



TUSCOLA COUNTY, Michigan

Comprehensive Annual Financial Report



Fiscal Year Ended December 31, 2017



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



**For the Year Ended
December 31, 2017**

Issued by:

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

TUSCOLA COUNTY, MICHIGAN

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I . INTRODUCTORY SECTION

The Introductory Section contains:

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

TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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June 26, 2018

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, 2017.

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 to both 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, 2017 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, 2017 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 803 square miles and serves a population of approximately 52,764.

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. This is the lead financial and accounting office of the county with budgeting, accounting and overall financial management responsibilities. Other duties of this position involve the management of the following: Recycling Operation, Mosquito Abatement, Dispatch, Equalization, Building and Grounds, Animal Control, Information Systems, Risk Management, Human Resources, Payroll, Corporate Council and Accounting-Budgeting and other statutory functions.

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.

II - Annual County Budget Development and Financial Reporting Process

A well-established highly effective financial management system remains in place. County officials continue to maintain effective financial management. This is critical because it enables safeguarding of public funds, operating within financial means and delivery of quality public services.

The foundations of this system are the annual budget, capital improvement planning, annual audit (Comprehensive Annual Financial Report), financial status reporting and the five-year financial plan. The effectiveness of this system has produced positive results for many years.

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

Positive Indicators

A significant accomplishment in 2017 was assuring that a new State Psychiatric Facility will be built in Caro and not in a different location of the state which at one time was under consideration. County officials were leaders and spent many hours in this successful effort working with the State, City of Caro, Intermediate School District and Economic Development Corporation officials. This was a tremendously important victory for the entire region.

Even with economic challenges, Tuscola County is financially stable and well managed. This is evidenced by another bond rating upgrade in 2014 from A+ to AA-. The AA- rating was reaffirmed in early 2017. It is a credit to all county officials that a conservative fiscal philosophy is consistently maintained. This cautious and careful approach to financial management has enabled the on-going delivery of quality services while operating within limited financial means.

The near term financial position for county operations has improved primarily because of the tax revenue from wind turbine (WT) and transmission line development by the International Transmission Company. County assessed value decreased by 1.3% from 2015 to 2016 and then increased by 1.7% from 2016 to 2017. Most of the increase was from WT personal property. Although the receipt of WT revenue is valuable, it is critical to note the amount received declines on an annual basis.

County per capita income continues to increase. The per capita income increase from 2016 to 2017 was 2.4%. However, the effective buying income of the county is only 79% of the national level. The county annualized unemployment rate at the end of 2017 was 6.5% which was higher than the state and nation. However, the 2017 unemployment is much lower compared to the 2008 to 2013 period. There have been some new developments which have created new job opportunities which will be further discussed below.

Negative Indicators

The county continues to recover from the 2008 to 2013 great recession that severely impacted the state and nation. With the exception of agriculture and WT, residential land values have remained flat and slow to recover after unprecedented land value declines in preceding years.

The county continues to experience certain economic indicators of concern. Michigan was the only state in the nation to experience a population decline from 2000 to 2010. The county has economic development challenges

because it is rural and is also impacted by the manufacturing employment declines that occurred in surrounding metropolitan areas including Flint, Saginaw and Bay City. People have been forced to seek employment outside of the state.

According to the U.S. Census Bureau, county population declined from 58,041 in 2003 to 52,764 in 2017. This is a 15 year loss of 5,277 people or 9.1%. The declining population is also evidenced by school enrollment declines. In 2003, school enrollment in the county was 11,547 compared to only 8,365 in 2017. This is a 14 year decline of 3,182 students or 28%.

County unemployment rates remain higher than the state and nation. Approximately 28% of the county residents receive some form of public assistance. Over 15% of the population is living below poverty levels. Median household income is substantially lower in the county than the state and nation. The number of residents in the county with a bachelor's degree or higher is only 13% which is well below the state and nation percentage with higher degrees. This creates more challenges in trying to create employment opportunities.

Positive Steps Taken To Revitalize the Economy

The Tuscola County Economic Development Corporation (EDC) has continued its efforts of economic development in Tuscola County. Major economic development activities accomplished during 2017 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 EDC assisted the new downtown Caro business incubator. The location is now available to help start-up businesses with initial start-up costs by providing low-cost office space leasing, free business planning and assistance with logos, business cards and available meeting rooms. The Roth Business Development Center has 10 businesses and the Tuscola County EDC presently utilizing the spacious business incubator.
2. The Tuscola County EDC worked with Region 6 - the Michigan Green Thumb Sub-Region for Huron, Sanilac, and Tuscola County. The economic development benefits of the new sub region are regional 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.
3. The EDC continues to provide vital services and assistance to the Village of Cass City and Dairy Farmers of America (DFA) for Project Thumb, which was the development of a \$50 million milk processing plant. This plant created 37 new jobs at a base wage of \$15.20 per hour for Phase One and 100 – 300 new jobs for Phase Two.
4. The EDC has a certified grant administrator on staff for the Community Development Block Grant program. This service will benefit municipalities in Tuscola County. It is now mandatory to have a certified grant administrator for all Community Development Block Grants.
5. Through a new grant writing program the EDC has successfully raised over \$6.5 million for Tuscola County Businesses and Municipalities.
6. Through a new master plan writing program the EDC has successfully written Master Parks and Recreation plans for: Tuscola County, Village of Mayville, Vassar Township and Novesta Township. Currently the EDC is working on the Vassar Township Master Plan and Dayton Township Master Plan. These plans assist the municipalities in planning for the future and in being eligible for state and federal grants.

7. The Tuscola County EDC continues to work with Tuscola County and the City of Vassar on the brownfield redevelopment of the Vassar Foundry. The EDC has received substantial grant awards for the brownfield redevelopment of the Vassar Foundry.

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 and development with financing and tax abatement.

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. The Revolving Loan Fund program is providing funding to Grab-a-Cane, Michigan Salon Services - Caro and Human Hoist – Mayville and KRB Enterprises – Vassar.

Equipment Lease Program

This program is providing funding to Harvest Café – Caro, Strand Theatre – Caro, Bulldog Cleaning and Tuning – Cass City, and Riverside Grill of Vassar, Panache Style, LLC – Reese, Sweet Cakes - Vassar, and All-American Animal House – Millington.

The program is 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. This program has assisted businesses and created jobs in Downtowns throughout Tuscola County.

Regional Revolving Loan Fund Program

The Tuscola County EDC is a leader in developing a Regional Revolving Loan Fund. This fund will help to provide resources to entrepreneurs and small business owners throughout Region 6. This Revolving Loan Fund will help regional businesses retain and create jobs by helping businesses meet their financing needs.

Agribusiness Development Plan

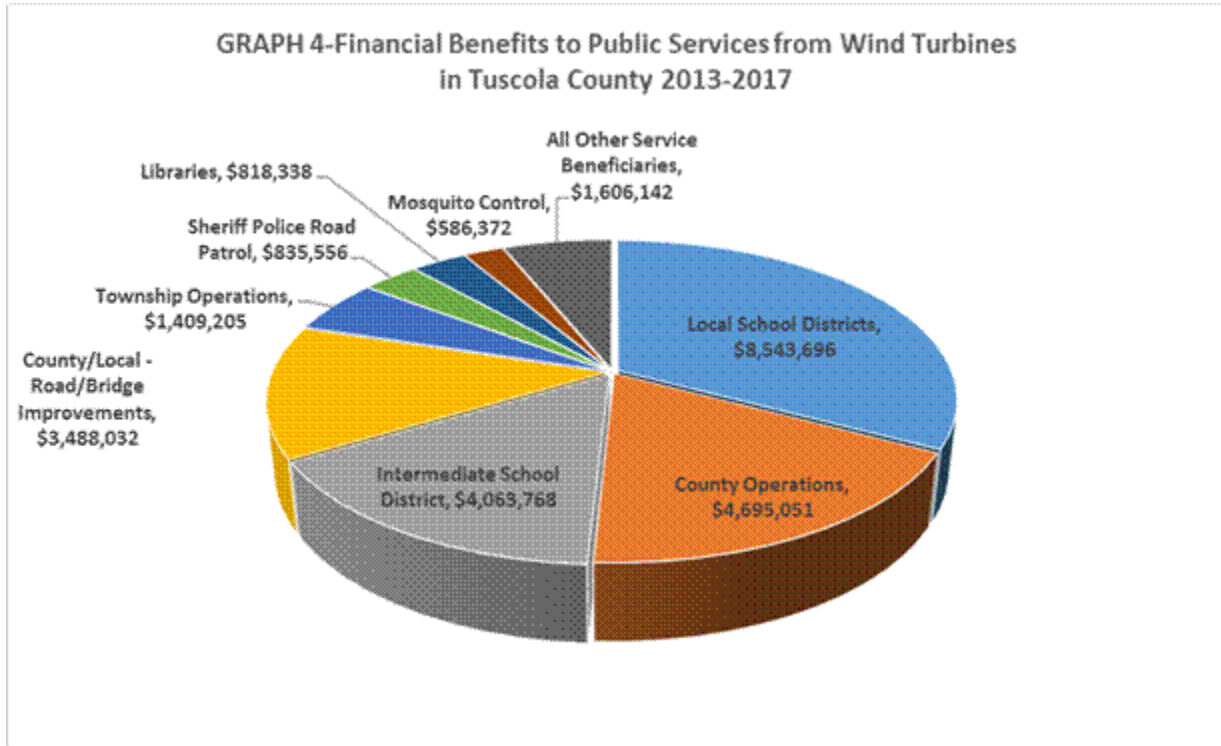
The Tuscola County EDC is working with the I-69 Thumb Region on the Agribusiness Development Plan. Agribusiness is Tuscola County's strength and provides regional advantages through dairy, cattle, livestock markets, cash crops, milling, agricultural processing, grain storage and organic farming. This program is focusing on devoting resources to develop craft agriculture and concentrating on the needs of agribusiness. This plan has the goals to increase awareness, promote existing infrastructure and to capitalize on talent in the area.

