 5,845,340	\$ 5,845,340	-	n/a
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	384,088		\$ 384,088	n/a
Commercial Paper	<u>1,002,871</u>	<u>1,002,871</u>	-	A1
Total	<u><u>\$7,232,299</u></u>	<u><u>\$6,848,211</u></u>	<u><u>\$384,088</u></u>	

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 \$19,883,693 of the County's bank balance of \$21,752,995 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

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	\$ 3,406,151	\$ 2,347,789	\$ 1,713,913
Accounts	877,660	2,400,869	65,095
Special Assessments			
Due within one year	-		900,605
Due after one year	-		5,988,348
Intergovernmental			
Due within one year	461,416	1,117,335	1,652,853
Due after one year	130,000	11,878,114	
Less: allowance for uncollectible accounts	-	(298,275)	
Total	<u>\$ 4,875,227</u>	<u>\$ 17,445,832</u>	<u>\$ 10,320,814</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, unearned revenues consisted of \$45,220 of grant draw downs prior to meeting eligibility requirements.

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

	<u>Taxes Levied for Subsequent Period</u>	<u>Unavailable</u>	<u>Total</u>
Governmental Funds			
Property taxes receivable	\$ 2,799,650	\$ 351,410	\$ 3,151,060
Total	<u>\$ 2,799,650</u>	<u>\$ 351,410</u>	<u>\$ 3,151,060</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital assets activity for the year ended December 31, 2013, was as follows:

Primary Government

	Beginning Balance, As Restated	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 535,646	\$ -	\$ -	\$ 535,646
Capital assets being depreciated:				
Buildings	6,977,261	-		6,977,261
Improvements	2,677,971	102,932		2,780,903
Equipment	3,885,464	126,511	(23,520)	3,988,455
Vehicles	1,267,603	66,213	(51,819)	1,281,997
Total capital assets being depreciated:	<u>14,808,299</u>	<u>295,656</u>	<u>(75,339)</u>	<u>15,028,616</u>
Less accumulated depreciation:				
Buildings	(4,036,239)	(196,437)		(4,232,676)
Improvements	(1,125,580)	(140,127)		(1,265,707)
Equipment	(2,638,668)	(156,867)	23,520	(2,772,015)
Vehicles	(823,547)	(109,575)	51,819	(881,303)
Total accumulated depreciation	<u>(8,624,034)</u>	<u>(603,006)</u>	<u>75,339</u>	<u>(9,151,701)</u>
Total capital assets being depreciated, net	<u>6,184,265</u>	<u>(307,350)</u>	<u>-</u>	<u>5,876,915</u>
Governmental activities capital assets, net	<u><u>\$ 6,719,911</u></u>	<u><u>\$ (307,350)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,412,561</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	Ending Balance	Additions	Disposals	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 198,352	\$ 231,399	\$ -	\$ 429,751
Capital assets being depreciated:				
Land improvements	1,129,315			1,129,315
Buildings	10,968,814	124,863		11,093,677
Equipment	7,520,107	121,508	(1,934)	7,639,681
Total capital assets being depreciated	19,618,236	246,371	(1,934)	19,862,673
Less accumulated depreciation:				
Land improvements	(478,704)	(77,285)		(555,989)
Buildings	(4,059,395)	(311,682)		(4,371,077)
Equipment	(3,782,805)	(406,068)	1,750	(4,187,123)
Total accumulated depreciation	(8,320,904)	(795,035)	1,750	(9,114,189)
Total capital assets being depreciated, net	11,297,332	(548,664)	(184)	10,748,484
Business-type activities capital assets, net	\$ 11,495,684	\$ (317,265)	\$ (184)	\$ 11,178,235

The County estimates it will cost approximately \$5,800,000 to complete the various projects currently in progress.

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

Governmental activities:

Judicial	\$ 4,500
General government	246,918
Public safety	234,957
Health and welfare	116,631

Total depreciation expense - governmental activities \$603,006

Business-type activities:

Total depreciation expense - Medical Care Facility	<u>\$795,035</u>
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TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2013, was as follows:

	<u>Balance</u>	<u>Adjustments</u>	<u>Disposals</u>	<u>Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 186,866		\$ (186,866)	\$ -
Capital assets being depreciated:				
Infrastructure	19,831,923	296,921	-	20,128,844
Less accumulated depreciation:				
Infrastructure	(3,208,473)	(396,638)	-	(3,605,111)
Total capital assets being depreciated, net	16,623,450	(99,717)	-	16,523,733
Drain commission capital assets, net	<u>\$ 16,810,316</u>	<u>\$ (99,717)</u>	<u>\$ (186,866)</u>	<u>\$ 16,523,733</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Activity for the Road Commission for the year ended December 31, 2013, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land and right of ways	\$ 294,218	\$ -	\$ -	\$ 294,218
Land improvements	32,747,195	50,379	-	32,797,574
Total capital assets not being depreciated:	<u>33,041,413</u>	<u>50,379</u>	<u>-</u>	<u>33,091,792</u>
Capital assets being depreciated:				
Infrastructure	84,339,161	5,241,982	(2,243,613)	87,337,530
Buildings	2,046,587	22,070		2,068,657
Equipment	5,444,121	284,130	(244,095)	5,484,156
Depletable assets	282,717			282,717
Total capital assets being depreciated:	<u>92,112,586</u>	<u>5,548,182</u>	<u>(2,487,708)</u>	<u>95,173,060</u>
Less accumulated depreciation:				
Infrastructure	(38,859,200)	(4,051,180)	2,243,613	(40,666,767)
Buildings	(445,445)	(53,163)		(498,608)
Equipment	(4,566,358)	(280,217)	127,723	(4,718,852)
Depletable assets	(44,707)	(759)		(45,466)
Total accumulated depreciation	<u>(43,915,710)</u>	<u>(4,385,319)</u>	<u>2,371,336</u>	<u>(45,929,693)</u>
Total capital assets being depreciated, net	<u>48,196,876</u>	<u>1,162,863</u>	<u>(116,372)</u>	<u>49,243,367</u>
Road commission capital assets, net	<u><u>\$ 81,238,289</u></u>	<u><u>\$ 1,213,242</u></u>	<u><u>\$ (116,372)</u></u>	<u><u>\$ 82,335,159</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due To	Due From			Total
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	
General Fund		\$ 164,325	\$ 727,538	\$ 891,863
Nonmajor Governmental Funds	\$ 120,463	137,564		258,027
Nonmajor Enterprise Funds	258			258
Internal Service Funds		131		131
Total	<u>\$ 120,721</u>	<u>\$ 302,020</u>	<u>\$ 727,538</u>	<u>\$ 1,150,279</u>

The General Fund owes \$120,721 to the various other fund types as a result of negative cash balances in the County's pooled cash account.

The balance of \$727,538 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:

	<u>Receivable</u>	<u>Payable</u>
General	\$410,000	
Drain Commission	-	<u>\$410,000</u>
Total	<u>\$410,000</u>	<u>\$410,000</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Transfers From	Transfers To			Total
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 307,879	\$ 1,456,004	\$ 1,763,883
Nonmajor Governmental Funds	\$ 2,767		9,573	12,340
Delinquent Tax Revolving Fund	727,538			727,538
Nonmajor Enterprise Funds	50,000			50,000
	<u>780,305</u>	<u>307,879</u>	<u>1,465,577</u>	<u>2,553,761</u>
Reconciling item		<u>47,925</u>		<u>47,925</u>
Total	<u><u>\$ 780,305</u></u>	<u><u>\$ 355,804</u></u>	<u><u>\$ 1,465,577</u></u>	<u><u>\$ 2,601,686</u></u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2013. 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 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. In 1999, the County entered into a lease with the State of Michigan leasing a building to the Department of State Police. This lease expires December 31, 2014. The County received lease revenue in the amount of \$434,914. The future minimum lease payments for the remainder of the lease are as follows:

Year Ending December 31	Revenue
2014	461,464
2015	299,150
2016	299,150
2017	299,150
2018	304,707
2019-2023	1,668,066
2024-2028	<u>1,769,686</u>
Total	<u><u>\$ 5,101,373</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

F. Long-Term Debt

Changes in long-term debt

Long-term activity for the year ended December 31, 2013, was as follows:

	Beginning Balance, As Restated	Additions	Disposals	Ending Balance	Due Within One Year
Primary Government:					
Governmental activities					
Building authority					
General obligation bonds:					
Tuscola County Series 1999	\$ 405,000	\$ -	\$ (135,000)	\$ 270,000	\$ 140,000
Capital Improvement Bonds					
Series 2011	960,000		(35,000)	925,000	35,000
Bond discount	(13,930)		746	(13,184)	
Equipment loan	38,391		(12,378)	26,013	12,792
Capital lease	417,233	-	(204,737)	212,496	212,496
Compensated absences	692,565	513,926	(603,415)	603,076	226,064
Governmental activities long-term liabilities	\$ 2,499,259	\$ 513,926	\$ (989,784)	\$ 2,023,401	\$ 626,352
Business-type activities					
Refunding bonds	\$ 4,465,000	\$ -	\$ (1,015,000)	\$ 3,450,000	\$ 1,030,000
Medical Care - Small House	-	4,600,000		4,600,000	-
General obligation bonds:					
Mayville Storm Sewer	1,086,000	-	(24,000)	1,062,000	26,000
Millington Sanitary Sewer	45,000	-	(10,000)	35,000	15,000
Richville Water System	410,000	-	(40,000)	370,000	40,000
Caro Area Sewage System	135,000	-	(135,000)	-	-
Caro Sewer System	6,027,114		(330,000)	5,697,114	340,000
Denmark Water Extension	395,000	-	-	395,000	395,000
USDA loans:					
Denmark Sewer System	2,022,000		(28,000)	1,994,000	29,000
Wisner Water System	2,807,000	443,000	(25,000)	3,225,000	55,000
Compensated absences	271,785	841,130	(816,952)	295,963	29,596
Business-type activities long-term liabilities	\$ 17,663,899	\$ 5,884,130	\$ (2,423,952)	\$ 21,124,077	\$ 1,959,596

Leases where the County acts as the Lessee can be seen in Note 4F for additional information.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 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, 2013, was \$4,450,000.

Advance Refunding

During 2012, the Richville Water System bonds were refunded. As a result of the advance refunding, total debt service requirements were reduced by \$24,006, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$22,080. At December 31, 2013, \$355,000 of bonds outstanding were considered defeased.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units:					
Road Commission					
Compensated absences	\$ 58,357	\$ -	\$ (5,016)	\$ 53,341	\$ -
Net pension obligation	130,368	13,846	-	144,214	-
Net OPEB obligation	2,211,047	496,889	-	2,707,936	-
Total Road Commission	<u>\$ 2,399,772</u>	<u>\$ 510,735</u>	<u>\$ (5,016)</u>	<u>\$ 2,905,491</u>	<u>\$ -</u>
Drain Commission					
General obligation bonds:					
Moore Drain	\$ 2,450,000	\$ -	\$ (175,000)	\$ 2,275,000	\$ 175,000
Bach and Branches Drain	1,330,000	-	(130,000)	1,200,000	150,000
Alder Creek Drain	300,000	-	(100,000)	200,000	100,000
Northwest Drain	2,450,000	-	(350,000)	2,100,000	350,000
Sebewaing River					
Intercounty Drain	324,610	-	(162,305)	162,305	162,305
Reese Drain	190,662	-	(47,667)	142,995	47,666
Armbruster Intercounty Drain	182,779		(9,454)	173,325	15,757
Pigeon River Intercounty Drain	213,176		(13,263)	199,913	13,456
Loans Payable	872,302		(135,874)	736,428	135,874
Total Drain Commission	<u>\$ 8,313,529</u>	<u>\$ -</u>	<u>\$ (1,123,563)</u>	<u>\$ 7,189,966</u>	<u>\$ 1,150,058</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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, Caro Sewer and Denmark Water 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%	\$ 1,433,509
Business-type activities	7.2 - 8.7%	\$20,828,114

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

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

<u>Year Ending</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>
2014	400,288	55,670	1,930,000	544,723
2015	178,221	39,394	1,793,000	516,792
2016	40,000	34,838	1,840,000	468,388
2017	40,000	33,688	933,000	431,230
2018	40,000	32,488	756,000	410,429
2019-2023	230,000	140,758	6,661,000	1,775,492
2024-2028	295,000	87,094	2,953,114	884,302
2029-2033	210,000	15,927	1,012,000	623,590
2034-2038	-	-	998,000	422,212
2039-2043	-	-	864,000	261,610
2044-2048	-	-	734,000	109,576
2049-2052	-	-	354,000	24,476
	<u>1,433,509</u>	<u>439,857</u>	<u>20,828,114</u>	<u>6,472,820</u>
Bond discount	(13,184)			
Compensated Absences	<u>603,076</u>		<u>295,963</u>	
Total	<u>\$ 2,023,401</u>	<u>\$ 439,857</u>	<u>\$ 21,124,077</u>	<u>\$ 6,472,820</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Component units

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00% - 6.50%	\$7,189,966

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2014	1,150,058	275,613
2015	987,752	232,315
2016	793,673	194,549
2017	746,007	161,690
2018	725,258	129,989
2019-2023	1,926,289	323,918
2024-2028	698,846	74,775
2029-2033	72,083	19,690
2034-2038	65,000	9,550
2039-2040	25,000	1,090
Total	<u><u>\$ 7,189,966</u></u>	<u><u>\$ 1,423,179</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

G. Designated Fund Equity

The County has recorded various designations of net position 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 position, the designations are listed here.

The following are the various net position designations as of December 31, 2013:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 226,064
Designated for debt service on state police building	283,581
Designated for property tax settlements	<u>3,000,000</u>
 Total	 <u>\$3,509,645</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, 2013, the annual pension cost of \$573,216 for the County, \$197,418 for the Health Department, and \$143,148 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had a pension cost of \$143,533, 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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$578,304	100%	-
12/31/12	\$587,964	100%	-
12/31/13	\$573,216	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b-a)/c)
12/31/12	\$24,521,554	\$28,327,052	\$3,805,498	87%	\$5,867,274	65%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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	\$142,921
Less: Interest on net pension asset	(14,586)
Plus: Adjustment to annual required contribution	<u>15,198</u>
Annual pension cost	143,533
Contributions made	<u>(142,921)</u>
Decrease in net pension asset	612
Net pension (asset), beginning of year	<u>(182,328)</u>
Net pension (asset), end of year	<u><u>\$(181,716)</u></u>

Three-Year Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Asset</u>
12/31/11	\$ 85,495	99%	\$182,943
12/31/12	\$116,108	99%	\$182,328
12/31/13	\$143,533	100%	\$181,716

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u> <u>- Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered payroll</u> <u>((b-a)/c)</u>
12/31/12	\$12,198,023	\$12,058,173	\$(139,850)	101%	\$8,596,307	(2)%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Health Department Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/11	\$132,754	100%	-
9/30/12	\$154,827	100%	-
9/30/13	\$197,418	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll (b-a)/c
12/31/2012	\$7,248,392	\$8,668,145	\$1,419,753	84%	\$1,172,048	121%

Road Commission Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$110,280	100%	-
12/31/12	\$124,752	100%	-
12/31/13	\$143,148	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll (b-a)/c
12/31/12	\$3,471,194	\$5,058,850	\$1,587,656	69%	\$1,029,300	154%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 \$.56 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, 2013, the Road Commission’s annual pension cost of \$36,414 for the Massachusetts Mutual Plan was less than the Road Commission’s required contribution of \$50,260. The required contribution was determined as part of the April 1, 2013, 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, 2013, is \$440,848.

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	\$ 50,260
Contributions made	<u>(36,414)</u>
Decrease in net pension obligation	13,846
Net pension obligation, beginning of year	<u>144,214</u>
Net pension obligation, end of year	<u>\$ 130,368</u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/31/11	\$55,339	26%	\$208,608
3/31/12	\$58,876	100%	\$130,368
3/31/13	\$50,260	72%	\$144,214

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b-a)/c)
4/01/13	\$145,196	\$586,044	\$440,848	25%	\$2,358,329	19%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 \$425,255 for the year ending December 31, 2013.

Funding Progress

For the year beginning January 1, 2013, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2013. 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	154,773
Amounts contributed:	
Payments of current premiums	(425,255)
Increase in net OPEB obligation	496,889
OPEB obligation, beginning of year	<u>2,211,047</u>
OPEB obligation, end of year	<u>\$2,707,936</u>

Three-Year Trend Information

Fiscal Year	Annual	Percentage	Net OPEB
<u>Ending</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/11	\$ 862,752	48%	\$1,793,922
12/31/12	\$ 892,946	40%	\$2,211,047
12/31/13	\$ 922,144	34%	\$2,707,936

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 (12/31/13)		2,358,329
Ratio of UAAL to covered payroll		408%

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, 2013 was 25 years.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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, 2013, 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, 2013, the balance of the County's member retention fund was \$129,169.

Changes in the estimated claims liability are as follows:

	<u>2012</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 73,913	\$ -
Claims dismissed		
Incurred claims	301,237	67,662
Claim payments	<u>(375,150)</u>	<u>(17,851)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ 49,811</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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, participates 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. Outstanding claims at the end of 2013 were \$127.