Wind Turbine Development Major Financial Factor

Without question the most significant event that has impacted county finances over the last five years is the construction of WT. WT development has become a critical source of revenue to fund not only county operations, but also other government services. From 2013 to 2017, over \$26 million in WT revenue has been received. The following table and graph show there are 17 public services that benefitted from WT revenue.

Beneficiaries of wind development include: property owners that have leases with the wind companies in addition to governments, schools and libraries and other entities with wind projects in their community that levy millage to provide public services. The amount of funds received by governmental entities is based on the number of mills levied and the taxable value of the WT located in the political jurisdiction.

WIND TURBINE REVENUE ORGANIZED BY PUBLIC SERVICES THAT BENEFIT 2013-2017 (Estimated)						
Benefitting Public Service	2013	2014	2015	2016	2017	Five Year Total
Schools (Intermediate and Local)	\$0	\$1,023,789	\$3,139,181	\$4,366,898	\$4,077,596	\$12,607,464
Road Improvements (Local and County)	\$0	\$298,705	\$649,645	\$1,078,512	\$1,014,892	\$3,041,754
Bridge Repair and Replacement	\$0	\$43,853	\$88,548	\$160,062	\$153,815	\$446,278
Local Libraries	\$0	\$101,127	\$195,856	\$268,746	\$252,609	\$818,338
Senior Citizen Programs/Needs	\$0	\$18,246	\$36,841	\$66,596	\$63,997	\$185,680
Recycling	\$0	\$13,685	\$27,631	\$49,946	\$47,997	\$139,259
Medical Care Facility (Operating and Debt)	\$0	\$114,035	\$46,051	\$83,244	\$79,995	\$323,325
Veteran Service Needs	\$0	\$0	\$0	\$56,606	\$54,396	\$111,002
Michigan State University Extension	\$0	\$0	\$0	\$0	\$31,998	\$31,998
Mosquito Control Program	\$0	\$57,620	\$116,344	\$210,308	\$202,100	\$586,372
Fire Protection	\$0	\$49,591	\$90,075	\$84,820	\$54,322	\$278,808
Drains	\$0	\$49,382	\$58,652	\$54,900	\$52,092	\$215,026
Ambulance	\$0	\$0	\$1,395	\$35,658	\$32,680	\$69,733
Emergency Services	\$0	\$3,459	\$30,736	\$112,551	\$104,565	\$251,311
Sheriff Police Services (Road Patrol)	\$0	\$82,105	\$165,786	\$299,680	\$287,985	\$835,556
Township General Operating	\$0	\$156,240	\$325,654	\$479,048	\$448,263	\$1,409,205
County General Operating	\$383,161	\$721,120	\$1,247,050	\$1,166,396	\$1,177,324	\$4,695,051
TOTAL ALL PUBLIC SERVICES	\$383,161	\$2,732,957	\$6,219,445	\$8,573,971	\$8,136,626	\$26,046,160

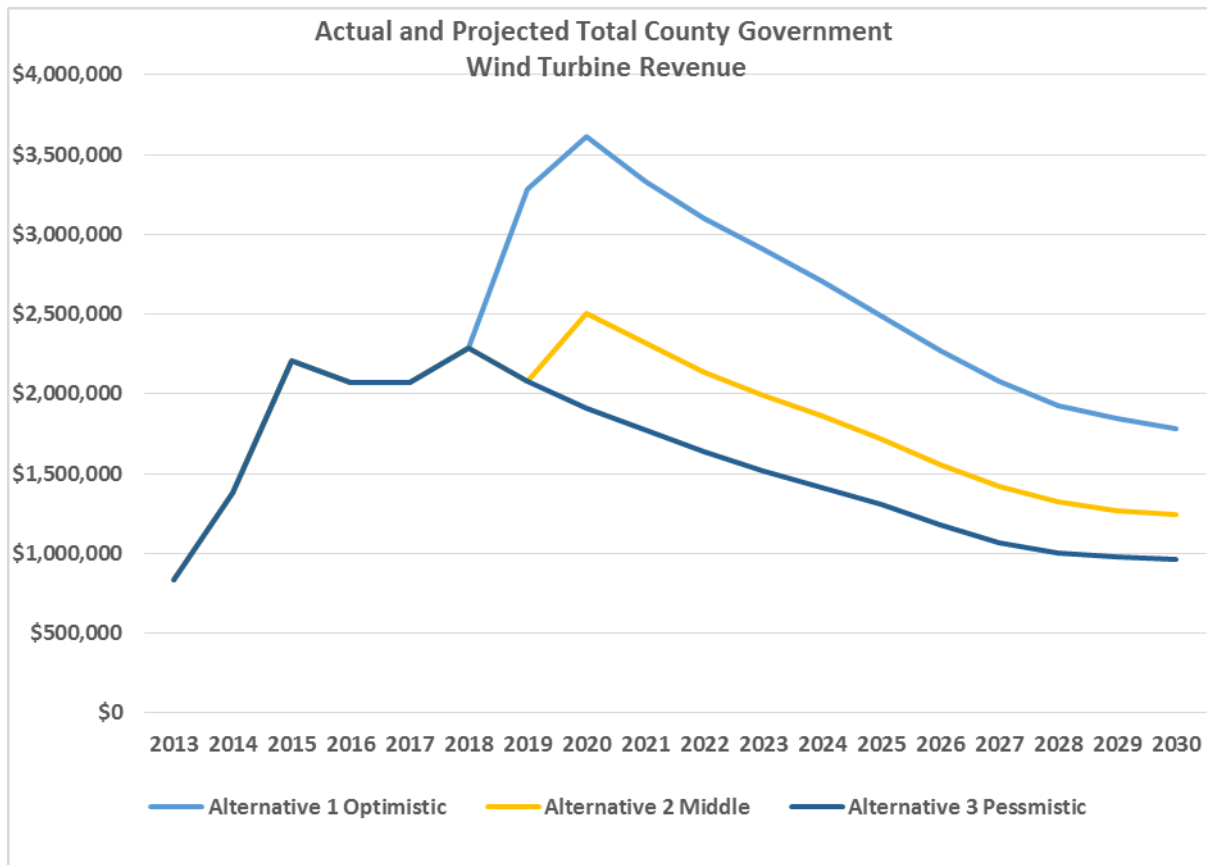


The table on the next page shows that of the total \$26 million, Tuscola County government received \$8,251,070. Of this total, \$4,695,051 was for general operations and \$3,556,019 was for the nine special purpose millages. The GF received about \$1,177,000 in 2017. To put this in perspective, without WT revenue

the 2017 GF revenue budget would have been \$11,987,000 instead of \$13,164,000. Also, substantially less revenue would have been available to fund special purpose millage services. WT revenue has helped to maintain current levels of service that otherwise would not have been possible without millage increases or some other major new source of revenue.