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

	<u>2012</u>	<u>2013</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	193	824
Claims Paid	<u>(193)</u>	<u>(697)</u>
Unpaid Claims	<u>\$ -</u>	<u>\$ 127</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Employee Health Benefits

The County has established an employee health benefits Self-Insurance Plan which is accounted for in an Internal Service Fund. The 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 \$20,000 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 2013. 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>2012</u>	<u>2013</u>
Unpaid Claims, beginning of year	\$ 254,180	\$ 224,885
Incurred Claims (including IBNR)	1,765,279	1,957,673
Claims Paid	<u>(1,794,574)</u>	<u>(1,815,624)</u>
Unpaid Claims	<u>\$ 224,885</u>	<u>\$ 366,934</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 2013 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 2013 ad valorem tax is levied and collectible by December 1, 2013, 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.

The taxable value of real and personal property for the December 1, 2012, levy totaled \$1,373,270,686. The taxable value of real and personal property for the July 1, 2013, levy totaled \$1,504,307,893. The tax levy for fiscal year 2013 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 2013 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 mills

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

E. CONTINGENCIES

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.

F. LEASES

Operating Lease as Lessee

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, 2013, was \$87,676. Lease payments are determined annually by Tuscola County.

The County has three operating lease agreements for postage meters with total monthly payments of \$821, one operating lease agreements for copiers with total monthly payments of \$504 and a telephone operating lease for \$284 per month. They also have entered into two operating leases for building space with total monthly payments of \$2,146.

The Health Department has an 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>
2014	151,630
2015	91,296
2016	<u>26,132</u>
Total	<u>\$ 495,732</u>

Capital Lease as Lessee

The County leases dispatch equipment under a capital lease agreement. The equipment has been added to the capital asset schedule due to the terms of the agreement. The cost and accumulated depreciation as of December 31, 2013 related to the dispatch equipment is as follows:

Equipment	\$ 602,943
Less accumulated depreciation	<u>(31,241)</u>
Total	<u>\$ 571,702</u>

The present values of future minimum lease payments under capital lease as of December 31, 2013 is listed below. The 2014 payment shown below is the final payment under this capital lease agreement.

December 31, 2014	\$ 220,550
Less amount representing interest	<u>(8,054)</u>
Present value of minimum lease payment	<u>\$ 212,496</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

G. CONSTRUCTION COMMITMENT

During the year ended December 31, 2013, the Medical Care Community entered into a construction commitment for the design and building of two, ten bedroom small houses to be built in the adjacent property next to the Business Annex. As of December 31, 2013, costs of \$429,751 have been incurred related to the design of houses and they have \$5,789,648 remaining in construction commitments.

H. IMPLEMENTATION OF NEW STANDARDS

For the year ended December 31, 2013, the County implemented the following new pronouncements:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements of deferred outflows of resources and deferred inflows of resources.

Summary:

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement 65 also states that bond issuance costs should be expensed in the year which they are incurred. As a result, the remaining unamortized bond issuance costs were written off as of December 31, 2012. The restatement of the beginning of the year net position is as follows:

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	Governmental Activities
Net position as previously stated January 1, 2013	\$ 13,186,093
Adoption of GASB Statement 65	<u>(21,737)</u>
Net position as restated January 1, 2013	<u>\$ 13,164,356</u>

I. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

J. SUBSEQUENT EVENT

On April 29, 2014, Tuscola County accepted a payment from Denmark Township for their bond anticipation note. This final payment satisfied the debt obligation. The County received a total of approximately \$300,000, which includes interest from Denmark Township. As of the audit report date, legal fees of approximately \$50,000 related to this event have not been reimbursed to the County and are still under negotiations.



REQUIRED SUPPLEMENTARY INFORMATION



TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 5,960,000	\$ 5,963,000	\$ 5,997,625	\$ 34,625
Payment in lieu of taxes	5,500	5,500	8,835	3,335
Trailer park taxes	4,000	4,000	3,732	(268)
Total taxes	<u>5,969,500</u>	<u>5,972,500</u>	<u>6,010,192</u>	<u>37,692</u>
Licenses and permits				
Marriage licenses	1,900	1,900	2,003	103
Building code licenses	340,000	472,304	472,183	(121)
Dog licenses	125,000	125,000	145,998	20,998
Unified court licenses	11,700	11,700	18,471	6,771
Other	24,678	24,678	44,762	20,084
Total licenses and permits	<u>503,278</u>	<u>635,582</u>	<u>683,417</u>	<u>47,835</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	75,000	75,000	55,338	(19,662)
Marine safety	23,600	11,826	11,825	(1)
Civil defense	25,000	25,000	38,413	13,413
Byrne JAG	-	-	7,571	7,571
State				
SCAAP	1,200	1,200	-	(1,200)
Judges	239,703	239,703	241,397	1,694
Juvenile officer	-	-	-	-
State payment courts	210,000	210,000	214,448	4,448
Secondary road patrol	83,573	101,113	101,027	(86)
SSI incentive	4,200	8,200	12,800	4,600
Liquor licenses	-	-	-	-
Hotel liquor tax	146,600	160,000	195,853	35,853
DHS building payment	-	-	-	-
Bench warrant enforcement	-	-	-	-
State revenue sharing	846,157	846,157	849,775	3,618
Cigarette tax	3,000	3,000	2,218	(782)
Total intergovernmental - federal/state	<u>1,658,033</u>	<u>1,681,199</u>	<u>1,730,665</u>	<u>49,466</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 260,050	\$ 260,050	\$ 260,691	\$ 641
District court - probation	253,000	253,000	231,787	(21,213)
County clerk costs	228,550	228,550	208,885	(19,665)
Friend of the court costs	48,000	48,000	38,608	(9,392)
Bond costs	2,800	2,800	2,285	(515)
District court				
Screening assessment	25,000	25,000	22,920	(2,080)
Probate court	27,000	27,000	33,386	6,386
Civil	170,000	174,000	180,153	6,153
Warrant fees	23,000	25,000	23,973	(1,027)
Friend of the court	6,000	6,000	5,861	(139)
Court	1,000	1,000	899	(101)
Searches and motion fees	-	-	-	-
Other	2,100	2,100	1,570	(530)
Circuit court				
Court	8,000	13,200	13,634	434
Searches and motion fees	16,500	16,500	15,987	(513)
Jury, entry and forensic fees	18,500	20,500	19,642	(858)
Other	100	100	137	37
Family division				
Admin fees	40,000	40,000	33,804	(6,196)
Filing fees	-	-	-	-
Collection fees	-	2,000	1,273	(727)
County clerk				
Db/co-partnership	5,200	5,200	4,490	(710)
Certified	27,000	27,000	31,926	4,926
Copies	7,100	7,100	6,217	(883)
Other	13,275	13,275	21,460	8,185
Equalization	50	50	70	20
Register of deeds				
Transfer	95,000	95,000	99,593	4,593
Recordings	170,000	170,000	165,920	(4,080)
Copies	40,000	54,000	52,382	(1,618)
Other	600	1,400	4,149	2,749
County treasurer	70,300	91,300	72,642	(18,658)
Animal shelter	2,000	2,000	2,405	405
Sheriff	24,150	24,150	15,003	(9,147)
Jail	224,000	279,000	302,262	23,262
Other	825	825	416	(409)
Sheriff				
Canteen	9,000	9,000	15,198	6,198
Auction	5,000	5,000	5,241	241
Animal shelter	400	400	60	(340)
Other	20,550	20,550	9,924	(10,626)
Film	5,000	5,000	5,070	70
Total charges for services	<u>1,849,050</u>	<u>1,955,050</u>	<u>1,909,923</u>	<u>(45,127)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 8,000	\$ 8,000	\$ 10,757	\$ 2,757
Ordinance fines and warrant fees	20,000	20,000	17,910	(2,090)
County treasurer	5,000	5,000	7,279	2,279
Total fines and forfeits	<u>33,000</u>	<u>33,000</u>	<u>35,946</u>	<u>2,946</u>
Interest and rents				
Interest	123,000	123,000	78,043	(44,957)
Rentals	369,244	369,244	378,624	9,380
Total interest and rent	<u>492,244</u>	<u>492,244</u>	<u>456,667</u>	<u>(35,577)</u>
Other revenue				
Reimbursements and refunds	763,711	782,432	734,526	(47,906)
Total revenues	<u>11,268,816</u>	<u>11,552,007</u>	<u>11,561,336</u>	<u>9,329</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 73,123	\$ 76,123	\$ 75,421	\$ (702)
Supplies, printing and postage	3,000	3,000	553	(2,447)
Memberships and subscription	10,737	10,737	10,967	230
Travel	12,000	13,045	9,875	(3,170)
Advertising	800	800	1,215	415
Telephone	1,500	1,500	1,967	467
Employee training	5,000	5,000	4,416	(584)
Total legislative	<u>106,160</u>	<u>110,205</u>	<u>104,414</u>	<u>(5,791)</u>
Judicial				
Circuit court				
Salaries and fringes	431,164	432,327	393,308	(39,019)
Supplies, printing and postage	24,496	22,121	21,515	(606)
Contracted services	96,900	93,057	87,027	(6,030)
Court appointed counsel	285,000	327,900	353,941	26,041
Court appointed appeal of right	27,000	16,000	15,439	(561)
Witness fees and travel	4,000	4,000	2,601	(1,399)
Steno transcript	15,000	12,000	12,611	611
Steno appeal transcript	8,000	9,400	9,756	356
Jury fees, meals and travel	27,000	21,900	13,259	(8,641)
Memberships and subscriptions	2,000	2,000	1,440	(560)
Visiting judge	16,000	14,000	9,666	(4,334)
Travel	1,000	1,116	716	(400)
Telephone	3,120	3,120	1,973	(1,147)
Advertising	-	-	-	-
Repairs and maintenance	500	43	-	(43)
Employee training	1,600	1,600	1,144	(456)
Books	1,800	1,800	1,833	33
Total circuit court	<u>944,580</u>	<u>962,384</u>	<u>926,229</u>	<u>(36,155)</u>
District court				
Salaries and fringes	842,642	842,122	805,027	(37,095)
Supplies, printing and postage	29,143	29,143	28,384	(759)
Court appointed counsel	86,000	88,400	88,378	(22)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
District court - continued				
Steno transcript	\$ 4,100	\$ 4,025	\$ 3,142	\$ (883)
Jury fees, meals and travel	17,000	12,702	10,912	(1,790)
Witness fees and travel	2,000	2,000	2,209	209
Memberships and subscriptions	1,800	1,875	1,875	-
Visiting judge	8,000	9,898	9,898	-
Travel	2,700	2,955	2,852	(103)
Repairs and maintenance	500	500	371	(129)
Employee training	1,300	1,300	455	(845)
Books	2,000	2,000	1,617	(383)
	<u>997,185</u>	<u>996,920</u>	<u>955,120</u>	<u>(3,924)</u>
Total district court				
Probate court				
Salaries and fringes	234,172	236,172	230,569	(5,603)
Supplies, printing and postage	5,525	5,144	5,216	72
Contracted services	1,325	1,325	1,247	(78)
Court appointed counsel	20,000	18,350	15,941	(2,409)
Guardianship service	2,050	2,050	1,506	(544)
Steno transcript	200	700	437	(263)
Jury fees, meals and travel	-	-	-	-
Witness fees and travel	-	-	-	-
Memberships and subscriptions	1,000	1,200	1,170	(30)
Visiting judge	9,000	9,531	9,500	(31)
Travel	1,200	1,336	1,138	(198)
Advertising	-	-	-	-
Repairs and maintenance	500	500	195	(305)
Employee training	850	850	410	(440)
Books	1,000	1,000	368	(632)
	<u>276,822</u>	<u>278,158</u>	<u>267,697</u>	<u>(10,461)</u>
Total probate court				
Jury commission				
Salaries and fringes	1,615	1,615	1,293	(322)
Supplies, printing and postage	3,550	3,550	3,162	(388)
Travel	402	453	436	(17)
	<u>5,567</u>	<u>5,618</u>	<u>4,891</u>	<u>(727)</u>
Total jury commission				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 3,500	\$ 3,500	\$ 3,024	\$ (476)
Utilities	9,000	9,000	8,930	(70)
Lease payments	-	-	-	-
Total adult probation	<u>12,500</u>	<u>12,500</u>	<u>11,954</u>	<u>(546)</u>
Total judicial	<u>2,236,654</u>	<u>2,255,580</u>	<u>2,165,891</u>	<u>(89,689)</u>
General government				
Elections				
Salaries and fringes	507	650	449	(201)
Supplies, printing and postage	-	11,000	9,439	(1,561)
Travel	100	134	262	128
Total elections	<u>607</u>	<u>11,784</u>	<u>10,150</u>	<u>(1,634)</u>
Legal	<u>60,000</u>	<u>98,000</u>	<u>105,990</u>	<u>7,990</u>
County clerk				
Salaries and fringes	384,804	384,804	361,847	(22,957)
Supplies, printing and postage	22,500	22,500	23,097	597
Memberships and subscription	800	800	869	69
Employee training	900	900	1,525	625
Travel	300	333	427	94
Total county clerk	<u>409,304</u>	<u>409,337</u>	<u>387,765</u>	<u>(21,572)</u>
Controller				
Salaries and fringes	286,799	289,578	274,645	(14,933)
Supplies, printing and postage	2,500	2,500	2,565	65
Memberships and subscription	800	800	810	10
Health services	-	-	-	-
Travel	400	433	214	(219)
Employee training	1,500	1,500	1,001	(499)
Total controller	<u>291,999</u>	<u>294,811</u>	<u>279,235</u>	<u>(15,576)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 234,312	\$ 246,917	\$ 240,705	\$ (6,212)
Supplies, printing and postage	2,100	2,100	870	(1,230)
Memberships and subscription	1,225	1,225	1,131	(94)
Travel	2,800	3,175	3,010	(165)
Employee training	720	720	803	83
	<u>241,157</u>	<u>254,137</u>	<u>246,519</u>	<u>(7,618)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	477,047	478,547	463,527	(15,020)
Supplies, printing and postage	10,900	10,900	9,193	(1,707)
Contracted services	-	-	-	-
Steno transcript	500	500	498	(2)
Steno appeal transcript	1,000	1,000	26	(974)
Memberships and subscription	3,000	3,000	4,090	1,090
Travel	400	400	-	(400)
Employee training	500	500	-	(500)
Books	3,500	3,500	3,975	475
	<u>496,847</u>	<u>498,347</u>	<u>481,309</u>	<u>(17,038)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	166,943	166,943	113,129	(53,814)
Supplies, printing and postage	1,200	1,200	1,264	64
Contracted services	274	274	50	(224)
	<u>168,417</u>	<u>168,417</u>	<u>114,443</u>	<u>(53,974)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	221,927	221,427	214,044	(7,383)
Supplies, printing and postage	4,000	4,320	5,938	1,618
Employee training	-	500	1,192	692
Memberships and subscription	300	300	-	(300)
	<u>226,227</u>	<u>226,547</u>	<u>221,174</u>	<u>(5,373)</u>
Total register of deeds				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 265,733	\$ 265,733	\$ 258,485	\$ (7,248)
Supplies, printing and postage	52,327	52,327	44,637	(7,690)
Memberships and subscription	150	150	170	20
Travel	300	338	92	(246)
Employee training	550	550	550	-
Total treasurer	<u>319,060</u>	<u>319,098</u>	<u>303,934</u>	<u>(15,164)</u>
Cooperative extension				
Supplies, printing and postage	3,000	3,000	2,909	(91)
Contractual services	102,619	102,619	102,619	-
Total cooperative extension	<u>105,619</u>	<u>105,619</u>	<u>105,528</u>	<u>(91)</u>
Computer operations				
Salaries and fringes	61,552	61,552	60,757	(795)
Supplies, printing and postage	600	600	343	(257)
Memberships and subscription	200	200	143	(57)
Employee training	2,000	2,000	1,913	(87)
Computer service contract	162,115	162,115	164,925	2,810
Computer repairs and maintenance	11,000	11,000	10,200	(800)
Computer contractual	150,000	150,000	148,493	(1,507)
Total computer operations	<u>387,467</u>	<u>387,467</u>	<u>386,774</u>	<u>(693)</u>
Building and grounds				
Salaries and fringes	322,125	317,125	292,143	(24,982)
Supplies, printing and postage	25,850	14,696	14,510	(186)
Uniforms and accessories	2,000	2,000	1,516	(484)
Gas, oil and grease	9,000	9,000	8,703	(297)
Janitorial supplies	23,000	23,000	18,297	(4,703)
Telephone	60,500	60,500	62,974	2,474
Utilities	239,000	239,805	240,496	691
Repairs and maintenance	114,500	114,800	120,712	5,912
Grounds care and maintenance	4,100	9,450	13,041	3,591
Total building and grounds	<u>800,075</u>	<u>790,376</u>	<u>772,392</u>	<u>(17,984)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 180,116	\$ 180,116	\$ 178,298	\$ (1,818)
Supplies, printing and postage	6,000	6,000	4,952	(1,048)
Memberships and subscription	650	650	605	(45)
Travel	2,500	2,811	2,217	(594)
Employee training	2,000	2,000	2,667	667
	<u>191,266</u>	<u>191,577</u>	<u>188,739</u>	<u>(2,838)</u>
Total drain commission				
	<u>3,698,045</u>	<u>3,755,517</u>	<u>3,603,952</u>	<u>(151,565)</u>
Total general government				
Public safety				
Courthouse security				
Salaries and fringes	153,327	153,327	111,024	(42,303)
Supplies, printing and postage	2,040	2,040	116	(1,924)
Laundry - employees	500	500	186	(314)
Employee training	-	-	-	-
	<u>155,867</u>	<u>155,867</u>	<u>111,326</u>	<u>(44,541)</u>
Total courthouse security				
Sheriff's department				
Salaries and fringes	1,590,463	1,590,463	1,511,002	(79,461)
Supplies, printing and postage	7,200	7,950	9,269	1,319
Food	-	-	-	-
Vehicle operating supplies	850	850	585	(265)
Kitchen supplies	250	250	647	397
Other supplies	750	-	-	-
Clothing and bedding	7,000	7,000	6,927	(73)
Uniforms and accessories	4,000	4,000	5,740	1,740
Gas, oil and grease	9,000	10,523	11,767	1,244
Drugs and prescriptions	35,000	43,000	37,662	(5,338)
Janitorial supplies	9,000	9,000	9,537	537
Contractual services	145,000	190,000	130,859	(59,141)
Memberships and subscription	1,000	1,000	1,099	99
Laundry - employees	5,000	5,000	4,016	(984)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 235,000	\$ 279,277	\$ 255,794	\$ (23,483)
Health services	178,250	238,250	343,490	105,240
Telephone	15,000	15,000	13,591	(1,409)
Travel	700	787	508	(279)
Advertising (help bids)	150	150	138	(12)
Insurance and bonds	14,000	14,000	17,256	3,256
Repairs and maintenance	16,500	16,500	18,317	1,817
Equipment rental	3,000	3,000	3,509	509
Bench warrant enforcement	-	-	-	-
Investigations	500	500	350	(150)
Employee training	1,500	1,500	2,344	844
	<u>2,279,113</u>	<u>2,438,000</u>	<u>2,384,407</u>	<u>(53,593)</u>
Total sheriff's department				
County weighmaster				
Salaries and fringes	72,842	86,842	76,271	(10,571)
Gas, oil and grease	-	-	-	-
Insurance	1,517	1,517	2,286	769
Laundry	770	770	-	(770)
	<u>75,129</u>	<u>89,129</u>	<u>78,557</u>	<u>(10,572)</u>
Total county weighmaster				
Marine safety				
Salaries and fringes	16,197	6,065	6,546	481
Supplies, printing and postage	100	140	149	9
Uniforms and accessories	-	-	-	-
Gas, oil and grease	600	574	702	128
Equipment maintenance and supplies	950	240	239	(1)
Insurance	1,400	1,322	1,341	19
Repairs and maintenance	1,253	200	-	(200)
Rentals	3,100	3,100	2,664	(436)
Employee training	-	190	189	(1)
	<u>23,600</u>	<u>11,831</u>	<u>11,830</u>	<u>(1)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	77,639	63,517	65,631	2,114
Uniforms and accessories	-	-	-	-
Gas, oil and grease	5,800	5,952	5,775	(177)
Laundry	500	250	183	(67)
Liability and blanket bond	2,200	2,960	2,955	(5)
Equipment	-	37,700	35,398	(2,302)
	<u>86,139</u>	<u>110,379</u>	<u>109,942</u>	<u>(437)</u>
Total secondary road patrol				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 27,838	\$ 27,838	\$ 15,214	\$ (12,624)
Planning commission				
Salaries and fringes	3,978	3,978	2,328	(1,650)
Supplies, printing and postage	1,200	1,200	319	(881)
Memberships and subscription	-	-	-	-
Employee training	1,050	1,050	719	(331)
Travel	1,200	1,340	1,254	(86)
Total planning commission	<u>7,428</u>	<u>7,568</u>	<u>4,620</u>	<u>(2,948)</u>
Emergency services				
Salaries and fringes	75,413	78,413	79,141	728
Supplies, printing and postage	1,250	2,500	1,696	(804)
Uniforms and accessories	450	450	402	(48)
Gas, oil and grease	2,000	2,000	1,719	(281)
Memberships and subscription	200	200	25	(175)
Telephone	1,900	1,900	1,790	(110)
Travel	250	263	256	(7)
Vehicle insurance	660	660	669	9
Repairs and maintenance	2,050	3,050	2,791	(259)
Employee training	2,000	2,000	1,365	(635)
Total emergency services	<u>86,173</u>	<u>91,436</u>	<u>89,854</u>	<u>(1,582)</u>
Animal shelter				
Contractual services	126,500	135,800	132,167	(3,633)
Supplies, printing and postage	1,500	1,500	-	(1,500)
Gas, oil and grease	11,000	11,000	11,212	212
Telephone	500	700	689	(11)
Travel	-	-	-	-
Total animal shelter	<u>139,500</u>	<u>149,000</u>	<u>144,068</u>	<u>(4,932)</u>
Total public safety	<u>2,880,787</u>	<u>3,081,048</u>	<u>2,949,818</u>	<u>(131,230)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 340,000	\$ 472,304	\$ 472,303	\$ (1)
Department of public works	3,000	3,112	2,345	(767)
Drains at large	446,838	446,838	446,838	-
Total public works	789,838	922,254	921,486	(768)
Health and welfare				
Substance abuse	73,300	80,000	97,927	17,927
Medical examiner				
Supplies, printing and postage	-	750	-	(750)
Body transport	3,000	3,000	2,459	(541)
Autopsies	23,000	23,000	23,054	54
Telephone	700	700	680	(20)
Employee training	500	500	-	(500)
Contractual services	15,450	14,700	14,471	(229)
Total medical examiner	42,650	42,650	40,664	(1,986)
Veterans' burial	13,000	14,420	13,820	(600)
Airport zoning board	678	1,080	502	(578)
Economic development	45,000	45,000	39,202	(5,798)
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	2,538	2,538	1,566	(972)
Total health and welfare	465,409	473,931	481,924	7,993
Other				
Insurance and bonds	140,000	140,000	133,088	(6,912)
Vacation and sick pay	60,000	60,000	39,152	(20,848)
Building lease	-	-	-	-
Tax refunds and rebates	32,000	32,300	27,565	(4,735)
Appropriations	2,000	4,000	3,812	(188)
Audit	29,500	36,500	36,500	-
Accounting services	9,000	10,905	10,905	-
Contingency	22,050	-	-	-
Total other	294,550	283,705	251,022	(32,683)
Total expenditures	10,471,443	10,882,240	10,478,507	(403,733)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Transfers in				
Indirect costs	-	-	-	-
Veterans trust	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Revolving tax	798,417	787,533	727,538	(59,995)
Principal exemption	1,767	1,767	1,767	-
Drains	-	-	-	-
Tax foreclosure	50,000	50,000	50,000	-
Total transfers in	<u>851,184</u>	<u>840,300</u>	<u>780,305</u>	<u>(59,995)</u>
Transfers out				
Friend of the court	(282,970)	(282,970)	(282,970)	-
Health department	(262,403)	(262,403)	(262,403)	-
Veterans counsel	(45,476)	(45,476)	(45,476)	-
Equipment/capital improvement	(229,153)	(229,153)	(229,153)	-
State survey grant	-	(106)	(106)	-
Child care - department of human services	(175,830)	(300,000)	(300,000)	-
Parks and recreation	(2,500)	(2,500)	(2,500)	-
Community corrections	(16,000)	(16,000)	(16,000)	-
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(475,000)	(475,000)	(475,000)	-
Victim services	-	(8,550)	(8,550)	-
Purdy building debt	(70,000)	(52,500)	(52,500)	-
Purdy building debt	(72,725)	(72,725)	(72,725)	-
Soldiers' relief	(7,500)	(7,500)	(7,500)	-
Total transfers out	<u>(1,648,557)</u>	<u>(1,763,883)</u>	<u>(1,763,883)</u>	<u>-</u>
Total other financing sources (uses)	<u>(797,373)</u>	<u>(923,583)</u>	<u>(983,578)</u>	<u>(59,995)</u>
Net change in fund balance	-	(253,816)	99,251	353,067
Fund balance, beginning of year	<u>2,546,692</u>	<u>2,546,692</u>	<u>2,546,692</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,546,692</u>	<u>\$ 2,292,876</u>	<u>\$ 2,645,943</u>	<u>\$ 353,067</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HEALTH DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 142,598	\$ 143,888	\$ 157,019	\$ 13,131
Intergovernmental				
Federal/state	1,673,517	1,723,241	1,453,603	(269,638)
Charges for services	626,155	480,809	474,551	(6,258)
Other	6,304	5,721	6,898	1,177
	<u>2,448,574</u>	<u>2,353,659</u>	<u>2,092,071</u>	<u>(261,588)</u>
Total revenues				
Expenditures				
Current				
Health and welfare	<u>2,862,099</u>	<u>2,753,545</u>	<u>2,783,090</u>	<u>29,545</u>
Revenues (under) expenditures	(413,525)	(399,886)	(691,019)	(291,133)
Other financing sources				
Transfer in	<u>361,280</u>	<u>355,803</u>	<u>355,804</u>	<u>1</u>
Total other financing sources	<u>361,280</u>	<u>355,803</u>	<u>355,804</u>	<u>1</u>
Net change in fund balance	(52,245)	(44,083)	(335,215)	(291,132)
Fund balance, beginning of year	<u>841,493</u>	<u>841,493</u>	<u>841,493</u>	<u>-</u>
Fund balance, end of year	<u>\$ 789,248</u>	<u>\$ 797,410</u>	<u>\$ 506,278</u>	<u>\$ (291,132)</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