COUNTY WIND TURBINE REVENUE 2013-2017 (Estimated)							
Wind Turbine Revenue by Category	2013	2014	2015	2016	2017	Five Year Total	2017 Millage Applied
General Operations	\$383,161	\$721,120	\$1,247,050	\$1,166,396	\$1,177,324	\$4,695,051	3.9141
Bridge Repair and Replacement	\$0	\$43,853	\$88,548	\$160,062	\$153,815	\$446,278	0.4807
Senior Citizen Programs/Needs	\$0	\$18,246	\$36,841	\$66,596	\$63,997	\$185,680	0.2000
Recycling	\$0	\$13,685	\$27,631	\$49,946	\$47,997	\$139,259	0.1500
Medical Care Facility Operating	\$0	\$22,807	\$46,051	\$83,244	\$79,995	\$232,097	0.2500
Medical Care Facility Debt	\$0	\$91,228	\$0	\$0	\$0	\$91,228	NA
Sheriff Police Services (Road Patrol)	\$0	\$82,105	\$165,786	\$299,680	\$287,985	\$835,556	0.9000
Primary Road Improvements	\$0	\$88,099	\$177,887	\$321,556	\$309,007	\$896,549	0.9657
Mosquito Control Programs	\$0	\$57,620	\$116,344	\$210,308	\$202,100	\$586,372	0.6316
Veterans Service Needs	\$0	\$0	\$0	\$56,606	\$54,396	\$111,002	0.1700
MSU-Extension	\$0	\$0	\$0	\$0	\$31,998	\$31,998	0.1000
Total County	\$383,161	\$1,138,763	\$1,906,138	\$2,414,394	\$2,408,614	\$8,251,070	

Future WT revenue was projected as shown in the table below using three alternative scenarios: Alternative 1 - 96 more WT, Alternative 2 - 33 more WT and Alternative 3 - no additional WT.



There is no question WT revenue has played an important part in helping to stabilize the county’s financial position on a short term basis. However, with the current method of assessing/taxing WT the amount of revenue

received ultimately substantially declines over time. This fact combined with the other uncertainty factors described above results in the need for the county to reduce its level of dependency on WT revenue. The question is not whether the amount of revenue received will decline, but rather how long before the decline occurs. The sooner the county can reduce WT revenue over-dependency the better.

IV – 2017 County Accomplishments and Activity Summary

There is no question 2017 was one of the most productive years for the county. There were numerous success stories. These positive actions and developments are outlined below. We are truly advancing the county for an even more efficient county government in the future. We must continue to challenge ourselves to achieve more successes for 2018 and future years.

New \$115 Million State Psychiatric Center to be built in Caro

Probably the most significant accomplishment in 2017 was assuring that a new State Psychiatric Facility will be built in Caro, and not in some other location of the state. The loss of this facility to this area would have been devastating. County officials helped to lead and spent many hours in this successful effort working with the State, City of Caro, Intermediate School District and Economic Development Corporation officials.

The Caro Regional Center directly employs about 350 people and another 398 indirect jobs are created by having this facility in Caro. There will be 140 more direct jobs added when the new facility is completed. An estimated \$54 million is infused every year into the regional economy from this facility. The new facility is a \$115 million state investment in the community with construction expected to be completed by spring of 2021.

Established Jail Capital Improvement Fund

An important proactive approach to begin major work to upgrade the county jail was taken in 2017. The jail is over 60 years old and needs major renovation. A jail planning committee was formed in 2017 and is beginning a review of how the jail should be remodeled and upgraded. Commissioners have made it a priority to allocate funds if possible over the next several years to implement jail improvements.

Escrowed GF WT funds in the amount of \$667,774 were transferred to a new jail capital improvement fund in 2017. Also, \$300,000 was transferred from the capital improvement fund. It will take several years depending on WT development to establish the funding level necessary for the needed major renovation unless another method of funding is determined.

Senior Citizen Programs Strengthened with Public Approval of Increased Millage

In August of 2017 the public approved an increased millage for senior citizens. There were times during the year when senior citizens had to be put on a waiting list for home delivered meals because of insufficient funding. This millage increase also provided for another day of adult day care services to give relief to family and other caregivers. The millage approval shows public confidence in the management of and need for essential senior programs.

Public Safety was Strengthened with Approval of Increased Sheriff Road Patrol Millage

Another major accomplishment in 2017 was gaining public approval of an increased road patrol millage to meet critical public safety needs. This millage increase will provide for five more road patrol officers and a K9 unit. Public safety is one of the most critical responsibilities of government. There were times when only one road patrol officer was on the road for the entire county. This was an unacceptable public safety situation and the public understood this with strong approval of the millage increase. The GF will realize relief of approximately

\$170,000 by charging 50% of the sheriff and undersheriff wage/fringe benefit costs to the road patrol fund and charging indirect costs to the road patrol fund.

Vanderbilt County Park Renovation

Significant improvements were accomplished at Vanderbilt County Park in 2017 including roads, drainage, water line hookups, picnic tables, parking lot upgrades, basketball court and improvements to volleyball court and horseshoe facilities. It has been a long-term objective to make these park upgrades, but until 2017 it has not been financially feasible. Approximately \$56,000 was invested for this project. Donations from NextEra along with new tax revenue from WT development made this park enhancement possible.

Major Changes to County Pension System Implemented

Officials of the county took the important initiative to change the retirement system to control costs. Actuarial reports documented that costs were becoming unaffordable. The process to contain these costs began in 2016 when the county changed the retirement system for new hires from defined benefit to defined contribution and determined that it was financially advantageous to issue bonds to bring the retirement funding level to 100%.

These same changes were implemented for the Health Department in 2017. Approximately \$9 million in pension bonds were issued to bring the funding level for the County and Health Department to nearly 100%. These retirement system changes were necessary. They are already keeping retirement system cost increases in check. They are projected to avoid \$7 million in additional retirement system costs over a 20 year period that would have occurred if changes were not implemented.

NextEra Wind Turbine Dispute was Dismissed Resulting in \$667,000 County Financial Benefit

The county won a major victory in 2017 when NextEra dismissed the dispute over the assessment and taxation of wind turbines in the county. This resulted in \$667,774 in previously escrowed funds becoming available. County leadership and involvement on the Michigan Renewable Energy Coalition played an important part in achieving this objective. Future funds will not have to be escrowed for NextEra wind turbine projects. Consumers Energy and other wind companies still have disputes. The county continues to escrow funds for these wind turbine projects in case an unfavorable ruling is received and reserved funds have to be refunded.

Recycling Relocation for Future Expansion

The county is a leader with recycling and has a highly successful program. However, the current site is limited because it does not provide enough space to expand operations. The county purchased a 10 acre parcel which will provide room for recycling of additional materials. Also, this new site could in the future serve as a regional facility for other surrounding counties. The goal is to complete the move to the new location by the end of 2018. Approximately 1.3 million pounds of material was recycled in 2017. Currently there is no curbside program that brings materials to the facility. Material arrives by county recycling trailers and public drop-off. Purchase of this new site will help with the statewide goal to increase recycling in order to reduce use of landfills.

Effective Transition to New Department Administrators Successfully Accomplished

County officials were able to successfully transition to new directors in several key operations including the Medical Care Facility, County Sheriff, Health Department, Equalization, Human Resources and Michigan State University Extension. Change is also occurring with other key governments including new city managers in Caro, Reese and Cass City.

Services to County Veterans Significantly Improved

County officials took the lead to strengthen services provided to Veterans. There are over 4,000 veterans living in the county with many that need assistance. Again, the public supported a new millage that provided the ability to strengthen veteran services.

Since this millage was approved in 2015 a staff person was hired to assist the Director in helping veterans prepare the documents required to leverage available state and federal assistance. A second van was purchased to assist disabled veterans with medical and other transportation needs. Funds are now available for direct food, burial, medical and shelter assistance using millage funds. Veterans have positive comments and expressed appreciation for these service improvements.

Health Insurance Cost Containment for Effective Financial Management

With assistance from Brown and Brown, the county has been able to maintain very good employee health insurance coverage without major cost increases. In fact, with the current Administrative Service Plan and the proper setting of “stop loss” levels health insurance costs are expected to actually decline from 2017 to 2018. The current containment of county costs cannot be expected to continue indefinitely. The county remains below state set health insurance “hard cap” spending limitations.

County Data and Computer System Security Strengthened

The county has a multi-million dollar computer–technology operation that is critical to virtually all county departments. One of the key responsibilities of county government is data/record retention, storage and security. There are numerous records that have to be kept including court, land transaction, marriage licenses, death records, tax payments, property values, drains, election, financial information, sheriff department, dispatch, health department etc.

Major equipment was purchased and staff added in 2017 to strengthen system security and backup capability. Several hundred thousand dollars have been spent over the last several years to protect computer-technology data and systems. The IT department established a Disaster Recovery site that will hold a live copy of Tuscola County's most valuable data assets. In the security realm, security of our email system was significantly increased. All of the county most valuable data assets were encrypted to prevent data from being read if security is compromised. Finally, the IT department documented all of this work with new software and provide the Board of Commissioners with regular quarterly reporting to measure the success of this program.

The Register of Deeds office was successfully brought on board with the County network with their new Land Records system. This provided the users with updated technologies, centralized management of their systems, robust backups and eliminated the need for separate networks.