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2011	\$ 24,053,833	\$ 27,682,168	\$ 3,628,335	87%	\$ 5,681,317	64%
2012	\$ 24,521,554	\$ 28,327,052	\$ 3,805,498	87%	\$ 5,867,274	65%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2012	\$ 587,964	100%
2013	\$ 573,216	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

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2011	\$ 11,768,084	\$ 11,193,154	\$ (574,930)	105%	\$ 8,596,307	-7%
2012	\$ 12,198,023	\$ 12,058,173	\$ (139,850)	101%	\$ 8,596,307	-2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2006	\$ -	0%
2007	\$ -	0%
2008	\$ -	0%
2009	\$ 4,630	100%
2010	\$ 77,982	100%
2011	\$ 84,878	100%
2012	\$ 115,493	100%
2013	\$ 142,921	100%

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

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2011	\$ 7,045,444	\$ 8,324,050	\$ 1,278,606	85%	\$ 1,206,485	106%
2012	\$ 7,248,392	\$ 8,668,145	\$ 1,419,753	84%	\$ 1,172,048	121%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2012	\$ 154,827	100%
2013	\$ 197,418	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

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2011	\$ 3,280,873	\$ 4,695,146	\$ 1,414,273	70%	\$ 991,049	142%
2012	\$ 3,471,194	\$ 5,058,850	\$ 1,587,656	69%	\$ 1,029,300	154%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2012	\$ 124,752	100%
2013	\$ 143,148	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

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
2012	\$ 130,318	\$ 534,991	\$ 404,773	24%	\$ 2,456,261	17%
2013	\$ 145,196	\$ 586,044	\$ 440,848	25%	\$ 2,358,329	19%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2012	\$ 58,876	100%
2013	\$ 50,260	72%



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

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.

Local Government Police Contract (213) The revenue source for this fund is generated from the reimbursement from Arbela 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.

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.

SPECIAL REVENUE FUNDS: (continued)

GPGS/Strong Families (235) This grant is from Great Start Tuscola. The Great Parents Great Start program provides parents with an educational strength-based program for growth to adequately prepare their children for entry into school.

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.

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

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

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

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

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

SPECIAL REVENUE FUNDS: (continued)

Regional DWI Court Grant (224) The Regional DWI Court fund finances the Thumb Regional Sobriety Court (TRSC), which is financed by a grant from the State Court Administrative Office (SCAO). The Thumb Regional Sobriety Court is part of a SCAO initiative to extend sobriety treatment programs to rural areas of the state by forming regional programs on a multi-county basis. TRSC provides services to defendants in Tuscola, Huron and Sanilac counties who are convicted of a qualifying drunk driving offense and who are admitted to the program.

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 3rd 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.

SPECIAL REVENUE FUNDS: (continued)

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

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

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

State Police Capital Expenditures (470)

Other

Equipment (244)

Capital Improvements Fund (483)

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.

ADDITIONAL SUPPLEMENTARY INFORMATION

TUSCOLA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Revenue Funds	Debt Service Fund - State Police Post Building	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 2,368,420	\$ 9,573	\$ 14	\$ 1,211,088	\$ 6,825	\$ 3,595,920
Investments	-	-	-	-	-	-
Taxes receivable	2,799,650	-	-	-	-	2,799,650
Taxes receivable - delinquent	36,482	-	-	-	-	36,482
Accounts receivable	574,349	-	-	500	-	574,849
Prepaid expenditures	99	-	-	-	-	99
Due from other funds	139,301	-	-	118,726	-	258,027
Due from federal	-	-	-	-	-	-
Due from state	217,180	-	-	-	-	217,180
Total assets	\$ 6,135,481	\$ 9,573	\$ 14	\$ 1,330,314	\$ 6,825	\$ 7,482,207
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities						
Accounts payable	\$ 327,687	\$ -	\$ -	\$ 358	\$ -	\$ 328,045
Accrued liabilities	76,406	-	-	-	-	76,406
Due to other governments	51,254	-	-	-	-	51,254
Due to other funds	292,447	9,573	-	-	-	302,020
Deposits payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	747,794	9,573	-	358	-	757,725
Deferred inflows of resources						
Unavailable revenue - property taxes	36,482	-	-	-	-	36,482
Taxes levied for a subsequent period	2,799,650	-	-	-	-	2,799,650
Total deferred inflows of resources	2,836,132	-	-	-	-	2,836,132
Fund balance						
Nonspendable for:						
Cemetery maintenance	-	-	-	-	-	-
Prepaid expenditures	99	-	-	-	-	99
Restricted for:						
Capital projects	-	-	-	1,329,956	-	1,329,956
Cemetery	-	-	-	-	6,825	6,825
Debt service	-	-	14	-	-	14
Special revenue funds	2,551,456	-	-	-	-	2,551,456
Total fund balance	2,551,555	-	14	1,329,956	6,825	3,888,350
Total liabilities, deferred inflows of resources and fund balance	\$ 6,135,481	\$ 9,573	\$ 14	\$ 1,330,314	\$ 6,825	\$ 7,482,207

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 2,588,427	\$ -	\$ -	\$ -	\$ -	\$ 2,588,427
Intergovernmental						
Federal	1,079,096	-	-	-	-	1,079,096
State	861,603	162,134	-	-	-	1,023,737
Local	435,065	-	-	-	-	435,065
Charges for services	1,284,809	-	-	-	-	1,284,809
Fines and forfeits	7,326	-	-	-	-	7,326
Interest and rent	9,818	11	12	\$ 4,634	34	14,509
Reimbursements and refunds	334,240	-	-	32,994	-	367,234
Other	80,757	-	-	-	-	80,757
Total revenues	6,681,141	162,145	12	37,628	34	6,880,960
Expenditures						
Current						
Judicial	1,024,975	-	-	-	-	1,024,975
General government	1,386,196	-	150	-	-	1,386,346
Public safety	2,924,414	-	-	-	-	2,924,414
Health and welfare	1,718,283	-	-	-	-	1,718,283
Culture and recreation	6,084	-	-	-	53	6,137
Capital outlay	568,212	-	-	337,225	-	905,437
Debt service - principal	-	135,000	35,000	-	-	170,000
Debt service - interest	-	17,572	37,575	-	-	55,147
Total expenditures	7,628,164	152,572	72,725	337,225	53	8,190,739
Revenues over (under) expenditures	(947,023)	9,573	(72,713)	(299,597)	(19)	(1,309,779)
Other financing sources (uses)						
Transfer in	1,154,126	-	72,725	238,726	-	1,465,577
Transfer out	(2,767)	(9,573)	-	-	-	(12,340)
Total other financing sources (uses)	1,151,359	(9,573)	72,725	238,726	-	1,453,237
Net change in fund balance	204,336	-	12	(60,871)	(19)	143,458
Fund balance, beginning of year	2,347,219	-	2	1,390,827	6,844	3,744,892
Fund balance, end of year	<u>\$ 2,551,555</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 1,329,956</u>	<u>\$ 6,825</u>	<u>\$ 3,888,350</u>

TUSCOLA COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 246,297	\$ 5,592	\$ -
Investments	-	-	-
Taxes receivable	1,339,119	-	-
Taxes receivable - delinquent	19,331	-	-
Accounts receivable	1,008	-	14,290
Prepaid expenditures	-	-	-
Due from other funds	4,590	-	-
Due from federal	-	-	-
Due from state	-	-	-
Total assets	<u>\$ 1,610,345</u>	<u>\$ 5,592</u>	<u>\$ 14,290</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 7,207	\$ 455	\$ 13
Accrued liabilities	26,874	127	4,231
Due to other governments	-	-	-
Due to other funds	-	-	10,046
Deposits payable	-	-	-
Total liabilities	<u>34,081</u>	<u>582</u>	<u>14,290</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	19,331	-	-
Taxes levied for a subsequent period	1,339,119	-	-
Total deferred inflows of resources	<u>1,358,450</u>	<u>-</u>	<u>-</u>
Fund balance			
Nonspendable for prepaid expenditures	-	-	-
Restricted	217,814	5,010	-
Total fund balance	<u>217,814</u>	<u>5,010</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,610,345</u>	<u>\$ 5,592</u>	<u>\$ 14,290</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>GPGS/ Strong Families</u>
\$ 76,537	\$ 36,421	\$ 202,164	\$ 1	\$ 369,321	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	223,186	-	-
-	-	-	-	1,815	-	-
102,644	-	317,409	9,097	2,971	15,499	7,210
14	-	-	-	-	-	-
2,914	-	1,867	-	280	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 182,109</u>	<u>\$ 36,421</u>	<u>\$ 521,440</u>	<u>\$ 9,098</u>	<u>\$ 597,573</u>	<u>\$ 15,499</u>	<u>\$ 7,210</u>
\$ 759	\$ 101	\$ 5,059	\$ 452	\$ 946	\$ -	\$ 176
8,244	-	21,913	1,868	3,418	3,285	831
-	-	-	-	-	-	-
-	-	-	6,778	-	12,214	4,426
-	-	-	-	-	-	-
<u>9,003</u>	<u>101</u>	<u>26,972</u>	<u>9,098</u>	<u>4,364</u>	<u>15,499</u>	<u>5,433</u>
-	-	-	-	1,815	-	-
-	-	-	-	223,186	-	-
-	-	-	-	225,001	-	-
14	-	-	-	-	-	-
<u>173,092</u>	<u>36,320</u>	<u>494,468</u>	<u>-</u>	<u>368,208</u>	<u>-</u>	<u>1,777</u>
<u>173,106</u>	<u>36,320</u>	<u>494,468</u>	<u>-</u>	<u>368,208</u>	<u>-</u>	<u>1,777</u>
<u>\$ 182,109</u>	<u>\$ 36,421</u>	<u>\$ 521,440</u>	<u>\$ 9,098</u>	<u>\$ 597,573</u>	<u>\$ 15,499</u>	<u>\$ 7,210</u>

(Continued)

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013**

	Victim Services	Voted Mosquito
<u>ASSETS</u>		
Assets		
Cash and cash equivalents	\$ -	\$ 769,489
Investments	-	-
Taxes receivable	-	939,763
Taxes receivable - delinquent	-	11,441
Accounts receivable	17,745	-
Prepaid expenditures	-	-
Due from other funds	250	453
Due from federal	-	-
Due from state	-	-
	\$ 17,995	\$ 1,721,146
Total assets	\$ 17,995	\$ 1,721,146
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ 2	\$ 158,818
Accrued liabilities	-	1,141
Due to other governments	-	-
Due to other funds	17,976	-
Deposits payable	-	-
	17,978	159,959
Total liabilities	17,978	159,959
Deferred inflows of resources		
Unavailable revenue - property taxes	-	11,441
Taxes levied for a subsequent period	-	939,763
	-	951,204
Total deferred inflows of resources	-	951,204
Fund balance		
Nonspendable for prepaid expenditures	-	-
Restricted	17	609,983
	17	609,983
Total fund balance	17	609,983
Total liabilities, deferred inflows of resources and fund balance	\$ 17,995	\$ 1,721,146

<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>	<u>Regional DWI Court Grants</u>
\$ 27,717	\$ 1	\$ -	\$ 149,569	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	8,509	-
-	-	300	-	-	-
-	-	-	-	-	-
-	-	17,437	-	-	12,062
<u>\$ 27,717</u>	<u>\$ 1</u>	<u>\$ 17,737</u>	<u>\$ 149,569</u>	<u>\$ 8,509</u>	<u>\$ 12,062</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514
-	-	-	-	323	-
-	-	-	-	-	-
-	-	17,700	-	3,515	11,548
-	-	-	-	-	-
-	-	17,700	-	3,838	12,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,717	1	37	149,569	4,671	-
27,717	1	37	149,569	4,671	-
<u>\$ 27,717</u>	<u>\$ 1</u>	<u>\$ 17,737</u>	<u>\$ 149,569</u>	<u>\$ 8,509</u>	<u>\$ 12,062</u>

(Continued)

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ -	\$ 52,145	\$ -	\$ 14,006	\$ 15,576
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	-	77,952	-	-
Prepaid expenditures	-	85	-	-	-
Due from other funds	-	-	-	-	-
Due from federal	-	-	-	-	-
Due from state	3,935	-	-	-	-
Total assets	<u>\$ 3,935</u>	<u>\$ 52,230</u>	<u>\$ 77,952</u>	<u>\$ 14,006</u>	<u>\$ 15,576</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 1	\$ 1	\$ -	\$ -	\$ 501
Accrued liabilities	1,254	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	2,170	-	77,952	-	-
Deposits payable	-	-	-	-	-
Total liabilities	<u>3,425</u>	<u>1</u>	<u>77,952</u>	<u>-</u>	<u>501</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Nonspendable for prepaid expenditures	-	85	-	-	-
Restricted	510	52,144	-	14,006	15,075
Total fund balance	<u>510</u>	<u>52,229</u>	<u>-</u>	<u>14,006</u>	<u>15,075</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,935</u>	<u>\$ 52,230</u>	<u>\$ 77,952</u>	<u>\$ 14,006</u>	<u>\$ 15,576</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>
\$ 10,569	\$ 91,008	\$ 33,538	\$ 193,371	\$ 7,044	\$ 55,312	\$ 12,742
-	-	-	-	-	-	-
-	-	-	-	-	297,582	-
-	-	-	-	-	3,895	-
-	15	-	-	-	-	-
-	-	-	-	-	-	-
-	127,991	-	656	-	-	-
-	-	-	-	-	-	-
-	-	-	183,746	-	-	-
<u>\$ 10,569</u>	<u>\$ 219,014</u>	<u>\$ 33,538</u>	<u>\$ 377,773</u>	<u>\$ 7,044</u>	<u>\$ 356,789</u>	<u>\$ 12,742</u>
\$ -	\$ 119,465	\$ 848	\$ 22,598	\$ 1	\$ 9,520	\$ 250
-	-	-	2,897	-	-	-
-	-	-	51,254	-	-	-
-	-	-	128,122	-	-	-
-	-	-	-	-	-	-
-	119,465	848	204,871	1	9,520	250
-	-	-	-	-	3,895	-
-	-	-	-	-	297,582	-
-	-	-	-	-	301,477	-
-	-	-	-	-	-	-
10,569	99,549	32,690	172,902	7,043	45,792	12,492
10,569	99,549	32,690	172,902	7,043	45,792	12,492
<u>\$ 10,569</u>	<u>\$ 219,014</u>	<u>\$ 33,538</u>	<u>\$ 377,773</u>	<u>\$ 7,044</u>	<u>\$ 356,789</u>	<u>\$ 12,742</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	Totals
<u>ASSETS</u>	
Assets	
Cash and cash equivalents	\$ 2,368,420
Taxes receivable	2,799,650
Taxes receivable - delinquent	36,482
Accounts receivable	574,349
Prepaid expenditures	99
Due from other funds	139,301
Due from state	217,180
Total assets	\$ 6,135,481
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	\$ 327,687
Accrued liabilities	76,406
Due to other governments	51,254
Due to other funds	292,447
Total liabilities	747,794
Deferred inflows of resources	
Unavailable revenue - property taxes	36,482
Taxes levied for a subsequent period	2,799,650
Total deferred inflows of resources	2,836,132
Fund balance	
Nonspendable for prepaid expenditures	99
Restricted	2,551,456
Total fund balance	2,551,555
Total liabilities, deferred inflows of resources and fund balance	\$ 6,135,481



TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Road Patrol	Parks and Recreation	Local Government Police Contract
Revenues			
Taxes	\$ 1,238,252	\$ -	\$ -
Intergovernmental			
Federal	2,264	-	-
State	1,208	-	-
Local	-	-	156,303
Charges for services	8,412	3,902	-
Fines and forfeits	-	-	-
Interest and rent	1,748	-	-
Reimbursements and refunds	1,045	-	-
Other	6,100	-	-
	<u>1,259,029</u>	<u>3,902</u>	<u>156,303</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	1,191,493	-	156,303
Health and welfare	-	-	-
Culture and recreation	-	6,084	-
Capital outlay	41,859	-	-
	<u>1,233,352</u>	<u>6,084</u>	<u>156,303</u>
Total expenditures			
Revenues over (under) expenditures	<u>25,677</u>	<u>(2,182)</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	52,500	2,500	-
Transfer out	-	-	-
	<u>52,500</u>	<u>2,500</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	<u>78,177</u>	<u>318</u>	<u>-</u>
Fund balance, beginning of year	<u>139,637</u>	<u>4,692</u>	<u>-</u>
Fund balance, end of year	<u>\$ 217,814</u>	<u>\$ 5,010</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>GPGS/ Strong Families</u>
\$ -	\$ -	\$ -	\$ -	\$ 206,957	\$ -	\$ -
627,707	-	-	-	-	-	-
52,798	-	208,589	-	-	-	7,210
-	-	-	78,805	-	158,057	-
81,130	5,130	1,058,166	-	58,591	-	-
-	-	-	-	-	-	-
208	-	79	-	2,029	-	-
-	9,373	194,511	-	-	-	-
9,178	-	-	-	-	-	-
<u>771,021</u>	<u>14,503</u>	<u>1,461,345</u>	<u>78,805</u>	<u>267,577</u>	<u>158,057</u>	<u>7,210</u>
1,011,055	7,658	-	-	-	-	-
-	-	-	-	253,252	-	-
-	-	1,082,650	78,805	-	158,057	-
-	-	-	-	-	-	29,343
-	-	-	-	-	-	-
903	-	221,200	-	21,018	-	-
<u>1,011,958</u>	<u>7,658</u>	<u>1,303,850</u>	<u>78,805</u>	<u>274,270</u>	<u>158,057</u>	<u>29,343</u>
<u>(240,937)</u>	<u>6,845</u>	<u>157,495</u>	<u>-</u>	<u>(6,693)</u>	<u>-</u>	<u>(22,133)</u>
282,970	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>282,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
42,033	6,845	157,495	-	(6,693)	-	(22,133)
<u>131,073</u>	<u>29,475</u>	<u>336,973</u>	<u>-</u>	<u>374,901</u>	<u>-</u>	<u>23,910</u>
<u>\$ 173,106</u>	<u>\$ 36,320</u>	<u>\$ 494,468</u>	<u>\$ -</u>	<u>\$ 368,208</u>	<u>\$ -</u>	<u>\$ 1,777</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Victim Services	Voted Mosquito	Regional DWI Court Grants
Revenues			
Taxes	\$ -	\$ 868,124	\$ -
Intergovernmental			
Federal	-	-	-
State	63,933	-	12,062
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	4,232	-
Reimbursements and refunds	-	82	-
Other	-	1,520	-
	<u>63,933</u>	<u>873,958</u>	<u>12,062</u>
Total revenues	<u>63,933</u>	<u>873,958</u>	<u>12,062</u>
Expenditures			
Current			
Judicial	-	-	-
General government	-	849,595	-
Public safety	69,167	-	12,062
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	39,509	-
	<u>69,167</u>	<u>889,104</u>	<u>12,062</u>
Total expenditures	<u>69,167</u>	<u>889,104</u>	<u>12,062</u>
Revenues over (under) expenditures	<u>(5,234)</u>	<u>(15,146)</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	5,250	-	-
Transfer out	-	-	-
	<u>5,250</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,250</u>	<u>-</u>	<u>-</u>
Net change in fund balance	16	(15,146)	-
Fund balance, beginning of year	<u>1</u>	<u>625,129</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17</u>	<u>\$ 609,983</u>	<u>\$ -</u>

CDBG Housing Grant	Principal Residence Exemption	State Survey Grant	Victim of Crime Act Grant	Register of Deeds Automation	HDC Stop Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
136,194	-	-	69,849	-	-
-	-	54,388	-	-	-
-	13,113	-	-	-	28,787
-	-	-	-	-	-
-	-	-	-	-	-
-	160	-	-	919	-
-	-	-	-	-	-
-	-	-	-	63,958	-
<u>136,194</u>	<u>13,273</u>	<u>54,388</u>	<u>69,849</u>	<u>64,877</u>	<u>28,787</u>
-	-	-	-	-	-
136,194	13,319	54,494	-	79,342	-
-	-	-	73,265	-	24,116
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	856	-
<u>136,194</u>	<u>13,319</u>	<u>54,494</u>	<u>73,265</u>	<u>80,198</u>	<u>24,116</u>
-	(46)	(106)	(3,416)	(15,321)	4,671
-	-	106	3,300	-	-
-	(1,767)	-	-	-	-
-	(1,767)	106	3,300	-	-
-	(1,813)	-	(116)	(15,321)	4,671
-	29,530	1	153	164,890	-
<u>\$ -</u>	<u>\$ 27,717</u>	<u>\$ 1</u>	<u>\$ 37</u>	<u>\$ 149,569</u>	<u>\$ 4,671</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<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	-	-	243,082	-	-
State	32,145	-	-	-	-
Local	-	-	-	-	-
Charges for services	4,616	12,481	-	-	-
Fines and forfeits	-	-	-	826	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
	<u>36,761</u>	<u>12,481</u>	<u>243,082</u>	<u>826</u>	<u>6,500</u>
Total revenues					
Expenditures					
Current					
Judicial	-	-	-	-	6,262
General government	-	-	-	-	-
Public safety	54,347	15,607	215	2,756	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	242,867	-	-
	<u>54,347</u>	<u>15,607</u>	<u>243,082</u>	<u>2,756</u>	<u>6,262</u>
Total expenditures					
Revenues over (under) expenditures	<u>(17,586)</u>	<u>(3,126)</u>	<u>-</u>	<u>(1,930)</u>	<u>238</u>
Other financing sources (uses)					
Transfer in	16,000	-	-	-	-
Transfer out	-	-	-	-	-
	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balance	(1,586)	(3,126)	-	(1,930)	238
Fund balance, beginning of year	<u>2,096</u>	<u>55,355</u>	<u>-</u>	<u>15,936</u>	<u>14,837</u>
Fund balance, end of year	<u>\$ 510</u>	<u>\$ 52,229</u>	<u>\$ -</u>	<u>\$ 14,006</u>	<u>\$ 15,075</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,094	\$ -
-	-	-	-	-	-	-
5,229	273,848	5,910	135,919	-	-	8,364
-	-	-	-	-	-	-
-	27,311	-	25,070	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	443	-
-	-	-	129,229	-	-	-
1	-	-	-	-	-	-
<u>5,230</u>	<u>301,159</u>	<u>5,910</u>	<u>290,218</u>	<u>-</u>	<u>275,537</u>	<u>8,364</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,571	-	-	-	-	-	-
-	618,651	23,972	749,264	17,302	274,486	5,265
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,571</u>	<u>618,651</u>	<u>23,972</u>	<u>749,264</u>	<u>17,302</u>	<u>274,486</u>	<u>5,265</u>
(341)	(317,492)	(18,062)	(459,046)	(17,302)	1,051	3,099
-	300,000	9,000	475,000	7,500	-	-
-	-	-	-	-	-	(1,000)
<u>-</u>	<u>300,000</u>	<u>9,000</u>	<u>475,000</u>	<u>7,500</u>	<u>-</u>	<u>(1,000)</u>
(341)	(17,492)	(9,062)	15,954	(9,802)	1,051	2,099
<u>10,910</u>	<u>117,041</u>	<u>41,752</u>	<u>156,948</u>	<u>16,845</u>	<u>44,741</u>	<u>10,393</u>
<u>\$ 10,569</u>	<u>\$ 99,549</u>	<u>\$ 32,690</u>	<u>\$ 172,902</u>	<u>\$ 7,043</u>	<u>\$ 45,792</u>	<u>\$ 12,492</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Totals
Revenues	
Taxes	\$ 2,588,427
Intergovernmental	
Federal	1,079,096
State	861,603
Local	435,065
Charges for services	1,284,809
Fines and forfeits	7,326
Interest and rent	9,818
Reimbursements and refunds	334,240
Other	80,757
Total revenues	6,681,141
Expenditures	
Current	
Judicial	1,024,975
General government	1,386,196
Public safety	2,924,414
Health and welfare	1,718,283
Culture and recreation	6,084
Capital outlay	568,212
Total expenditures	7,628,164
Revenues over (under) expenditures	(947,023)
Other financing sources (uses)	
Transfer in	1,154,126
Transfer out	(2,767)
Total other financing sources (uses)	1,151,359
Net change in fund balance	204,336
Fund balance, beginning of year	2,347,219
Fund balance, end of year	\$ 2,551,555



TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Road Patrol			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 1,237,294	\$ 1,237,294	\$ 1,238,252	\$ 958
Intergovernmental				
Federal	2,500	2,500	2,264	(236)
State	-	-	1,208	1,208
Local	-	-	-	-
Charges for services	8,500	8,500	8,412	(88)
Fines and forfeits	-	-	-	-
Interest and rent	2,000	2,000	1,748	(252)
Reimbursements and refunds	1,000	1,000	1,045	45
Other	200	3,700	6,100	2,400
Total revenues	1,251,494	1,254,994	1,259,029	4,035
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,311,944	1,327,466	1,191,493	(135,973)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	62,000	62,000	41,859	(20,141)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	1,373,944	1,389,466	1,233,352	(156,114)
Revenues over (under) expenditures	(122,450)	(134,472)	25,677	160,149
Other financing sources (uses)				
Transfer in	70,000	52,500	52,500	-
Transfer out	-	-	-	-
Total other financing sources (uses)	70,000	52,500	52,500	-
Net change in fund balance	(52,450)	(81,972)	78,177	160,149
Fund balance, beginning of year	139,637	139,637	139,637	-
Fund balance, end of year	<u>\$ 87,187</u>	<u>\$ 57,665</u>	<u>\$ 217,814</u>	<u>\$ 160,149</u>