County AA- Bond Rating Reaffirmed in 2017

Tuscola County finances were required to be evaluated by Standard and Poor’s (S&P) in early 2017 so the county health department could issue approximately \$2.5 million in pension bonds. Again, as with previous ratings, the county was determined by S&P to be financially stable and well managed with good fiscal policies and practices. The rating noted strong budgetary performance and flexibility along with good reserve levels and cash liquidity. The relatively low debt burden and contingent liability position was also noted. Conversely, it was explained the economy has weaknesses and there is an over-dependency on wind turbine revenue. The county bond rating has been upgraded four times over the last two decades.

The Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting has been awarded to the county for 14 consecutive years. It is a credit to all county officials that we continue to maintain a conservative fiscal philosophy. This cautious and careful approach to financial management has enabled the delivery of quality services while operating within our limited financial means.

Other Accomplishment/Activities in 2017

- An Opioid Task Force was formed to educate and seek solutions to this major public health issue. The county entered into a lawsuit against pharmaceutical companies regarding the manufacturing of opioid addicting drugs.
- New election software was purchased to increase efficiency in the election process.
- Union contracts were settled for 2018 and 2019.
- The possibility of forming a dental clinic for Medicaid eligible residents with assistance from the Michigan Community Dental Clinic Association is under review.
- The County Economic Development Corporation received a \$600,000 EPA grant to conduct baseline environmental studies of brownfield sites to know what has to be done for cleanup.
- Emphasis was placed on protecting vital records by allocating \$75,000 for record retention in the Register of Deeds Office.
- A complete new parking lot at the health department was installed with about half of the cost paid by the federal government from wear and tear from the Center for Disease Control use of the lot.
- Court officials have been able to maximize state payment for child care fund costs.
- A state required Indigent Defense Plan was completed and will be implemented if the state provides funding.
- Courthouse security was strengthened with the purchase of new security cameras.
- The regional program administered by the Tuscola County Courts to overcome problems with driving while under the influence continues to be highly successful.
- The Airport Zoning Board of Appeals was re-established.
- Developed an explanation of the Delinquent Tax Revolving process and how this process fronts delinquent tax payments to local units of government and schools which provides positive cash needed to operate services. This is a very important service provided by county government.
- Significant savings of \$40,000 to \$50,000 annually has been achieved by converting to Voice Over Internet Protocol Telephone systems. This has been a multi-year effort and the final conversion will be completed in 2018.

- The Road Commission has been able to allocate an increase in funds to help improve health insurance and retirement system funding levels which has been recommended in prior road commission audits. Progress has been made, but more needs to be done.
- New security cameras were installed at Dispatch along with power surge protectors to protect critical equipment and enable continued operations.
- The update to the County Solid Waste Management Plan was completed in 2017. Having a current plan puts the county in a position to pursue Brownfield and other grant funds.
- Involvement with the organization called Greenways has helped to implement many improvements to the Cass River Watershed.
- Grant funding continued in 2017 for the successful Tuscola County Sobriety Court program which serves Tuscola, Huron and Sanilac Counties

V- 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. Well-reasoned fiscal policy is integral to maintaining financial stability and a strong bond rating on a long-term basis. The following is a summary of these 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.
3. **Other Key Financial Planning Documents/Policies Include** – multi-year financial plans, capital improvement plans, general fund minimum fund balance policy and delinquent tax policy (discussed above), purchasing, investment, claims processing, credit card usage, establishing and reconciliation of bank accounts and travel/meal reimbursement.

VI - Awards and Acknowledgements

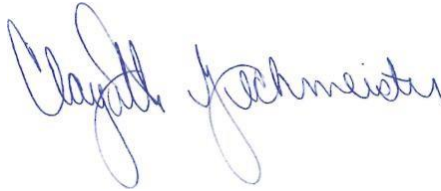
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. The county has received this prestigious award for 17 consecutive years. 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 Thomas Young
District 5 Matthew Bierlein

District 3 Kim Vaughan
District 4 Craig Kirkpatrick

Administration

County Controller/Administrator

Michael Hoagland

Elected Officials

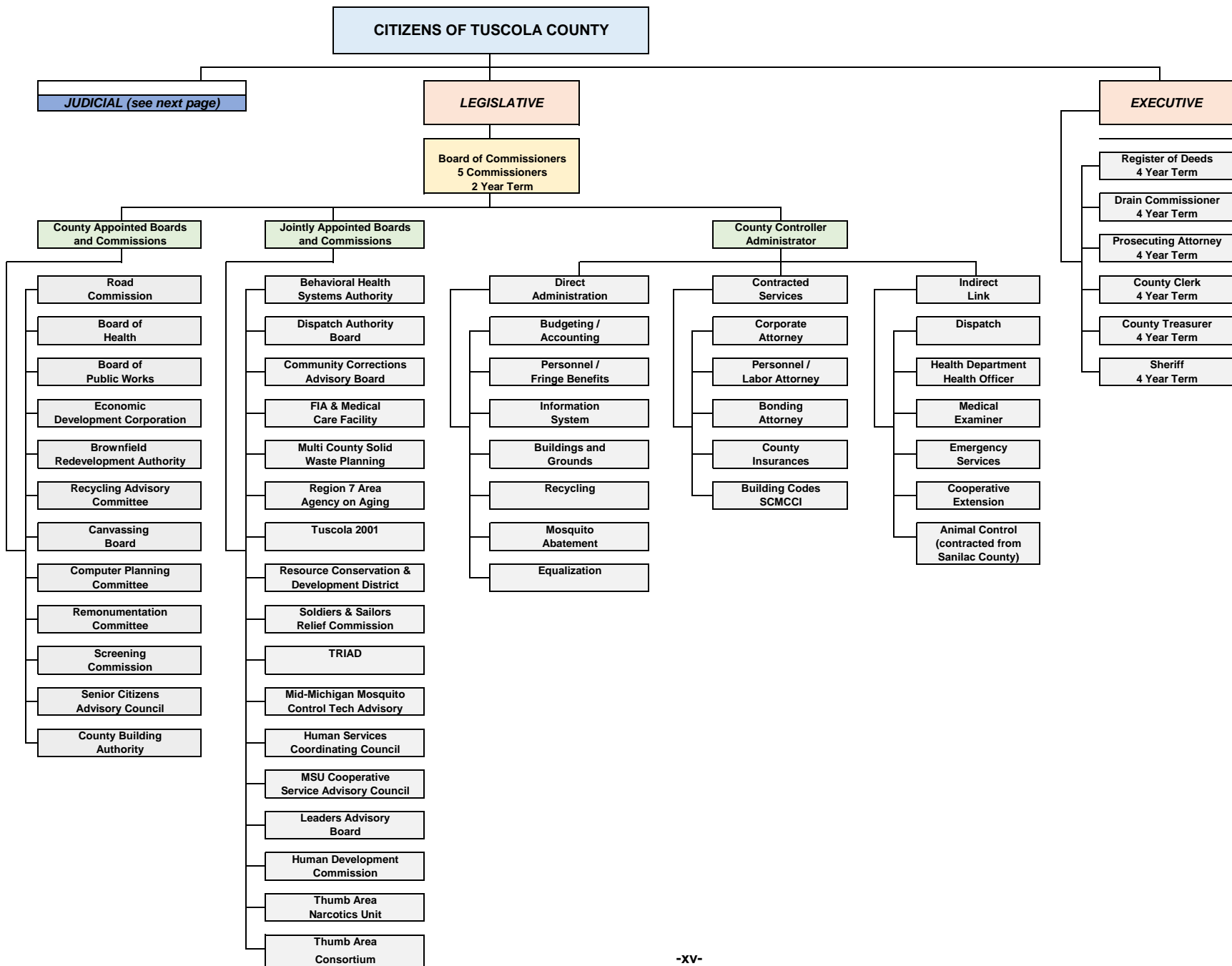
Circuit Court Judge
County Clerk
District Court Judge
Drain Commissioner
Probate Court Judge
Prosecutor
Register of Deeds
Sheriff
Treasurer

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

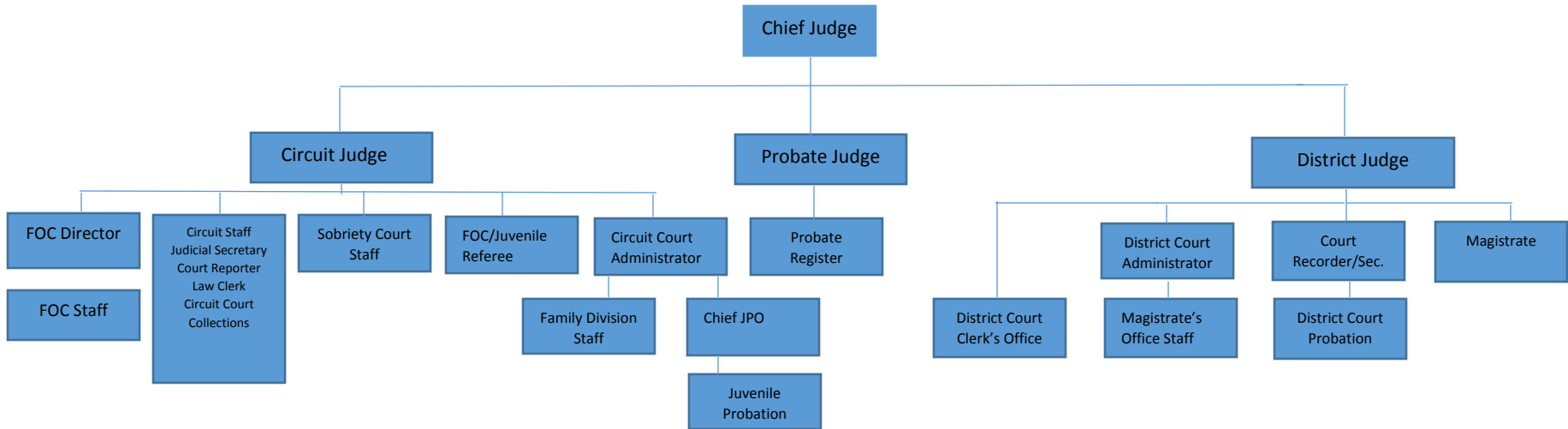
Appointed Officials

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

Caryn Painter
Mike Miller
Eean Lee
Sandy Nielsen
Sheila Long
Angela Daniels
Sandy Erskine
Ann Hepfer
Kim Green
Joe Bixler
Mike Miller
Robert Baxter



Tuscola County Unified Courts Organizational Chart





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, 2016

Christopher P. Morill

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

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John M. Bungart, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tuscola County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tuscola County, Michigan** (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 17% of assets and deferred outflows of resources, (14%) of net position, and 15% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Community, a major enterprise fund which represents 55% of assets and deferred outflows of resources, 68% of net position, and 94% 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 they relate to the amounts included for the Tuscola County Health Department and the Tuscola County Medical Care Community, 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 Community 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, 2017, 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.

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 schedules for the pension and other post employment benefit plans, 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 nonmajor 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 26, 2018, 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 26, 2018

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, 2017. Management encourages readers to consider the information presented below in conjunction with additional information furnished in the letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

Asset Information

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$27,014,823 (total net position). This is an increase of 1.48% from 2016 or \$396,774. The increase primarily results from grants and contributions in the governmental activities. The business-type activities had a decrease in net assets of (\$790,425) while the governmental activities increased by \$1,187,199.
- Net investment in capital assets at the close of the 2017 fiscal year were \$16,545,319. This is an increase from 2016 of \$10,059. The governmental activities reflect an increase of \$562,956 due to the funding of the pension obligation bonds. The business-type activities decreased from 2016 to 2017 by (\$552,897).
- The restricted portion of total net position was \$2,882,160. This is a 2016 to 2017 decrease of (\$80,427). The governmental activities increased by \$209,831 while the business-type activities decreased (\$290,258). The business-type decrease is due to final payment of the previous Medical Care Community debt services restrictions.
- Unrestricted net position at the end of 2017 was \$7,587,344. This is an increase of \$467,142 from 2016. Again, this primarily results from required reporting of pension liabilities. Governmental increased by \$414,412 and business-type activities experienced a slight increase of \$52,730. Unrestricted positions may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted positions, significant portions of these assets can only be used for specific purposes.

Fund Balance Information

- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$11,186,566. Much of this fund balance is non spendable, restricted, committed or assigned and not available for general expenditure. The unassigned portion of this total governmental fund balance is \$337,763. All of the governmental funds unassigned fund balance is in the general fund. (Additional information on fund balances can be found on pages 4-6 in the basic financial statements)
- The total 2017 fund balance for the general fund was \$2,608,042 this is a decrease of (\$485,628) or 17.03% from fiscal year 2016. Of this total \$337,763 is unassigned and available for spending while \$2,270,279 is non spendable, restricted, committed or assigned.
- The Health Department is a major county fund. This fund experienced an increase in fund balance of \$273,695. In 2016 the fund balance was \$1,417,631 compared to \$1,691,326 for 2017. All of the Health Department fund balance is either non spendable, restricted, committed or assigned.

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 and liabilities, with the difference between the two 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 Community 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 40 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, the Health Department Fund, the Road Patrol Fund, and Voted Mosquito Fund, each of which are considered to be major funds. Data from the other 36 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 103.

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 Community 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 Community, 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 non-major enterprise funds. The detail for the non-major enterprise funds can be found on pages 129-131. 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 132-134.

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 13-61 of this report.

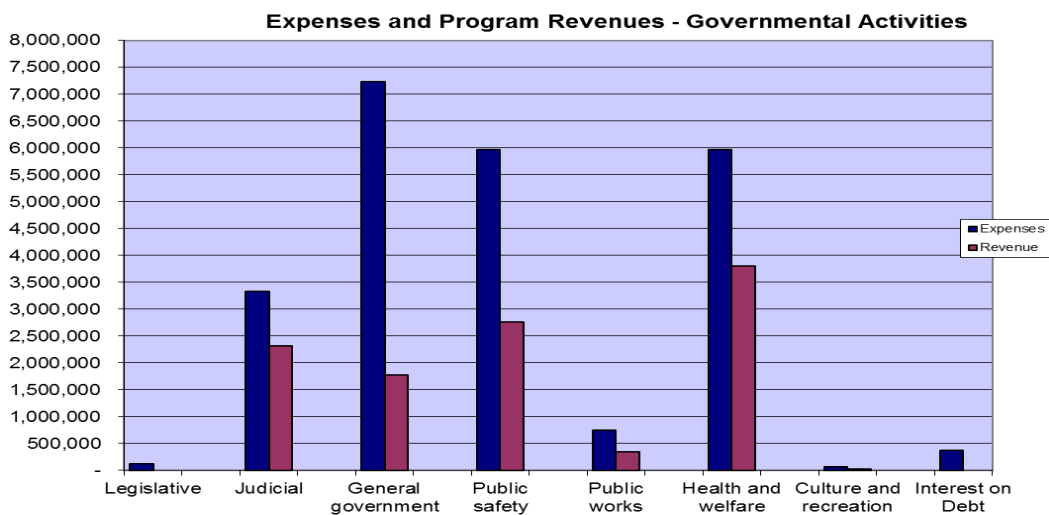
Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 62-138 of this report.

Government-wide Overall Financial Analysis

The following tables show the County's net position for governmental and business-type activities, in addition to a comparison of 2016 and 2017 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 2017 fiscal year, the County is able to report positive net positions for the government as a whole including both governmental activities and business activities. The total net position increased by \$396,774 or (1.49%) from \$26,618,049 in 2016 to \$27,014,823 in 2017.

Government-wide revenues prior to transfers for 2017 were \$47,702,270 compared to expenditures prior to transfers of \$47,540,848. Thus, revenues exceeded expenditures by \$161,422 or .34%. From 2016 to 2017, revenues increased from \$45,218,430 to \$47,702,270 which is \$2,483,841 or 5.49%. From 2016 to 2017, expenditures decreased from \$48,490,923 to \$47,540,848 which is \$950,075 or 1.99%.



Tuscola County Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Current and other assets	16,625,348	18,525,736	24,519,618	23,353,719	41,144,966	41,879,455
Capital assets, net	6,271,012	6,807,831	15,759,645	14,761,748	22,030,657	21,569,579
Total assets	22,896,360	25,333,567	40,279,263	38,115,467	63,175,623	63,449,034
Deferred Outflows of resources						
Related to pension	2,502,537	3,966,897	1,084,265	560,356	3,586,802	4,527,253
Total deferred inflows	2,502,537	3,966,897	1,084,265	560,356	3,586,802	4,527,253
Long-term liabilities outstanding	1,445,070	1,606,002	1,778,755	1,346,657	3,223,825	2,952,659
Other liabilities	13,005,985	13,705,559	17,429,473	15,574,873	30,435,458	29,280,432
Total liabilities	14,451,055	15,311,561	19,208,228	16,921,530	33,659,283	32,233,091
Deferred Inflows of resources						
Taxes levied for a subsequent period	3,712,269	4,710,325	456,458	434,465	4,168,727	5,144,790
Related to pension	2,301,599	3,157,405	14,767	426,178	2,316,366	3,583,583
Total deferred inflows	6,013,868	7,867,730	471,225	860,643	6,485,093	8,728,373
Net Positions						
Net investment in capital assets	5,380,615	5,943,571	11,154,645	10,601,748	16,535,260	16,545,319
Restricted	2,621,707	2,882,160	290,258	-	2,962,587	2,882,160
Unrestricted	(3,118,970)	(2,704,558)	10,239,172	10,291,902	7,120,202	7,587,344
Total net position restated	\$ 4,933,974	\$ 6,121,173	\$ 21,684,075	\$20,893,650	\$ 26,618,049	\$27,014,823

Governmental Activities. Governmental activities net position increased from 2016 to 2017 by \$1,187,199 or (24.1%). In 2016 net position was \$4,933,974 compared to \$6,121,173 in 2017.