Parks and Recreation				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	141,396	141,396	156,303	14,907
2,000	3,374	3,902	528	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,000</u>	<u>3,374</u>	<u>3,902</u>	<u>528</u>	<u>141,396</u>	<u>141,396</u>	<u>156,303</u>	<u>14,907</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	141,396	141,396	156,303	14,907
-	-	-	-	-	-	-	-
4,350	5,850	6,084	234	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,350</u>	<u>5,850</u>	<u>6,084</u>	<u>234</u>	<u>141,396</u>	<u>141,396</u>	<u>156,303</u>	<u>14,907</u>
(2,350)	(2,476)	(2,182)	294	-	-	-	-
2,500	2,500	2,500	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
150	24	318	294	-	-	-	-
<u>4,692</u>	<u>4,692</u>	<u>4,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,842</u>	<u>\$ 4,716</u>	<u>\$ 5,010</u>	<u>\$ 294</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, 2013**

	Friend of the Court Act 294			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	654,046	654,046	627,707	(26,339)
State	3,558	3,558	52,798	49,240
Local	-	-	-	-
Charges for services	91,420	91,420	81,130	(10,290)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	208	208
Reimbursements and refunds	-	-	-	-
Other	8,733	8,733	9,178	445
Total revenues	757,757	757,757	771,021	13,264
Expenditures				
Current				
Judicial	1,075,923	1,072,558	1,011,055	(61,503)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	7,250	11,250	903	(10,347)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	1,083,173	1,083,808	1,011,958	(71,850)
Revenues over (under) expenditures	(325,416)	(326,051)	(240,937)	85,114
Other financing sources (uses)				
Transfer in	282,970	282,970	282,970	-
Transfer out	-	-	-	-
Total other financing sources (uses)	282,970	282,970	282,970	-
Net change in fund balance	(42,446)	(43,081)	42,033	85,114
Fund balance, beginning of year	131,073	131,073	131,073	-
Fund balance, end of year	<u>\$ 88,627</u>	<u>\$ 87,992</u>	<u>\$ 173,106</u>	<u>\$ 85,114</u>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	203,056	203,056	208,589	5,533
-	-	-	-	-	-	-	-
5,200	5,200	5,130	(70)	1,018,418	1,018,418	1,058,166	39,748
-	-	-	-	-	-	-	-
-	-	-	-	700	700	79	(621)
10,000	10,000	9,373	(627)	11,500	11,500	194,511	183,011
-	-	-	-	-	-	-	-
<u>15,200</u>	<u>15,200</u>	<u>14,503</u>	<u>(697)</u>	<u>1,233,674</u>	<u>1,233,674</u>	<u>1,461,345</u>	<u>227,671</u>
20,000	20,000	7,658	(12,342)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,087,732	1,089,838	1,082,650	(7,188)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	229,000	229,000	221,200	(7,800)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,000</u>	<u>20,000</u>	<u>7,658</u>	<u>(12,342)</u>	<u>1,316,732</u>	<u>1,318,838</u>	<u>1,303,850</u>	<u>(14,988)</u>
<u>(4,800)</u>	<u>(4,800)</u>	<u>6,845</u>	<u>11,645</u>	<u>(83,058)</u>	<u>(85,164)</u>	<u>157,495</u>	<u>242,659</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(4,800)</u>	<u>(4,800)</u>	<u>6,845</u>	<u>11,645</u>	<u>(83,058)</u>	<u>(85,164)</u>	<u>157,495</u>	<u>242,659</u>
<u>29,475</u>	<u>29,475</u>	<u>29,475</u>	<u>-</u>	<u>336,973</u>	<u>336,973</u>	<u>336,973</u>	<u>-</u>
<u>\$ 24,675</u>	<u>\$ 24,675</u>	<u>\$ 36,320</u>	<u>\$ 11,645</u>	<u>\$ 253,915</u>	<u>\$ 251,809</u>	<u>\$ 494,468</u>	<u>\$ 242,659</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, 2013**

	Vassar Township Police Contract			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	84,082	84,082	78,805	(5,277)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	84,082	84,082	78,805	(5,277)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	84,082	84,082	78,805	(5,277)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	84,082	84,082	78,805	(5,277)
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 206,000	\$ 206,000	\$ 206,957	\$ 957	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	165,838	165,838	158,057	(7,781)
65,720	65,720	58,591	(7,129)	-	-	-	-
-	-	-	-	-	-	-	-
3,010	3,010	2,029	(981)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>274,730</u>	<u>274,730</u>	<u>267,577</u>	<u>(7,153)</u>	<u>165,838</u>	<u>165,838</u>	<u>158,057</u>	<u>(7,781)</u>
-	-	-	-	-	-	-	-
261,618	261,641	253,252	(8,389)	-	-	-	-
-	-	-	-	165,838	165,838	158,057	(7,781)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,000	21,000	21,018	18	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>282,618</u>	<u>282,641</u>	<u>274,270</u>	<u>(8,371)</u>	<u>165,838</u>	<u>165,838</u>	<u>158,057</u>	<u>(7,781)</u>
<u>(7,888)</u>	<u>(7,911)</u>	<u>(6,693)</u>	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(7,888)	(7,911)	(6,693)	1,218	-	-	-	-
<u>374,901</u>	<u>374,901</u>	<u>374,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 367,013</u>	<u>\$ 366,990</u>	<u>\$ 368,208</u>	<u>\$ 1,218</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, 2013**

	<u>GPGS/Strong Families</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	28,380	28,380	7,210	(21,170)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>28,380</u>	<u>28,380</u>	<u>7,210</u>	<u>(21,170)</u>
Total revenues	<u>28,380</u>	<u>28,380</u>	<u>7,210</u>	<u>(21,170)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	28,380	28,380	29,343	963
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>28,380</u>	<u>28,380</u>	<u>29,343</u>	<u>963</u>
Total expenditures	<u>28,380</u>	<u>28,380</u>	<u>29,343</u>	<u>963</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(22,133)</u>	<u>(22,133)</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	-	-	(22,133)	(22,133)
Fund balance, beginning of year	<u>23,910</u>	<u>23,910</u>	<u>23,910</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,910</u>	<u>\$ 23,910</u>	<u>\$ 1,777</u>	<u>\$ (22,133)</u>

Victim Services				Voted Mosquito			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 868,000	\$ 868,000	\$ 868,124	\$ 124
-	-	-	-	-	-	-	-
63,550	63,550	63,933	383	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	4,232	(768)
-	-	-	-	500	500	82	(418)
-	-	-	-	-	-	1,520	1,520
<u>63,550</u>	<u>63,550</u>	<u>63,933</u>	<u>383</u>	<u>873,500</u>	<u>873,500</u>	<u>873,958</u>	<u>458</u>
-	-	-	-	-	-	-	-
-	-	-	-	929,848	953,641	849,595	(104,046)
64,539	68,550	69,167	617	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	50,244	52,244	39,509	(12,735)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>64,539</u>	<u>68,550</u>	<u>69,167</u>	<u>617</u>	<u>980,092</u>	<u>1,005,885</u>	<u>889,104</u>	<u>(116,781)</u>
<u>(989)</u>	<u>(5,000)</u>	<u>(5,234)</u>	<u>(234)</u>	<u>(106,592)</u>	<u>(132,385)</u>	<u>(15,146)</u>	<u>117,239</u>
-	5,250	5,250	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,250	5,250	-	-	-	-	-
(989)	250	16	(234)	(106,592)	(132,385)	(15,146)	117,239
<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>625,129</u>	<u>625,129</u>	<u>625,129</u>	<u>-</u>
<u>\$ (988)</u>	<u>\$ 251</u>	<u>\$ 17</u>	<u>\$ (234)</u>	<u>\$ 518,537</u>	<u>\$ 492,744</u>	<u>\$ 609,983</u>	<u>\$ 117,239</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, 2013**

	<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	137,130	136,194	(936)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>125,000</u>	<u>137,130</u>	<u>136,194</u>	<u>(936)</u>
Total revenues	<u>125,000</u>	<u>137,130</u>	<u>136,194</u>	<u>(936)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	125,000	137,130	136,194	(936)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>125,000</u>	<u>137,130</u>	<u>136,194</u>	<u>(936)</u>
Total expenditures	<u>125,000</u>	<u>137,130</u>	<u>136,194</u>	<u>(936)</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
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
54,500	54,500	13,113	(41,387)
-	-	-	-
400	400	160	(240)
-	-	-	-
-	-	-	-
<u>54,900</u>	<u>54,900</u>	<u>13,273</u>	<u>(41,627)</u>
-	-	-	-
40,000	40,000	13,319	(26,681)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>40,000</u>	<u>40,000</u>	<u>13,319</u>	<u>(26,681)</u>
<u>14,900</u>	<u>14,900</u>	<u>(46)</u>	<u>(14,946)</u>
-	-	-	-
<u>(1,767)</u>	<u>(1,767)</u>	<u>(1,767)</u>	<u>-</u>
<u>(1,767)</u>	<u>(1,767)</u>	<u>(1,767)</u>	<u>-</u>
13,133	13,133	(1,813)	(14,946)
<u>29,530</u>	<u>29,530</u>	<u>29,530</u>	<u>-</u>
<u>\$ 42,663</u>	<u>\$ 42,663</u>	<u>\$ 27,717</u>	<u>\$ (14,946)</u>

State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
54,388	54,388	54,388	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>54,388</u>	<u>54,388</u>	<u>54,388</u>	<u>-</u>
-	-	-	-
54,388	54,494	54,494	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>54,388</u>	<u>54,494</u>	<u>54,494</u>	<u>-</u>
<u>-</u>	<u>(106)</u>	<u>(106)</u>	<u>-</u>
-	106	106	-
-	-	-	-
-	106	106	-
-	-	-	-
<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</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, 2013**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	70,214	70,214	69,849	(365)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	70,214	70,214	69,849	(365)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	70,214	73,367	73,265	(102)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	70,214	73,367	73,265	(102)
Revenues over (under) expenditures	-	(3,153)	(3,416)	(263)
Other financing sources (uses)				
Transfer in	-	3,300	3,300	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	3,300	3,300	-
Net change in fund balance	-	147	(116)	(263)
Fund balance, beginning of year	153	153	153	-
Fund balance, end of year	<u>\$ 153</u>	<u>\$ 300</u>	<u>\$ 37</u>	<u>\$ (263)</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	23,949	28,787	4,838
-	-	-	-	-	-	-	-
2,000	2,000	919	(1,081)	-	-	-	-
-	-	-	-	-	-	-	-
58,000	58,000	63,958	5,958	-	-	-	-
60,000	60,000	64,877	4,877	-	23,949	28,787	4,838
-	-	-	-	-	-	-	-
56,575	56,575	79,342	22,767	-	-	-	-
-	-	-	-	-	23,949	24,116	167
-	-	-	-	-	-	-	-
30,000	30,000	856	(29,144)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86,575	86,575	80,198	(6,377)	-	23,949	24,116	167
(26,575)	(26,575)	(15,321)	11,254	-	-	4,671	4,671
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(26,575)	(26,575)	(15,321)	11,254	-	-	4,671	4,671
164,890	164,890	164,890	-	-	-	-	-
<u>\$ 138,315</u>	<u>\$ 138,315</u>	<u>\$ 149,569</u>	<u>\$ 11,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,671</u>	<u>\$ 4,671</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, 2013**

	<u>Community Corrections Services</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	32,120	32,120	32,145	25
Local	-	-	-	-
Charges for services	3,163	3,163	4,616	1,453
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>35,283</u>	<u>35,283</u>	<u>36,761</u>	<u>1,478</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	52,122	52,122	54,347	2,225
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>52,122</u>	<u>52,122</u>	<u>54,347</u>	<u>2,225</u>
Revenues over (under) expenditures	<u>(16,839)</u>	<u>(16,839)</u>	<u>(17,586)</u>	<u>(747)</u>
Other financing sources (uses)				
Transfer in	16,000	16,000	16,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Net change in fund balance	<u>(839)</u>	<u>(839)</u>	<u>(1,586)</u>	<u>(747)</u>
Fund balance, beginning of year	<u>2,096</u>	<u>2,096</u>	<u>2,096</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,257</u>	<u>\$ 1,257</u>	<u>\$ 510</u>	<u>\$ (747)</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	243,083	243,082	(1)
-	-	-	-	-	-	-	-
17,500	17,500	12,481	(5,019)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>17,500</u>	<u>17,500</u>	<u>12,481</u>	<u>(5,019)</u>	<u>-</u>	<u>243,083</u>	<u>243,082</u>	<u>(1)</u>
-	-	-	-	-	-	-	-
19,000	19,000	15,607	(3,393)	-	215	215	-
-	-	-	-	-	-	-	-
-	-	-	-	-	242,868	242,867	(1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,000</u>	<u>19,000</u>	<u>15,607</u>	<u>(3,393)</u>	<u>-</u>	<u>243,083</u>	<u>243,082</u>	<u>(1)</u>
<u>(1,500)</u>	<u>(1,500)</u>	<u>(3,126)</u>	<u>(1,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,500)</u>	<u>(1,500)</u>	<u>(3,126)</u>	<u>(1,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>55,355</u>	<u>55,355</u>	<u>55,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 53,855</u>	<u>\$ 53,855</u>	<u>\$ 52,229</u>	<u>\$ (1,626)</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, 2013**

	<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	1,092	2,592	826	(1,766)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>1,092</u>	<u>2,592</u>	<u>826</u>	<u>(1,766)</u>
Total revenues	<u>1,092</u>	<u>2,592</u>	<u>826</u>	<u>(1,766)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	17,381	15,936	2,756	(13,180)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>17,381</u>	<u>15,936</u>	<u>2,756</u>	<u>(13,180)</u>
Total expenditures	<u>17,381</u>	<u>15,936</u>	<u>2,756</u>	<u>(13,180)</u>
Revenues over (under) expenditures	<u>(16,289)</u>	<u>(13,344)</u>	<u>(1,930)</u>	<u>11,414</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	(342)	-	-	-
	<u>(342)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(342)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(16,631)	(13,344)	(1,930)	11,414
Fund balance, beginning of year	<u>15,936</u>	<u>15,936</u>	<u>15,936</u>	<u>-</u>
Fund balance, end of year	<u>\$ (695)</u>	<u>\$ 2,592</u>	<u>\$ 14,006</u>	<u>\$ 11,414</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	5,400	5,400	5,229	(171)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	1
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>5,400</u>	<u>5,400</u>	<u>5,230</u>	<u>(170)</u>
6,500	6,500	6,262	(238)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8,000	8,000	5,571	(2,429)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,262</u>	<u>(238)</u>	<u>8,000</u>	<u>8,000</u>	<u>5,571</u>	<u>(2,429)</u>
-	-	238	238	(2,600)	(2,600)	(341)	2,259
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	238	238	(2,600)	(2,600)	(341)	2,259
<u>14,837</u>	<u>14,837</u>	<u>14,837</u>	<u>-</u>	<u>10,910</u>	<u>10,910</u>	<u>10,910</u>	<u>-</u>
<u>\$ 14,837</u>	<u>\$ 14,837</u>	<u>\$ 15,075</u>	<u>\$ 238</u>	<u>\$ 8,310</u>	<u>\$ 8,310</u>	<u>\$ 10,569</u>	<u>\$ 2,259</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, 2013**

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	205,830	337,500	273,848	(63,652)
Local	-	-	-	-
Charges for services	55,000	55,000	27,311	(27,689)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	260,830	392,500	301,159	(91,341)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	466,660	730,660	618,651	(112,009)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	466,660	730,660	618,651	(112,009)
Revenues over (under) expenditures	(205,830)	(338,160)	(317,492)	20,668
Other financing sources (uses)				
Transfer in	175,830	300,000	300,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	175,830	300,000	300,000	-
Net change in fund balance	(30,000)	(38,160)	(17,492)	20,668
Fund balance, beginning of year	117,041	117,041	117,041	-
Fund balance, end of year	<u>\$ 87,041</u>	<u>\$ 78,881</u>	<u>\$ 99,549</u>	<u>\$ 20,668</u>

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
111,000	6,000	5,910	(90)	205,817	210,317	135,919	(74,398)
-	-	-	-	-	-	-	-
-	-	-	-	27,000	27,000	25,070	(1,930)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	154,276	154,276	129,229	(25,047)
-	-	-	-	-	-	-	-
<u>111,000</u>	<u>6,000</u>	<u>5,910</u>	<u>(90)</u>	<u>387,093</u>	<u>391,593</u>	<u>290,218</u>	<u>(101,375)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
121,000	24,034	23,972	(62)	930,434	935,206	749,264	(185,942)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>121,000</u>	<u>24,034</u>	<u>23,972</u>	<u>(62)</u>	<u>930,434</u>	<u>935,206</u>	<u>749,264</u>	<u>(185,942)</u>
<u>(10,000)</u>	<u>(18,034)</u>	<u>(18,062)</u>	<u>(28)</u>	<u>(543,341)</u>	<u>(543,613)</u>	<u>(459,046)</u>	<u>84,567</u>
9,000	9,000	9,000	-	475,000	475,000	475,000	-
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
(1,000)	(9,034)	(9,062)	(28)	(68,341)	(68,613)	15,954	84,567
<u>41,752</u>	<u>41,752</u>	<u>41,752</u>	<u>-</u>	<u>156,948</u>	<u>156,948</u>	<u>156,948</u>	<u>-</u>
<u>\$ 40,752</u>	<u>\$ 32,718</u>	<u>\$ 32,690</u>	<u>\$ (28)</u>	<u>\$ 88,607</u>	<u>\$ 88,335</u>	<u>\$ 172,902</u>	<u>\$ 84,567</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, 2013**