- Governmental activities revenue prior to transfers for 2017 was \$23,947,049 compared to expenditures of \$23,827,897. Thus, revenues exceed expenditures by \$119,152 or .50%. From 2016 to 2017, revenues increased from \$22,928,081 to \$23,947,049 (prior to transfers) which is \$1,018,968 or 4.44%. From 2016 to 2017, expenditures decreased from \$25,546,634 to \$23,827,897 (prior to transfers) by (\$1,718,737).

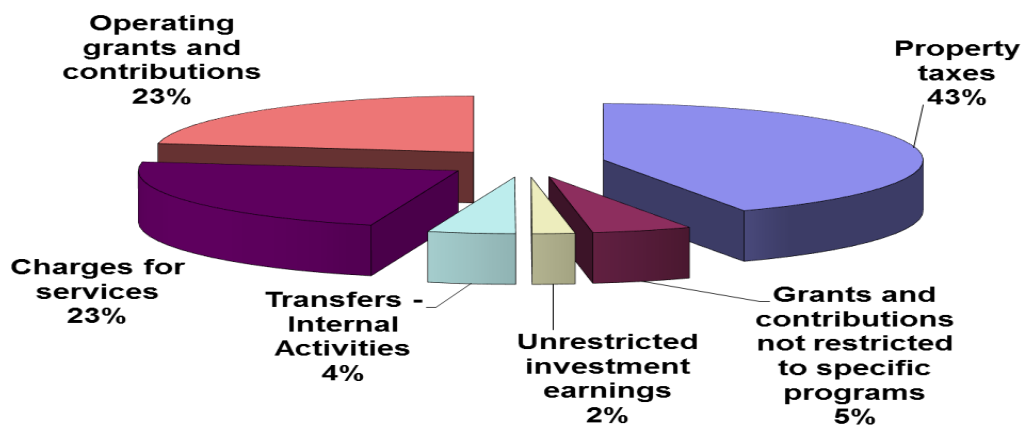
Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenue:						
Charges for services	5,538,242	5,588,782	20,639,036	22,252,350	26,177,278	27,841,132
Operating grants and contributions	4,513,764	5,451,111	-	-	4,513,764	5,451,111
Capital grants and contributions	-	-	293,015	281,304	293,015	281,304
General Revenue:						
Property Taxes	10,186,530	10,335,424	438,417	427,358	10,624,947	10,762,782
Grants and contributions not restricted to specific programs	1,199,905	1,215,686	-	-	1,199,905	1,215,686
Unrestricted investment earnings	511,528	518,143	64,945	72,648	576,473	590,791
Other Revenues	978,112	853,036	854,935	721,561	1,833,047	1,574,597
Total revenues	<u>22,928,081</u>	<u>23,962,182</u>	<u>22,290,348</u>	<u>23,755,221</u>	<u>45,218,429</u>	<u>47,717,403</u>
Expenses:						
Legislative	148,172	121,672	-	-	148,172	121,672
Judicial	4,156,591	3,336,249	-	-	4,156,591	3,336,249
General Government	7,160,516	7,235,661	-	-	7,160,516	7,235,661
Public Safety	7,415,067	5,972,439	-	-	7,415,067	5,972,439
Public Works	777,630	746,700	-	-	777,630	746,700
Health and Welfare	5,598,219	5,990,088	-	-	5,598,219	5,990,088
Culture and Recreation	11,542	66,959	-	-	11,542	66,959
Interest on debt	278,897	373,262	-	-	278,897	373,262
Medical Care Facility			22,315,039	23,181,919	22,315,039	23,181,919
Delinquent property tax			843	143	843	143
Caro Sewer System			77,181	71,433	77,181	71,433
Mayville Storm Sewer			49,983	48,550	49,983	48,550
Richville Water System			3,960	3,133	3,960	3,133
Millington Sewer System			469	-	469	-
Denmark Sewer System			79,449	78,117	79,449	78,117
Wisner Water			81,973	80,071	81,973	80,071
Tax Foreclosure			335,392	249,585	335,392	249,585
Other	-	-	-	-	-	-
Total expenses	<u>25,546,634</u>	<u>23,843,030</u>	<u>22,944,289</u>	<u>23,712,951</u>	<u>48,490,923</u>	<u>47,555,981</u>
Change in net positions before transfers	(2,618,553)	119,152	(653,941)	42,270	(3,272,494)	161,422
Transfers - internal activities	913,352	1,068,047	(751,361)	(832,695)	161,991	235,352
Change in net positions	(1,705,201)	1,187,199	(1,405,302)	(790,425)	(3,110,503)	396,774
Net positions-beginning of year	6,639,175	4,933,974	23,089,377	21,684,075	29,728,552	26,618,049
Net positions-end of year	<u>\$ 4,933,974</u>	<u>\$ 6,121,173</u>	<u>\$ 21,684,075</u>	<u>\$ 20,893,650</u>	<u>\$ 26,618,049</u>	<u>\$ 27,014,823</u>

- The four major governmental activity funds include the general fund, health department fund, road patrol fund, and voted mosquito fund. There are also many special revenue funds that are classified in the governmental activities category.
- The major sources of revenue for governmental activities are property taxes followed by charges for services and operating grants and contributions (see pie chart below). Most major revenue categories experienced increases. A significant factor is additional revenue from wind turbine development. This continues to be one of the most important positive factors impacting county finances.

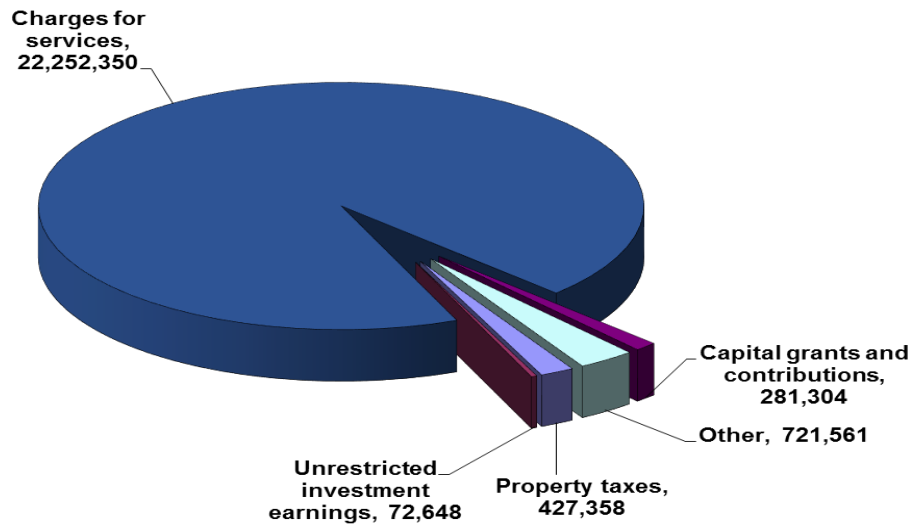
- Other Revenues had the largest decrease from \$1,833,047 in 2016 to \$1,574,597 in 2017. This is a \$258,450 or a 16.41% decrease. Property taxes increased \$137,835. Charges for services experienced a major increase of \$1,663,854. Operating grants and contributions had the second largest increase of \$937,347 from \$4,513,764 in 2016 to \$5,451,111 in 2017. Unrestricted investment earnings showed a minimal increase of \$14,318.
- The majority of expenditure decreases from 2016 to 2017 occurred in the judicial and public safety categories. The largest increase was in Health and Welfare category at \$391,869 or 7.0% from \$5,598,219 in 2016 to \$5,990,088 in 2017. Public Safety decreased (\$1,442,628) or 24% from \$7,415,067 in 2016 to \$5,972,439 in 2017. Even though both of these were well under budget for 2017, General Government experienced a small increase in expenses by \$75,145. From \$7,160,516 in 2016 to \$7,235,661 in 2017 or 1.05%
- The statement of activities for program revenues for the governmental activities shows program revenue at \$11,039,893 and expenses at \$23,843,030. This makes program revenues short of covering governmental expenses by (\$12,803,137). The statement of activities can be found on pages 2-3.

Revenues by Source - Governmental Activities



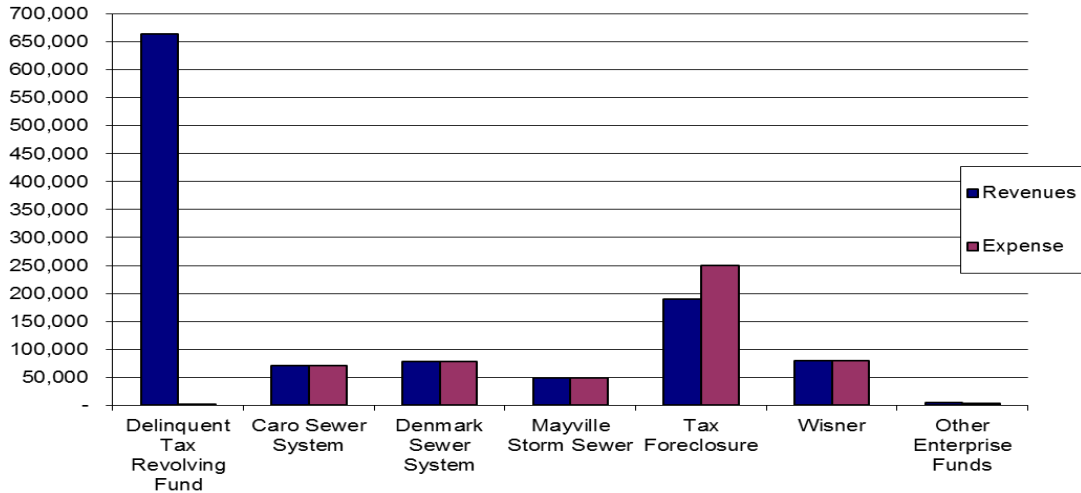
Business-Type Activities. Business-type activities decreased net position by (\$790,425) or (3.8%) from \$21,684,075 in 2016 to \$20,893,650 in 2017. Major business-type activities are Medical Care Community, Delinquent Tax Revolving Funds, Caro Sewer System, Denmark Sewer System, and Wisner Water District. The Medical Care Community accounts for 97% of all expenditures in this category. Additional information on major Enterprise funds can be found on pages 8-11. Other non-major business-type funds or enterprise funds are Mayville Storm Sewer, Richville Water System (refunded), and the Tax Foreclosure Fund. Additional information on these non-major enterprise funds can be found on pages 129-131.

Revenues by Source - Business-type Activities

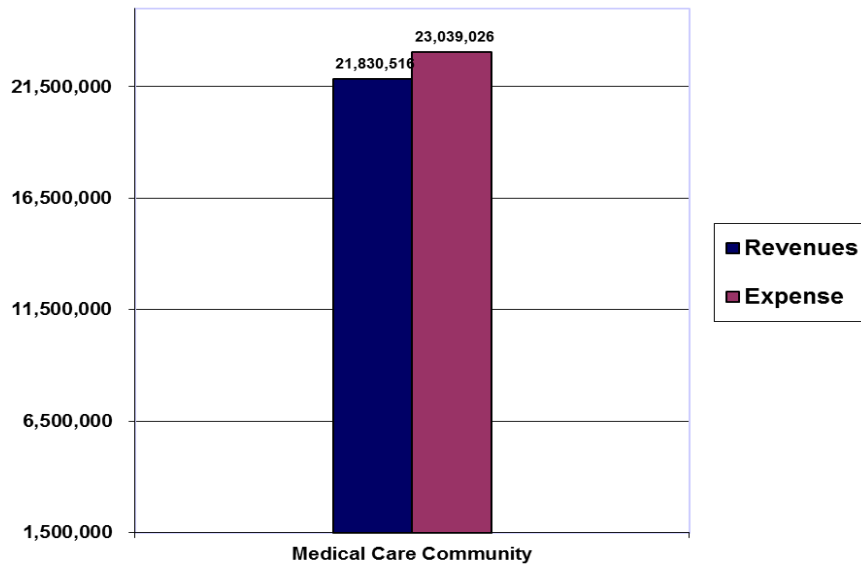


- Business-type activities revenue for 2017 were \$23,755,221 compared to expenditures of \$23,712,951. Thus, revenues exceeded expenditures by \$42,270 (before transfers) or .18%. From 2016 to 2017, revenues increased from \$22,290,348 to \$23,755,221 (prior to transfers) resulting in the increase of \$1,464,873 or 2.9%. From 2016 to 2017, expenditures increased from \$22,944,289 to \$23,712,951 (prior to transfers) resulting in an increase of \$768,662 or 3.4%.
- Charges for services is the major source of revenue for business-type activities. This single source of revenue accounts for 90% of all business-type activities revenue (See pie chart above). Charges for services revenue increased by \$1,613,314 or 7.8%. This is a substantial increase over 2016. Capital Grants, Property Taxes and Other revenue has a combined decrease from 2016 of (\$156,144).
- Delinquent property tax earnings remain constant for 2017. Delinquent Tax Revolving Fund income before capital contributions and transfers were \$670,225 in 2016 compared to \$702,606 for 2017. These funds are transferred for general fund operations and/or capital improvements needs.
- The statement of activities for program revenues for the business-type activities are \$22,533,654 and expenses are at \$23,712,951. Business-type activities program revenue falls short in covering expenses by (\$1,179,297). 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 Community



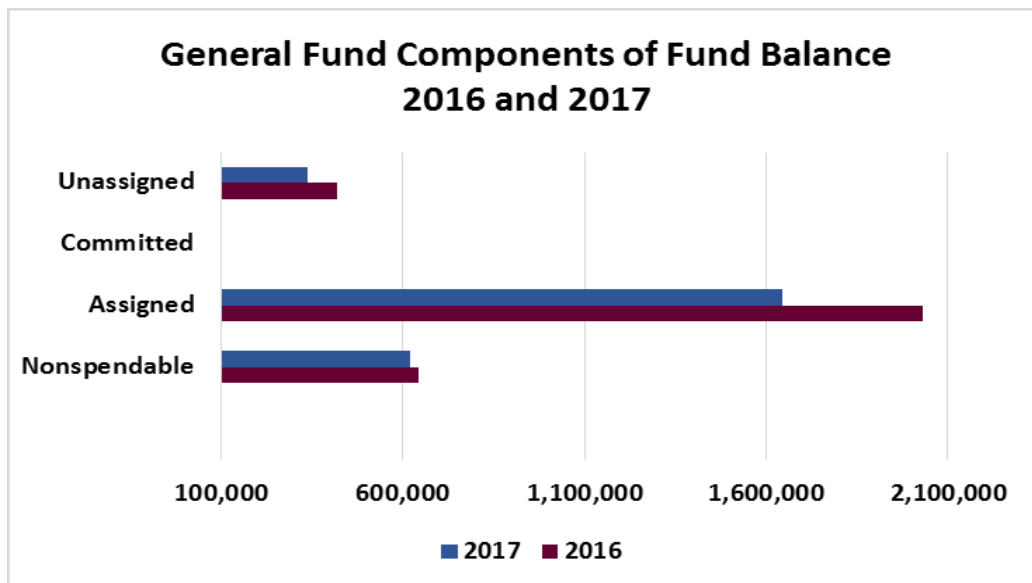
- The Medical Care Community is the largest single county operation. Operating revenue for 2017 was \$21,830,516 and operating expenses were \$23,039,026. The year-end net position was \$14,154,039 which was a decrease from the previous year of (\$897,094). The Medical Care Community paid off their \$5.4 Million Debt in 2017. The major source of revenue to the Medical Care Community is charges for services. Some of these service charges can be changed at the discretion of the Department of Health and Human Services Board.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. It is important to note that the classification of fund balances was changed in 2015 to be in compliance with Government Accounting Standards Board Statement 54.

Governmental Funds. The focus of Tuscola 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the county itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose by the Tuscola County Board of Commissioners.