	Soldiers Relief			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	17,000	17,000	17,302	302
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	17,000	17,000	17,302	302
Revenues over (under) expenditures	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,302)</u>	<u>(302)</u>
Other financing sources (uses)				
Transfer in	7,500	7,500	7,500	-
Transfer out	-	-	-	-
Total other financing sources (uses)	7,500	7,500	7,500	-
Net change in fund balance	(9,500)	(9,500)	(9,802)	(302)
Fund balance, beginning of year	<u>16,845</u>	<u>16,845</u>	<u>16,845</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,345</u></u>	<u><u>\$ 7,345</u></u>	<u><u>\$ 7,043</u></u>	<u><u>\$ (302)</u></u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000	\$ 275,094	\$ 94
-	-	-	-	-	-	-	-
6,500	6,500	8,364	1,864	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	443	(557)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>8,364</u>	<u>1,864</u>	<u>276,000</u>	<u>276,000</u>	<u>275,537</u>	<u>(463)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,500	5,500	5,265	(235)	275,376	276,881	274,486	(2,395)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,500</u>	<u>5,500</u>	<u>5,265</u>	<u>(235)</u>	<u>275,376</u>	<u>276,881</u>	<u>274,486</u>	<u>(2,395)</u>
<u>1,000</u>	<u>1,000</u>	<u>3,099</u>	<u>2,099</u>	<u>624</u>	<u>(881)</u>	<u>1,051</u>	<u>1,932</u>
-	-	-	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
-	-	2,099	2,099	624	(881)	1,051	1,932
<u>10,393</u>	<u>10,393</u>	<u>10,393</u>	<u>-</u>	<u>44,741</u>	<u>44,741</u>	<u>44,741</u>	<u>-</u>
<u>\$ 10,393</u>	<u>\$ 10,393</u>	<u>\$ 12,492</u>	<u>\$ 2,099</u>	<u>\$ 45,365</u>	<u>\$ 43,860</u>	<u>\$ 45,792</u>	<u>\$ 1,932</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, 2013**

	Regional DWI Court Grants			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	65,918	12,062	(53,856)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	-	65,918	12,062	(53,856)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	63,878	12,062	(51,816)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	63,878	12,062	(51,816)
Revenues over (under) expenditures	-	2,040	-	(2,040)
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	2,040	-	(2,040)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ -</u>	<u>\$ (2,040)</u>

Totals			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 2,586,294	\$ 2,586,294	\$ 2,588,427	\$ 2,133
851,760	1,106,973	1,079,096	(27,877)
919,599	1,016,687	861,603	(155,084)
445,816	469,765	435,065	(34,700)
1,293,921	1,295,295	1,284,809	(10,486)
7,592	9,092	7,326	(1,766)
14,110	14,110	9,818	(4,292)
177,276	177,276	334,240	156,964
66,933	70,433	80,757	10,324
<u>6,363,301</u>	<u>6,745,925</u>	<u>6,681,141</u>	<u>(64,784)</u>
1,102,423	1,099,058	1,024,975	(74,083)
1,467,429	1,503,481	1,386,196	(117,285)
3,022,248	3,133,637	2,924,414	(209,223)
1,844,350	2,017,661	1,718,283	(299,378)
4,350	5,850	6,084	234
399,494	648,362	568,212	(80,150)
-	-	-	-
-	-	-	-
<u>7,840,294</u>	<u>8,408,049</u>	<u>7,628,164</u>	<u>(779,885)</u>
<u>(1,476,993)</u>	<u>(1,662,124)</u>	<u>(947,023)</u>	<u>715,101</u>
1,038,800	1,154,126	1,154,126	-
(3,109)	(2,767)	(2,767)	-
<u>1,035,691</u>	<u>1,151,359</u>	<u>1,151,359</u>	<u>-</u>
(441,302)	(510,765)	204,336	715,101
<u>2,347,219</u>	<u>2,347,219</u>	<u>2,347,219</u>	<u>-</u>
<u>\$ 1,905,917</u>	<u>\$ 1,836,454</u>	<u>\$ 2,551,555</u>	<u>\$ 715,101</u>



TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2013**

	State Police Capital Expenditures	Equipment Fund	Capital Improvements	Total
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 149,971	\$ 17,108	\$ 1,044,009	\$ 1,211,088
Investments	-	-	-	-
Accounts receivable	-	500	-	500
Due from other funds	9,573	-	109,153	118,726
	<u>9,573</u>	<u>-</u>	<u>109,153</u>	<u>118,726</u>
Total assets	<u>\$ 159,544</u>	<u>\$ 17,608</u>	<u>\$ 1,153,162</u>	<u>\$ 1,330,314</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 358	\$ 358
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>358</u>	<u>358</u>
Fund balance				
Restricted for capital projects	159,544	17,608	1,152,804	1,329,956
	<u>159,544</u>	<u>17,608</u>	<u>1,152,804</u>	<u>1,329,956</u>
Total liabilities and fund balance	<u>\$ 159,544</u>	<u>\$ 17,608</u>	<u>\$ 1,153,162</u>	<u>\$ 1,330,314</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 889	\$ -	\$ 3,745	\$ 4,634
Reimbursement	-	32,994	-	32,994
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	889	32,994	3,745	37,628
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Capital outlay	32,189	188,217	116,819	337,225
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues under expenditures	(31,300)	(155,223)	(113,074)	(299,597)
Other financing sources (uses)				
Bond proceeds		-		-
Transfer in	9,573	120,000	109,153	238,726
Transfer out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing source(uses)	9,573	120,000	109,153	238,726
Net change in fund balance	(21,727)	(35,223)	(3,921)	(60,871)
Fund balance, beginning of year	181,271	52,831	1,156,725	1,390,827
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 159,544</u>	<u>\$ 17,608</u>	<u>\$ 1,152,804</u>	<u>\$ 1,329,956</u>



NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

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.

Denmark Water Extension Construction (486)

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 POSITION -
NONMAJOR ENTERPRISE FUNDS
December 31, 2013**

	Mayville Storm Sewer	Richville Water System (Refunded)
Assets		
Current assets		
Cash	\$ -	\$ -
Due from other funds	-	-
Due from other governments	-	-
Accounts receivable	-	-
Contracts receivable - current	43,700	40,815
	<u>43,700</u>	<u>40,815</u>
Total current assets	<u>43,700</u>	<u>40,815</u>
Noncurrent assets		
Contracts receivable, net of current portion	1,036,000	330,000
	<u>1,036,000</u>	<u>330,000</u>
Total assets	<u>1,079,700</u>	<u>370,815</u>
Liabilities		
Current liabilities		
Accounts payable	-	-
Accrued liabilities	17,700	815
Bonds payable, current	26,000	40,000
	<u>43,700</u>	<u>40,815</u>
Total current liabilities	<u>43,700</u>	<u>40,815</u>
Bonds payable, net of current portion	1,036,000	330,000
	<u>1,036,000</u>	<u>330,000</u>
Total liabilities	<u>1,079,700</u>	<u>370,815</u>
Net position		
Unrestricted	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 582,232	\$ 582,232
-	-	258	258
-	-	-	-
<u>15,394</u>	<u>395,520</u>	<u>-</u>	<u>495,429</u>
<u>15,394</u>	<u>395,520</u>	<u>582,490</u>	<u>1,077,919</u>
<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,386,000</u>
<u>35,394</u>	<u>395,520</u>	<u>582,490</u>	<u>2,463,919</u>
-	-	3,973	3,973
394	520	-	19,429
<u>15,000</u>	<u>395,000</u>	<u>-</u>	<u>476,000</u>
15,394	395,520	3,973	499,402
<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,386,000</u>
<u>35,394</u>	<u>395,520</u>	<u>3,973</u>	<u>1,885,402</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,517</u>	<u>\$ 578,517</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
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	(988)	(53,900)	(5,152)
Total nonoperating revenues (expenses)	(988)	(53,900)	(5,152)
Income (loss) before capital contributions and transfers	(988)	(53,900)	(5,152)
Capital contributions	988	53,900	5,152
Transfers			
Transfers out	-	-	-
Change in net position	-	-	-
Net position, beginning of year	-	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 179,424	\$ 179,424
-	-	422,776	422,776
-	-	602,200	602,200
-	-	446,017	446,017
-	-	156,183	156,183
-	-	2,687	2,687
<u>(2,138)</u>	<u>(3,294)</u>		<u>(65,472)</u>
<u>(2,138)</u>	<u>(3,294)</u>	<u>2,687</u>	<u>(62,785)</u>
<u>(2,138)</u>	<u>(3,294)</u>	<u>158,870</u>	<u>93,398</u>
<u>2,138</u>	<u>3,294</u>		<u>65,472</u>
-	-	(50,000)	(50,000)
-	-	108,870	108,870
-	-	469,647	469,647
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,517</u>	<u>\$ 578,517</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</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	(135,000)	(24,000)	(40,000)
Interest paid on long-term debt	(2,652)	(53,900)	(5,205)
Contributions from local units	120,293	77,900	45,205
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	(17,359)	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Interest and rent	-	-	-
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(17,359)	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	17,359	-	-
	<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:			
Accounts receivable			
Due from other funds			
Due from other governments	1,665	400	53
Accounts payable			
Accrued liabilities	(1,665)	(400)	(53)
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 179,424	\$ 179,424
-	-	1,942	1,942
-	-	(458,745)	(458,745)
-	-	422,776	422,776
-	-	145,397	145,397
-	-	(50,000)	(50,000)
(10,000)	-	-	(209,000)
(2,250)	(3,294)	-	(67,301)
-	-	-	-
-	-	-	-
12,250	3,294	-	258,942
-	-	-	(17,359)
-	-	2,687	2,687
-	-	98,084	80,725
-	-	484,148	501,507
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,232</u>	<u>\$ 582,232</u>
\$ -	\$ -	\$ 156,183	\$ 156,183
112	87	69	69
(112)	(87)	1,942	1,942
-	-	2,317	2,317
-	-	(12,797)	(12,797)
-	-	(2,317)	(2,317)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,397</u>	<u>\$ 145,397</u>



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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.

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 POSITION
INTERNAL SERVICE FUNDS
December 31, 2013**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 449,621	\$ 11,595	\$ 499,138	\$ 960,354
Accounts receivable	-	-	90	90
Due from other funds	-	131	-	131
Total assets	<u>449,621</u>	<u>11,726</u>	<u>499,228</u>	<u>960,575</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 127	\$ 30	\$ -	\$ 157
Accrued liabilities	-	-	366,934	366,934
Total liabilities	<u>127</u>	<u>30</u>	<u>366,934</u>	<u>367,091</u>
Net position				
Unrestricted	<u>\$ 449,494</u>	<u>\$ 11,696</u>	<u>\$ 132,294</u>	<u>\$ 593,484</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 31,545	\$ 6,256	\$ 1,928,944	\$ 1,966,745
Operating expenses				
Vehicle expenses		1,889		1,889
Insurance costs	56,673	-	2,009,469	2,066,142
Settlements and claims	697	-	-	697
Total operating expenses	<u>57,370</u>	<u>1,889</u>	<u>2,009,469</u>	<u>2,068,728</u>
Change in net position	(25,825)	4,367	(80,525)	(101,983)
Net position, beginning of year	<u>475,319</u>	<u>7,329</u>	<u>212,819</u>	<u>695,467</u>
Net position, end of year	<u>\$ 449,494</u>	<u>\$ 11,696</u>	<u>\$ 132,294</u>	<u>\$ 593,484</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Workers' Compensation Insurance	Motor Pool Fund	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 38,103	\$ 6,256	\$ 1,928,854	\$ 1,973,213
Cash received from interfund services provided	-	(131)	(199,777)	(199,908)
Cash payments to suppliers for goods and services	(66,793)	(1,935)	(1,867,420)	(1,936,148)
Net cash provided (used) by operating activities	(28,690)	4,190	(138,343)	(162,843)
Cash and cash equivalents, beginning of year	478,311	7,405	637,481	1,123,197
Cash and cash equivalents, end of year	\$ 449,621	\$ 11,595	\$ 499,138	\$ 960,354
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (25,825)	\$ 4,367	\$ (80,525)	\$ (101,983)
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	6,558		(90)	6,468
Due from other funds		(131)		(131)
Prepaid expenses	6,452			6,452
Accounts payable	(15,875)	(46)		(15,921)
Accrued liabilities			142,049	142,049
Due to other funds			(199,777)	(199,777)
Net cash provided (used) by operating activities	\$ (28,690)	\$ 4,190	\$ (138,343)	\$ (162,843)



FIDUCIARY FUNDS

FIDUCIARY FUNDS

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, 2013

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
Assets			
Cash and cash equivalents	\$ 1,304,710	\$ 29,594	\$ 1,334,304
Accounts receivable	325		325
Total assets	<u>\$ 1,305,035</u>	<u>\$ 29,594</u>	<u>\$ 1,334,629</u>
Liabilities			
Accrued liabilities	\$ 515,549		\$ 515,549
Due to other governmental units	789,061		789,061
Due to other funds	-		-
Undistributed receipts	425	\$ 29,594	30,019
Total liabilities	<u>\$ 1,305,035</u>	<u>\$ 29,594</u>	<u>\$ 1,334,629</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

Trust and Agency	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Assets				
Cash and cash equivalents	\$ 1,309,122	\$ 17,375,774	\$ 17,380,186	\$ 1,304,710
Accounts receivable	-	325	-	325
Total assets	\$ 1,309,122	\$ 17,376,099	\$ 17,380,186	\$ 1,305,035
Liabilities				
Accounts payable	\$ -	\$ 10,049,471	\$ 10,049,471	\$ -
Accrued liabilities	270,702	1,235,690	1,480,537	515,549
Due to other governmental units	1,034,745	16,190,509	15,944,825	789,061
Undistributed receipts	3,675	7,177	3,927	425
Total liabilities	\$ 1,309,122	\$ 27,482,847	\$ 27,478,760	\$ 1,305,035
Library Penal Fines				
Assets				
Cash and cash equivalents	\$ 10,769	\$ 345,219	\$ 326,394	\$ 29,594
Total assets	\$ 10,769	\$ 345,219	\$ 326,394	\$ 29,594
Liabilities				
Accounts payable	\$ -	\$ 313,395	\$ 313,395	\$ -
Undistributed receipts	10,769	319,894	338,719	29,594
Total liabilities	\$ 10,769	\$ 633,289	\$ 652,114	\$ 29,594
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,319,891	\$ 17,720,993	\$ 17,706,580	\$ 1,334,304
Accounts receivable	-	325	-	325
Total assets	\$ 1,319,891	\$ 17,721,318	\$ 17,706,580	\$ 1,334,629
Liabilities				
Accounts payable	\$ -	\$ 10,362,866	\$ 10,362,866	\$ -
Accrued liabilities	270,702	1,235,690	1,480,537	515,549
Due to other governmental units	1,034,745	16,190,509	15,944,825	789,061
Undistributed receipts	14,444	327,071	342,646	30,019
Total liabilities	\$ 1,319,891	\$ 28,116,136	\$ 28,130,874	\$ 1,334,629

COMPONENT UNIT

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET POSITION AND BALANCE SHEET
December 31, 2013**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>Revolving Drain</u>			
Assets						
Cash and cash equivalents	\$ 1,001,845	\$ 1,100,652	\$ 80,496	\$ 2,182,993	\$ -	\$ 2,182,993
Investments	1,769,559	2,659,526	-	4,429,085	-	4,429,085
Special assessments receivable	6,082,759	806,194	-	6,888,953	-	6,888,953
Due from other component units	-	2,195	344,195	346,390	(346,390)	-
Capital assets, net	-	-	-	-	16,523,733	16,523,733
Total assets	<u>\$ 8,854,163</u>	<u>\$ 4,568,567</u>	<u>\$ 424,691</u>	<u>\$ 13,847,421</u>	<u>\$ 16,177,343</u>	<u>\$ 30,024,764</u>
Liabilities						
Accounts payable	\$ 762	\$ 45,322	\$ 14,691	\$ 60,775	\$ -	\$ 60,775
Due to other component units	2,195	344,195	-	346,390	(346,390)	-
Unearned revenue	6,082,759	806,194	-	6,888,953	(6,888,953)	-
Drain bonds payable	-	-	-	-	6,453,539	6,453,539
Drain notes payable	-	-	-	-	736,427	736,427
Advance from primary government	-	-	410,000	410,000	-	410,000
Total liabilities	<u>6,085,716</u>	<u>1,195,711</u>	<u>424,691</u>	<u>7,706,118</u>	<u>(45,377)</u>	<u>7,660,741</u>
Fund equity						
Fund balance						
Restricted for debt service	2,768,447		-	2,768,447	(2,768,447)	-
Restricted for drain projects		3,372,856	-	3,372,856	(3,372,856)	-
Total fund equity	<u>2,768,447</u>	<u>3,372,856</u>	<u>-</u>	<u>6,141,303</u>	<u>(6,141,303)</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 8,854,163</u>	<u>\$ 4,568,567</u>	<u>\$ 424,691</u>	<u>\$ 13,847,421</u>		
Net position:						
Net investment in capital assets					9,333,767	9,333,767
Restricted for:						
Debt service					2,768,447	2,768,447
Acquisition/construction of capital assets					3,372,856	3,372,856
Unrestricted					6,888,953	6,888,953
Total net position					<u>\$ 22,364,023</u>	<u>\$ 22,364,023</u>

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2013**

	Debt Service	Capital Project	Total Governmental Funds	Adjustments	Statement of Activities
Revenues					
Taxes	\$ 1,455,275	\$ 594,502	\$ 2,049,777	\$ (920,530)	\$ 1,129,247
Interest and rents	5,096	9,477	14,573		14,573
Total revenues	1,460,371	603,979	2,064,350	(920,530)	1,143,820
Expenditures / expenses					
Capital outlay	-	1,040,315	1,040,315	(110,055)	930,260
Depreciation			-	396,638	396,638
Debt service					
Principal	1,115,768	27,834	1,143,602	(1,123,562)	20,040
Interest and charges	312,291	11,334	323,625		323,625
Total expenditures / expenses	1,428,059	1,079,483	2,507,542	(836,979)	1,670,563
Revenues over (under) expenditures	32,312	(475,504)	(443,192)	(83,551)	(526,743)
Net change in fund balance	32,312	(475,504)	(443,192)	443,192	-
Change in net position	-	-	-	(526,743)	(526,743)
Fund balance / net position, beginning of year	2,736,135	3,848,360	6,584,495	16,306,271	22,890,766
Fund balance / net position, end of year	<u>\$ 2,768,447</u>	<u>\$ 3,372,856</u>	<u>\$ 6,141,303</u>	<u>\$ 16,222,720</u>	<u>\$ 22,364,023</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.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	121-127
Revenue Capacity These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	128-131
Debt Capacity These schedules present information to help the reader assess the affordability of the county’s current levels of outstanding debt and the county’s ability to issue additional debt in the future.	132-135
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	136-138
Operating Information 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.	139-141

TUSCOLA COUNTY, MICHIGAN

Table 1

Net Position by Component, Last Ten Fiscal Years *(accrual basis of accounting)*

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,565,125	\$ 4,790,205	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338	\$ 4,934,954	\$ 4,992,236
Restricted	1,851,900	1,829,746	2,059,273	2,415,673	2,407,986	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781
Unrestricted	<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>	<u>6,853,468</u>	<u>6,312,514</u>
Total governmental activities net position	<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>	<u>\$ 13,186,093</u>	<u>\$ 12,641,531</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 2,215,771	\$ 4,128,673	\$ 4,074,228	\$ 4,030,033	\$ 4,030,033	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175	\$ 7,030,684	\$ 7,728,386
Restricted	4,216,791	1,871,357	931,338	1,241,842	1,241,842	1,910,834	2,286,104	1,564,341	1,880,647	2,161,654
Unrestricted	<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>	<u>14,309,485</u>	<u>14,056,322</u>
Total business-type activities net position	<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>	<u>\$ 23,220,816</u>	<u>\$ 23,946,362</u>
Primary government										
Invested in capital assets, net of related debt	\$ 6,780,896	\$ 8,918,878	\$ 9,115,325	\$ 9,019,400	\$ 8,952,114	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513	\$ 11,965,638	\$ 12,720,622
Restricted	6,068,691	3,701,103	2,990,611	3,657,515	3,649,828	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435
Unrestricted	<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>	<u>21,162,953</u>	<u>20,368,836</u>
Total primary government net position	<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>	<u>\$ 36,406,909</u>	<u>\$ 36,587,893</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004 (1)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Legislative	\$ 107,275	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073
Judicial	3,373,694	3,236,683	3,403,161	3,376,451	3,665,853	3,909,719	3,737,722	3,550,345	2,879,517	3,196,846
General government	4,905,058	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900	5,844,575	6,755,644	6,199,985	6,321,346
Public safety	4,927,107	5,016,821	5,040,173	5,182,899	5,628,777	5,997,680	5,696,877	5,841,052	5,804,282	6,029,646
Public works	1,141,879	1,064,344	912,869	913,182	939,794	865,143	769,984	693,296	795,586	924,147
Health and welfare	4,425,578	4,658,677	4,811,305	5,159,902	5,463,407	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444
Culture and recreation	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137
Interest on debt	245,467	87,755	69,229	75,153	50,441	42,620	36,004	41,826	60,669	52,768
Total governmental activities expenses	19,127,996	19,485,164	19,385,771	20,035,204	21,454,657	21,930,342	21,159,398	22,282,522	20,999,000	21,727,407
Business-type activities:										
Medical care facility	8,404,754	10,086,430	12,315,825	13,417,162	14,476,962	16,390,118	17,189,496	17,899,830	18,068,414	18,849,925
Delinquent property tax	42	28	366	4,412	2,478	1,455	90	85	21	48
Water/sewage systems	-	139,455	146,134	527,715	3,778,099	312,675	299,672	284,295	258,873	242,510
Tax foreclosure	-	37,239	115,871	112,853	114,590	215,711	253,288	343,287	336,683	446,017
Total business-type activities expenses	8,404,796	10,263,152	12,578,196	14,062,142	18,372,129	16,919,959	17,742,546	18,527,497	18,663,991	19,538,500
Total primary government expenses	\$ 27,532,792	\$ 29,748,316	\$ 31,963,967	\$ 34,097,346	\$ 39,826,786	\$ 38,850,301	\$ 38,901,944	\$ 40,810,019	\$ 39,662,991	\$ 41,265,907
Program Revenues										
Governmental activities:										
Charges for services										
Judicial	\$ 1,405,760	\$ 1,371,148	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478	\$ 1,274,481	\$ 1,224,201
General government	990,730	964,670	899,733	859,655	844,975	806,527	761,439	689,760	749,121	744,192
Public safety	1,696,680	1,627,690	1,658,525	1,855,330	1,830,531	1,811,889	1,743,017	1,714,978	1,764,703	1,842,902
Public works	601,692	544,889	467,382	396,643	418,363	324,593	275,567	269,213	376,012	472,183
Health and welfare	812,629	821,370	795,485	896,500	1,007,945	1,191,633	742,876	810,346	822,751	683,951
Culture and recreation	180	189	199	4,751	2,209	2,414	3,861	1,548	2,800	3,902
Operating grants and contributions										
Judicial	1,085,773	1,126,102	1,062,160	1,059,074	1,067,410	1,103,077	1,364,571	1,467,812	1,250,005	1,237,672
General government	210,767	530,629	202,550	345,126	252,725	230,215	159,249	547,666	246,226	190,582
Public Safety	875,956	1,050,512	938,694	750,387	914,234	1,016,033	690,258	883,561	655,231	860,223
Health and welfare	2,257,454	2,277,666	2,297,058	2,580,301	2,619,685	2,541,733	2,539,046	2,543,246	2,706,160	1,969,721
Capital grants and contributions	374,660	182,980	185,615	142,617	127,155	50,264	-	-	-	-
Total governmental activities program revenues	10,312,281	10,497,845	9,963,768	10,250,100	10,360,771	10,413,785	9,587,350	10,145,608	9,847,490	9,229,529

(continued)

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

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 2

Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year										
	<u>2004</u>	<u>(1)</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Business-type activities:											
Charges for services											
Medical Care Facility	7,561,350		8,464,985	11,938,841	12,386,663	13,302,206	14,746,024	16,068,197	16,801,011	18,782,303	17,120,685
Delinquent Tax	545,697		541,475	542,980	538,748	603,172	710,041	714,369	787,947	718,620	754,501
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	-	175,909	179,424
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	258,856	242,510
Total business-type activities program revenues	<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>	<u>19,935,688</u>	<u>18,297,120</u>
Total primary government program revenues	<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>	<u>\$ 29,783,178</u>	<u>\$ 27,526,649</u>
Net (Expenses)/Revenue											
Governmental activities	\$ (8,815,715)		\$ (8,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)
Business-type activities	<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>	<u>1,271,697</u>	<u>(1,241,380)</u>
Total primary government net expense	<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>	<u>\$ (9,879,813)</u>	<u>\$ (13,739,258)</u>

(continued)

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

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 2

Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004 (1)	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 8,352,320	\$ 8,604,431	\$ 9,127,818	\$ 8,152,320	\$ 8,329,783	\$ 8,899,366	\$ 8,238,352	\$ 8,182,316	\$ 8,138,839	\$ 8,580,677
Grants and contributions not restricted to specific programs	516,767	98,107	106,465	114,210	589,645	1,184,605	1,106,822	1,152,433	1,033,823	1,045,628
Unrestricted investment earnings	193,516	204,241	350,147	530,747	312,610	270,797	592,262	560,159	499,575	471,176
Loss on sale of assets							(86)	-	-	-
Other	3,556	-	10,302	-	-	11,241	672,730	1,139,163	858,469	1,052,109
Transfers - Internal activities	<u>690,733</u>	<u>775,307</u>	<u>764,246</u>	<u>802,573</u>	<u>797,575</u>	<u>857,111</u>	<u>872,404</u>	<u>908,509</u>	<u>842,214</u>	<u>825,463</u>
Total governmental activities	<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>	<u>11,372,920</u>	<u>11,975,053</u>
Business-type activities:										
Property taxes	1,431,875	1,507,485	1,575,186	1,677,012	1,773,731	1,812,867	1,845,663	1,770,769	1,743,674	1,735,187
Unrestricted investment earnings	187,313	609,127	417,938	439,658	229,178	137,287	103,738	75,249	66,403	35,869
Other	234,704	-	330,159	307,797	302,614	523,536	509,380	693,617	665,500	973,408
Transfers - Internal activities	<u>(640,760)</u>	<u>(726,120)</u>	<u>(715,932)</u>	<u>(759,916)</u>	<u>(751,517)</u>	<u>(848,941)</u>	<u>(805,776)</u>	<u>(860,272)</u>	<u>(798,862)</u>	<u>(777,538)</u>
Total business-type activities	<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>	<u>1,676,715</u>	<u>1,966,926</u>
Total primary government	<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>	<u>\$ 13,049,635</u>	<u>\$ 13,941,979</u>
Change in Net Position										
Governmental activities	\$ 941,177	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)
Business-type activities	<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>	<u>2,948,412</u>	<u>725,546</u>
Total primary government	<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>	<u>\$ 3,169,822</u>	<u>\$ 202,721</u>

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

TUSCOLA COUNTY, MICHIGAN

Fund Balances, Governmental Funds, Last Ten Fiscal Years

Table 3

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -
Unreserved	1,068,500	1,163,631	1,377,578	1,377,311	1,906,960	1,256,998	1,337,490	-	-	-
Nonspendable	-	-	-	-	-	-	-	416,551	310,000	418,867
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	1,248,368	1,212,000	1,272,000
Unassigned	-	-	-	-	-	-	-	691,679	1,024,692	955,077
Total general fund	<u>\$ 1,678,500</u>	<u>\$ 1,773,631</u>	<u>\$ 1,987,578</u>	<u>\$ 1,987,311</u>	<u>\$ 2,216,960</u>	<u>\$ 1,571,893</u>	<u>\$ 1,661,213</u>	<u>\$ 2,356,598</u>	<u>\$ 2,546,692</u>	<u>\$ 2,645,944</u>
Health Department										
Reserved	\$ 17,513	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -	\$ -
Unreserved	619,262	642,274	593,147	587,388	470,300	614,268	557,500	-	-	-
Nonspendable	-	-	-	-	-	-	-	72,939	99,596	86,687
Restricted	-	-	-	-	-	-	-	224,790	394,145	66,254
Committed	-	-	-	-	-	-	-	279,162	347,752	353,337
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Health Department	<u>\$ 636,775</u>	<u>\$ 689,885</u>	<u>\$ 643,765</u>	<u>\$ 635,148</u>	<u>\$ 637,245</u>	<u>\$ 657,720</u>	<u>\$ 636,246</u>	<u>\$ 576,891</u>	<u>\$ 841,493</u>	<u>\$ 506,278</u>
All Other Governmental Funds										
Reserved	\$ 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	2,835,420	3,377,837	3,809,423	3,162,689	2,365,336	2,621,574	2,732,624	-	-	-
Permanent funds	53	173	234	241	100	14	8	-	-	-
Nonspendable	-	-	-	-	-	-	-	6,800	6,800	99
Restricted	-	-	-	-	-	-	-	3,954,999	3,738,092	3,638,251
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	250,000
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,704,103</u>	<u>\$ 5,215,235</u>	<u>\$ 5,878,696</u>	<u>\$ 5,586,450</u>	<u>\$ 4,678,763</u>	<u>\$ 4,625,831</u>	<u>\$ 4,662,810</u>	<u>\$ 3,961,799</u>	<u>\$ 3,744,892</u>	<u>\$ 3,888,350</u>

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

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 4

Revenues	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Taxes	\$ 8,351,979	\$8,614,597	\$ 9,132,692	\$ 7,951,067	\$ 8,479,464	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390	\$ 8,598,619
Licenses and permits	917,820	870,300	737,975	681,338	692,278	610,135	578,920	568,282	693,121	840,436
Intergovernmental			-	-						
Federal	1,829,327	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131	3,763,104	3,213,216	2,645,846
State	3,226,208	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815	2,828,386	2,660,920	2,641,255
Local	633,757	492,373	478,792	417,121	405,052	484,203	484,180	420,500	437,648	435,065
Charges for services	3,501,901	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820	3,661,697	3,824,985	3,669,283
Fines and forfeits	110,944	86,547	78,720	82,030	54,515	50,138	42,306	56,072	51,423	43,272
Interest and rents	288,349	299,140	445,076	626,293	447,461	641,691	592,262	560,159	499,575	471,176
Reimbursements and refunds	539,582	545,246	512,336	531,317	553,645	544,238	693,980	1,155,875	883,282	1,101,760
Other	164,232	142,755	192,977	129,437	116,880	104,769	101,205	105,329	107,407	87,655
Total revenues	19,564,099	19,504,790	19,648,072	19,183,094	20,049,067	20,680,903	20,432,530	21,344,266	20,517,967	20,534,367
Expenditures										
Legislative	107,275	117,986	119,534	122,906	118,052	146,040	139,864	101,988	102,468	104,414
Judicial	3,361,660	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726	3,554,120	2,979,588	3,190,866
General government	4,354,624	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462	5,407,442	4,987,566	4,990,297
Public safety	4,516,359	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302	5,624,365	5,773,317	5,874,232
Public works	1,140,165	1,062,425	911,102	910,866	939,330	864,916	769,096	693,338	795,703	921,486
Health and welfare	4,338,991	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755	5,264,353	5,060,626	4,983,297
Culture and recreation	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137
Other	288,904	220,764	245,792	203,733	241,097	242,903	220,651	360,059	180,079	251,022
Capital outlay	529,500	608,893	643,010	540,621	692,935	1,109,845	657,795	2,569,679	1,030,783	905,437
Debt service			-	-						
Principal	626,759	433,105	403,173	126,987	171,579	125,565	131,538	120,000	165,000	170,000
Interest	245,467	87,755	69,229	58,022	52,567	44,490	37,959	40,626	62,963	55,147
Total expenditures	19,511,642	19,621,372	19,660,001	20,286,797	21,572,257	22,215,538	21,099,549	23,745,695	21,144,992	21,452,335
Excess of revenues over (under) expenditures	52,457	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)

(continued)

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 4

Other Financing Sources (Uses)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Note proceeds	180,507	14,487	69,874	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond agent	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Contract proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	22,600	-
Bond proceeds	-	-	-	-	-	-	-	1,029,156	-	-
Sale of capital assets	-	-	9,097	-	-	-	-	-	-	-
Proceeds from issuance of capital	-	-	-	-	49,674	-	-	-	-	-
Transfer in	3,144,749	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589	2,238,502	2,555,146	2,370,765	2,601,686
Transfer out	<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>	<u>(1,528,551)</u>	<u>(1,776,223)</u>
Total other financing sources (uses)	<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>	<u>864,814</u>	<u>825,463</u>
Net change in fund balances	<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>	<u>\$ 237,789</u>	<u>\$ (92,505)</u>
Debt service as a percentage of noncapital expenditures	4.59%	2.74%	2.48%	0.94%	1.07%	0.81%	0.83%	0.76%	1.13%	1.10%

(concluded)

Source: Tuscola County Financial Reports

Tuscola County, MICHIGAN
 Assessed Value and Estimated Actual Value of Taxable Property,
 Last Ten Fiscal Years
(in thousands of dollars)

Table 5

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						
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%	
2012	130,754,171	878,425,910	620,457,418	104,604,689	1,734,242,188	8.4921	3,468,484,376	50%	
2013	126,476,800	865,378,642	712,747,569	217,916,056	1,922,519,067	8.4921	3,845,038,134	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, MICHIGAN

Table 6

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
County direct rates										
Operating Millage	3.9342	3.9251	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5643	3.5559	3.5456	3.5456	3.5705	3.5022	3.5780	3.5780	3.5780	3.5780
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total direct rate	8.4985	8.4810	8.4597	8.4597	8.4846	8.4163	8.4921	8.4921	8.4921	8.4921
City rate										
Vassar	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.0000	17.0000	17.0000
Caro (2)	-	-	-	-	-	-	16.1643	16.1643	16.1643	16.1643
Village rates	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	11.0000- 18.1387	11.0000- 18.1387
School district rates (1)	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	31.1880- 34.4480	31.1880- 34.0409
Township rates	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	1.0000- 6.3957	1.0000- 6.4175
District library rates	.4966- 1.4794	.7966- 1.4794	.7966- 1.4761	.7924- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4909	.7500- 1.4909	.7500- 1.4909
Caro Transit Authority (3)	-	-	-	-	-	-	1.0000	1.0000	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.

TUSCOLA COUNTY, MICHIGAN

Principal Property Tax Payers,
Current Year

Table 7

Taxpayer	2013		
	Taxable Value	Rank	Percentage of Total Taxable Assessed Value
POET-Biorefining - Caro	\$ 15,451,324	1	1.03%
Wal-Mart Stores #01-1798	5,126,800	2	0.34%
TI Group Automotive Services	2,115,202	3	0.14%
Varilease Finance	1,379,500	4	0.09%
Fountainhead Investments	1,235,686	5	0.08%
Detroit Edison Co	1,203,041	6	0.08%
Heritage Hill Assisted Living	927,300	7	0.06%
Tuscola Properties Co	842,400	8	0.06%
Consmuers Energy	791,421	9	0.05%
Sugarcreek Apartments Inc.	774,012	10	0.05%
	-		-
Totals	\$ 29,846,686		1.98%

2013
Taxable Value
1,504,307,893

TUSCOLA COUNTY, MICHIGAN

Table 8

Property Tax Levies and Collections Last Ten Fiscal Years

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
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%
2012	5,123,153	4,538,536	88.59%	292,379	281,547	5,112,462	99.79%
2013	5,372,959	4,762,105	88.63%	326,624	273,660	5,362,389	99.80%

Source: Tuscola County Treasurer

Note: Delinquent information not available for years 2004 through 2005. -131-

TUSCOLA COUNTY, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita (2)
	General Obligation Bonds	Capital Improvement Bonds	Bond Discount	Equipment Loan	Compensated Absences	Capital Lease Payable	Refunding Bonds	Medical Care Small House	General Obligation Bonds	USDA Loans	Compensated Absences			
2004	\$ 5,018,000	\$ -	\$ -	\$ -	\$ -	\$ 87,912	\$ -	\$ -	11,580,647	\$ -	\$ -	\$ 16,686,559	7.86%	286
2005 (1)	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	10.36%	272
2012	405,000	960,000	-	-	-	-	-	-	12,563,114	-	-	13,928,114	11.66%	255
2013 (2)	270,000	925,000	(13,184)	26,013	603,076	212,496	3,450,000	4,600,000	7,559,114	5,219,000	295,963	23,147,478	7.36%	427

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

(2) Populated table to include breakdown as stated in financial reports.

(3) Per Capita based on estimated population changes. Population continues to decrease causing the per capita cost to rise.

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

Fiscal Year	General Bonded Debt Outstanding						Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded		
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%
2012	405,000	12,975,114	-	960,000	13,380,114	960,000	1,392,442,700	0.0689%
2013	270,000	12,378,000	-	925,000	12,648,000	925,000	1,504,307,893	0.0615%
	Overlapping Debt						Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate School	Village	City			
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%	
2012	50,170,509	6,877,194	73,342	3,213,133	2,678,404	63,012,582	4.5253%	
2013	56,502,273	6,556,673	1,291,641	2,810,984	2,287,615	69,449,186	4.6167%	

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

TUSCOLA COUNTY, MICHIGAN

Table 11

Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2012

2010 Census Totals 2013 Taxable Value	55,729 1,504,307,893	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 270,000	\$ 270,000	\$ -
Sewer/Water		12,378,000	12,378,000	-
Capital Improvement		925,000	-	925,000
Capital Leases		-	-	-
		\$ 13,573,000	\$ 12,648,000	\$ 925,000
Per-Capita County Net Direct Debt				16.60
Percent County Net Direct Debt to 2012 Taxable				0.0615%
Overlapping Debt of County:				
School Districts				\$ 56,502,273
Townships				6,556,673
Intermediate School District				1,291,641
Village				2,810,984
City				2,287,615
Net Overlapping Debt				\$ 69,449,186
Net County and Overlapping Debt				\$ 70,374,186
Per-Capita County Net Direct and Overlapping Debt				\$ 1,262.79
Percent Net Direct and Overlapping Debt to 2012 Taxable Value				4.6782%

(1) Includes Primary Government

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

TUSCOLA COUNTY, MICHIGAN

Table 12

Legal Debt Margin Information (Last Ten Fiscal Years)

<u>Fiscal Year</u>	<u>Assessed Year</u>	<u>Assessed Value of Property</u>	<u>Debt limit, 10% of Assessed Value (Statutory Limitation)</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2004	2003	1,636,313,411	163,631,341	4,965,483	\$ 158,665,858	3.03%
2005	2004	1,728,731,237	172,873,124	4,810,550	\$ 168,062,574	2.78%
2006	2005	1,861,296,396	186,129,640	4,294,995	\$ 181,834,645	2.31%
2007	2006	1,955,499,082	195,549,908	3,970,008	\$ 191,579,900	2.03%
2008	2007	1,986,831,377	198,683,138	5,798,103	\$ 192,885,035	2.92%
2009	2008	1,968,444,734	196,844,473	5,427,538	\$ 191,416,935	2.76%
2010	2009	1,829,463,162	182,946,316	5,077,000	\$ 177,869,316	2.78%
2011	2010	1,737,144,121	173,714,412	11,770,114	\$ 161,944,298	6.78%
2012	2011	1,734,242,188	173,424,219	14,340,114	\$ 159,084,105	8.27%
2013	2012	1,504,307,893	150,430,789	13,573,000	\$ 136,857,789	9.02%

TUSCOLA COUNTY, MICHIGAN

Demographic and Economic Statistics,
Last Ten Calendar Years

Table 13

<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>
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	8.4%
2007	56,683	1,384,000	24,415	10,810	8.3%
2008	56,187	1,447,497	25,818	10,473	10.1%
2009	55,395	1,445,494	26,094	9,991	15.5%
2010	55,665	1,459,860	26,226	9,496	14.4%
2011	55,729	1,570,715	27,589	9,518	11.4%
2012	54,662	1,624,119	29,712	9,561	9.9%
2013	54,263	1,704,220	31,410	9,140	10.5%

(1) Census Bureau 2004-2009 estimated census data. 2010 actual census data. 2011-2013 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 2013. Estimates based on population changes, and state change in personal income.

2012 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, Michigan

Table 14 A

Principal Employers Current Year 2013 and Ten Years Ago - Unaudited

Current Year (2013)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tuscola County	Government	357	1	1.6%
Caro Regional Center	Health Care	324	2	1.4%
Hills and Dales General Hospital	Health Care	300	3	1.3%
Wolverine Human Services	Health Care	298	4	1.3%
Caro Community Schools	Education	258	5	1.1%
Vassar Schools	Education	256	6	1.1%
Tuscola Intermediate School District	Education	255	7	1.1%
Walbro - Engine Management	Manufacturing	224	8	1.0%
Wal-Mart	Retail	142	9	0.6%
Metavation Foundry	Manufacturing	140	10	0.6%
Total		2554		11.2%

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

Continued

Tuscola County, Michigan

Table 14 A

Principal Employers Current Year 2013 and Ten Years Ago - Unaudited

Historical Fiscal Year (1999)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Caro Regional Center	Health Care	498	1	1.8%
Tuscola County	Government	475	2	1.7%
Grede-Vassar	Manufacturing	360	3	1.3%
Wolverine Human Services	Health Care	360	4	1.3%
Walbro Corp - Engine Management	Manufacturing	300	5	1.1%
Caro Community Schools	Education	288	6	1.0%
Tuscola Intermediate School District	Education	250	7	0.9%
Plastech Manufacturing	Manufacturing	205	8	0.7%
Kaumagraph Corporation	Manufacturing	204	9	0.7%
TI Automotive	Manufacturing	200	10	0.7%
Total		3140		11.2%

(1) Data for 2003 not available for comparison we used 1999

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

TUSCOLA COUNTY, MICHIGAN
 Full-Time Equivalent County Employees by Function,
Last Ten Fiscal Years

Table 15

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
Legislative	5	5	5	5	5	5	5	5	5	5
Judicial	44	45	45	45	45	48	45	44	42	43
General Government	52	52	53	53	53	53	50	50	48	49
Public Safety	58	59	57	57	58	59	60	60	59	57
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare (1)	165	167	171	190	190	196	189	196	200	203
Total	324	328	331	350	351	361	349	355	354	357

(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, MICHIGAN

Table 16

Operating Indicators by Function/Program, Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function/Program</u>										
Public safety (1)										
Incarcerated offenders	1,962	1,843	2,039	2,160	2,247	2,157	2,025	2,002	2,054	1,761
First time offenders	634	608	766	603	608	589	562	577	547	514
Repeat offenders	1,370	1,380	1,555	1,557	1,639	1,568	1,463	1,425	1,507	1,247
Traffic violations and other summons issued	4,504	2,689	3,318	2,870	2,635	3,056	2,968	2,263	2,237	1,784
Complaints responded to	5,072	4,682	4,731	4,599	4,985	5,028	5,040	5,088	4,977	4,975
Physical arrests made	937	1,005	841	920	1,013	994	893	854	891	746
Accidents responded to	1,224	1,103	1,007	982	1,209	1,195	1,071	1,033	1,048	1,068
Fatal Crashes	5	8	7	3	7	5	2	1	11	2
Car Deer Accidents	582	569	503	518	623	667	644	621	614	609
Judicial										
54th Circuit Court new case filings	1,629	1,467	1,626	1,595	1,533	1,375	1,368	1,311	1,407	1,314
71B District Court new case filings	12,272	10,446	10,842	10,120	9,335	9,451	8,922	7,670	7,680	7,783
Probate Court new case filings	382	382	351	322	388	349	325	343	347	400

(1) Tuscola County Sheriff's Department only. Incarcerated offenders are from all police departments.

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

TUSCOLA COUNTY, MICHIGAN

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

Table 17

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function/Program</u>										
Public Safety										
Sheriffs Department										
Vehicles	24	22	24	21	21	22	23	22	22	24
Mileage	437,615	388,822	397,278	435,970	398,914	425,351	383,335	364,153	317,250	330,004
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Stations	1	1	1	1	1	1	1	1	1	1
Animal control (1)										
Vehicles	-	-	-	-	-	-	-	-	-	-
General Government										
Building and Grounds										
Vehicles	13	12	14	12	12	13	11	12	12	12
Buildings										
Mosquito control										
Vehicles	14	15	16	17	19	19	19	17	17	17
Buildings	1	1	1	1	1	1	1	1	1	1
Recycling										
Vehicles	1	1	1	1	1	2	2	2	2	2
Buildings	1	1	1	1	1	1	1	1	1	1
Health and Welfare										
Health Department										
Vehicles	4	4	4	4	4	4	4	4	4	4
Buildings	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
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, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Agriculture			
Direct:			
Water and Waste Disposal Systems for Rural Communities Loans and Grants	10.760		\$ 1,354,069
U.S. Department of Health and Human Services			
Passed-Through Michigan Department of Human Services			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 13-79002	55,337
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 13-79001	553,165
Title IV-D Incentive Program	93.563		74,542
Total U.S. Department of Health and Human Services			683,044
U.S. Department of Homeland Security			
Passed-Through Bay County			
Homeland Security Grant	97.067		98,351
Passed-Through Alcona County			
Homeland Security Grant	97.067		144,731
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	551 W3209494 001 2013	3,020
Emergency Management Performance	97.042	551 W3209664 001 2013	9,194
Emergency Management Performance	97.042	551 W4302481 001 2014	24,180
Hazardous Materials Emergency Preparedness	97.042	551 W4302606 001 2014	2,019
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012		11,826
Total U.S. Department of Homeland Security			293,321
U.S. Department of Justice			
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575	2013-VA-GX-0020	52,412
Victims of Crime Act	16.575	2014-VA-GX-0020	17,437
Passed-Through Lapeer County			
Formula Edward Byrne Justice Assistance Grant	16.738		7,571
Total U.S. Department of Justice			77,420
U.S. Department of Housing and Urban Development			
Passed-Through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG) Housing Program	14.228	MSC-2011-0815-HOA	136,194
Total U.S. Department of Housing and Urban Development			136,194
Total Federal Financial Assistance			\$ 2,544,048



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**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**

INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
County of Tuscola
Caro, Michigan

We have audited, 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 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, 2013, and the related notes to the financial statements, which collectively comprise **Tuscola County’s** basic financial statements and have issued our report thereon dated June 9, 2014. We did not audit the financial statements of the Tuscola County Health Department, a major governmental fund which represents 6% of assets and 10% of revenues of the governmental funds and 4% of assets and 12% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 58% of the assets and 91% of the revenues of the enterprise funds and 59% of assets and 93% 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. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

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

JUNE 9, 2014



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**REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
County of Tuscola
Caro, Michigan

Report on Compliance for Each Major Federal Program

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, 2013. **Tuscola County's** major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of **Tuscola County's** major federal programs based on our audit of the types of compliance requirements referred to above. 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.

Tuscola County's basic financial statements include the operations of the Tuscola County Health Department, which received \$979,538 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2013. 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 believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Tuscola County's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Tuscola County** complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of **Tuscola County** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Tuscola County's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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

JUNE 9, 2014

TUSCOLA COUNTY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Tuscola County, Michigan (the “County”) under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial portion, changes in net position or cash flows of the County.

The County’s reporting entity is defined in Note 1 of the Tuscola County’s Comprehensive Annual Financial Report. The County’s financial statements include the operations of the Tuscola County Health Department, which received federal awards that are not included in the Schedule for the year ended December 31, 2013, as this entity was separately audited.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County’s financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 3 – USDA LONG-TERM DEBT

The County has outstanding loans under the USDA Water and Waste Disposal Systems for Rural Communities totaling \$3,225,000 at December 31, 2013.



TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified: _____Yes X 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: *Unmodified*

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>
93.563	Friend of the Court and Prosecuting Attorney Cooperative Reimbursement (Title IV-D)
10.760	Water and Waste Disposal Systems for Rural Communities

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 CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section III – Federal Award Findings and Questioned Costs

Findings considered material weaknesses

Finding 2012-001

Criteria: The auditee shall prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program.

Condition: After the issuance of the fiscal year 2012 single audit report we discovered that the County had not reported federal expenditure amounts for a significant portion of expenditures.

Cause: The auditee was not aware of the single audit requirement for federal loan proceeds expended.

Effect: The SEFA was understated by \$2,597,701.

Recommendation: We recommend the County review procedures for properly identifying federal expenditures to be included on the SEFA.

Status: This finding has been corrected.



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

Certified Public Accountants

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To the Members of the Board
Tuscola County

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Tuscola County** for the year ended December 31, 2013, and have issued our report thereon dated June 9, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 15, 2014, 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.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

In planning and performing our audit, we considered **Tuscola County's** internal control over financial reporting (internal control) in order to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Tuscola County's** internal control. 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 and, accordingly, we do not express such an opinion. 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 January 16, 2014.

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 the **Tuscola County** are described in Note 1 to the financial statements. As described in Note 4I to the financial statements, the County changed accounting policies related to the reporting of financial position by adopting Statement of Governmental Accounting Standards (GASB Statement) No.65, *Items Previously Reported as Assets and Liabilities* in 2013. 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 estimates affecting the financial statements were the estimates used in calculating the liability for employee compensated absences.

The financial statement disclosures 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated June 9, 2014.

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 June 9, 2014.

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 Matters

We applied certain limited procedures to the supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on additional supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,



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

June 9, 2014



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

Certified Public Accountants

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

Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy D. Franzel
Laura J. Kosal, CPA
Angela M. Burnette, CPA
David A. Ondrajka, 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, 2013, 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 auditing procedures that are appropriate in the circumstances 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 June 9, 2014 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:

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 several accounts where this was the case in the following departments: Friend of the Court, District Court, Sheriff Department, and Michigan DHS. As a result of this condition, the government is exposed to an increased risk of misstatement through possible fraud or error from the mishandling of bank accounts without management's knowledge to detect on a timely basis. 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.

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. As a result of this condition, the government is exposed to an increased risk of misappropriation of assets that can occur and not be detected on a timely basis without proper controls. 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.

Sheriff's Checking Account/Inmate Funds

It was brought to our attention that the Sheriff's checking account has a large number of signatories on the account. An excessive number of individuals with access to the account is an internal control risk. We recommend that you update your signature card at the bank and reduce the number of individuals listed to those that need it. It was also brought to our attention that due to the small size of the office, the same individual sometimes collects inmate funds, prepares the deposit and takes it to the bank. This is an internal control risk having the same person perform all of these functions. We recommend evaluating your procedures to see if you can segregate duties to reduce that risk in this area.

Board of Commissioners
Page two

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,

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

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

June 9, 2014