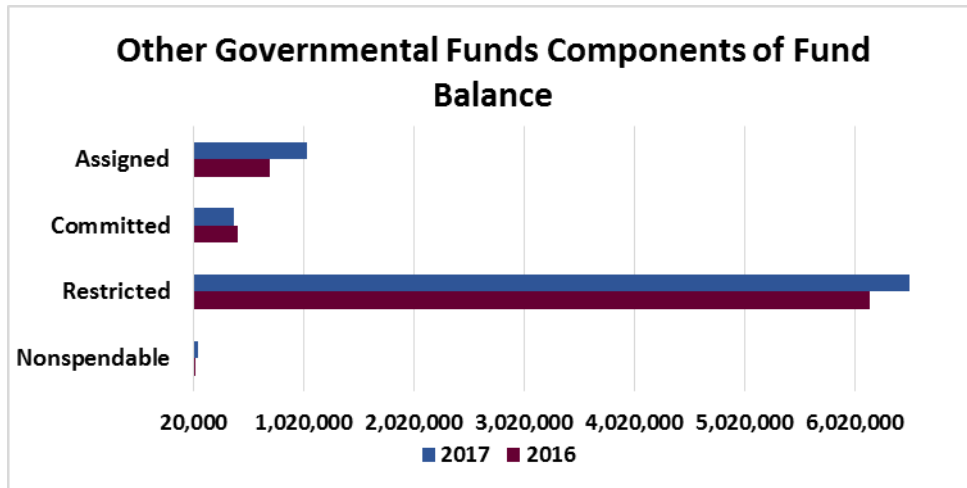
The general fund is the chief operating fund of Tuscola County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$337,763, down from last years \$418,032. Assigned fund balance decreased (\$386,094). The primary reason is the dispute over the assessment and taxation of the wind turbines in Tuscola County. The total fund balance decreased (\$485,628) from 2016 \$3,093,670 to \$2,608,042 in 2017. This is due to the transfer of these funds to the jail capital fund, and other capital funds to meet our ongoing capital needs.



At December 31, 2017, the County's governmental funds reported combined fund balances of \$11,186,566 an increase of \$771,176 in comparison with the prior year. Approximately 3% of this amount \$337,763 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned.

- **Non-spendable** includes funds that legally or contractually are required to be maintained intact. Non-spendable designations for 2017 include: Inventory, prepaid expenditures, and advances. The non-spendable portion of the total fund balance for governmental funds was \$673,874 or 6.02% of the total.

Of the total non-spendable fund balance, \$610,543 is for advances. The majority of the 2017 advances is from the general fund to the revolving drain fund of \$510,000. The General fund also advanced \$100,543 to MSU to fund programs and will be paid back over the life of the millage.



- **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: Cost based reimbursement, capital projects, cemetery, debt service and special revenue funds. The restricted portion of the total fund balance for governmental funds was \$7,096,346 or 63.4% of the total.

The major share of restricted fund balance is for cost based reimbursement at the Health Department \$1,103,556, capital projects \$2,838,786 and other governmental funds \$2,193,792. Other governmental funds with larger restricted fund balance include: Road Patrol, Friend of the Court, Dispatch, Recycling, Probate Child Care and Department of Health and Human Services Child Care. There are 39 special revenue funds many of which have restricted fund balances.

- **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: flexible spending, compensated absences, retirement contributions, imprest cash, exchange club donation, Can Council, building improvements, vision program and county resident hospital program. The committed portion of the total fund balance for governmental funds was \$387,539 or 3.4% of the total.

The largest committed fund balance amounts are retirement contributions and compensated absences at the Health Department.

- **Assigned** fund balances are funds that are constrained by the government's intent to be used for specific purposes. These funds include: reserved for subsequent year expenditures, Contingency reserve, and Wind revenue reserve. The assigned portion of the total fund balance for governmental funds was \$2,691,044 or 24.1% of the total fund balance.

The contingency reserve of \$1,343,400 was established by the Board of Commissioners 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 wind revenue reserve is still in place for a smaller number of wind turbines in case wind development companies prevail on wind turbine assessment appeals they made to the Michigan Tax Tribunal and the county has to repay these funds. The majority of these appeals were settled in 2017.

- **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 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 \$337,763 or 3.02% of the total.

Proprietary Funds. The County's proprietary funds provide the same type of information that can be found in the government wide financial statements, but in more detail. Proprietary funds include the Medical Care Community, Delinquent Tax Revolving, Caro Sewer System, Denmark Sewer System, and Wisner Water District along with other smaller Enterprise funds.

Unrestricted net assets at the end of the year amounted to \$20,893,650. The Medical Care Community Fund was \$14,154,039 the Delinquent Tax Revolving Fund ended at \$5,681,924. All other unrestricted net positions of the non-major enterprise funds are \$1,057,687.

General Fund Budgetary Highlights

General Fund Revenues (excluding transfers) original budget was adopted at \$12,194,010 for 2017. These were later amended to \$12,377,772 or in increase of \$183,762. This was mostly due to charges for services with an increase of \$91,731, and reimbursement and refunds with an increase of \$28,348. While the budget was increased to \$12,377,772 the actual revenue (excluding transfers) were \$12,300,020 or under the amended budget by (\$77,752)

The original general fund expenditure budget (excluding transfers) for 2017 was \$11,235,992 these were later amended over the fiscal year 2017 to \$11,303,290. The most changes occurred in judicial with a decrease of (\$44,668) due to re-class of positions. While the general government had an increase of \$110,835 the main reason for this increase was in the Treasurer's office with employees being moved from a special revenue fund to the general fund. As the year ended with an amended budget of \$11,303,290 the year to date was only \$10,657,098 or (\$646,192) under budget.

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, 2017, amounted to \$21,568,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets decreased by (\$461,078) or 2.12% from \$22,029,657 in 2016. The majority of this change is depreciation on equipment.

County of Tuscola Capital Assets (net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Fiscal Year Ending December 31	2017	2017	2017
Land	408,891	-	408,891
Construction in Progress	-	7,670	7,670
Land Improvements	-	1,781,048	1,781,048
Buildings	2,733,764	8,304,746	11,038,510
Improvements	1,679,276	-	1,679,276
Vehicles	602,463	-	602,463
Equipment	1,382,437	4,668,284	6,050,721
Bond Fees	-	-	-
Total	<u>\$ 6,806,831</u>	<u>\$ 14,761,748</u>	<u>\$ 21,568,579</u>

Additional information on the County's capital assets can be found in Note 3 C on pages 27-28 of this report.

Primary Government and Business-Type Activity Long-Term Debt. At the end of the current fiscal year, the County had a total debt outstanding of \$24,987,711. This is an increase from 2016 of \$ 1,125,770 when total long term debt was \$23,861,941. The primary reason is that Tuscola County issued Health Department pension obligation bonds of \$2,475,000.

The County continues to maintain a strong bond rating of AA-. This bond rating is a tremendous vote of confidence in the financial management of Tuscola County. The county has shown the independent bond rating agencies that it is capable of "living within its means" and making the difficult decisions necessary to maintain financial stability.

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 33-35 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 2018 fiscal year:

- The annual unemployment rate for Tuscola County as of December 31, 2017 was 6.4%, which is a slight increase from the 2016 unemployment rate of 6.3%. The 2017 county average unemployment rate is higher than both the State at 5% and the national at 4.6%.
- The county continues to receive full state revenue sharing, from 2016 to 2017 our state revenue sharing was increased from \$1,100,611 to \$1,111,427. This an increase of \$10,816.
- The county maintains a general fund contingency reserve \$1,343,400. County policy is to maintain a reserve of 10% of current year budgeted expenditures. This reserve is for unexpected emergencies. When unassigned fund balance of \$337,763 is included total reserves are \$1,681,163 which is approximately 12.5% of 2018 budgeted general fund expenditures.

Reserves are also maintained in the general fund and special millage funds for the dispute with wind development companies. In 2017 \$426,774 was unassigned in the General Fund due to a settlement in the counties favor. These funds were transferred to the new Jail Capital improvement fund. The remaining \$302,226 continues to be reserved for the last company to settle. Our eight Special Purpose millages have \$55,161 remaining in reserves for this dispute. In 2018 we will continue to add to these reserve amounts until there is a complete settlement in the taxing of the wind farms.

- County officials will have to use careful financial planning and management to prevent from having a level of dependency on wind turbines that cannot be sustained long-term. The amount of revenue received from wind turbines declines with time. Unless there are more wind projects, the total amount of wind revenue received will decline each year until after about 12 years it remains constant at only 30% of the original amount.
- Another favorable factor in 2017 is we continue to transfer funds from the general fund to the capital improvement fund. In 2017 and additional transfer of \$123,964 was possible. Also, 500,000 was transferred to the Equipment/Technology Fund. This is a positive factor because the County was not been able to consistently transfer funds to the capital improvements fund in the past years to meet the capital improvement needs.
- Health care cost are showing a modest increase for 2017 of approximately 2%. We are preparing for a larger increase of 4% in 2019.
- In March of 2016 the County changed from a defined benefit plan to a defined contribution plan pension plan for new hires. This continues to be beneficial for us through 2017 and will continue to be beneficial for the years to come. We continue to see savings with our issuance of the \$6,805,000 in bonds to fund our unfunded pension liability. This change is estimated to save the county approximately \$4 million dollars over a 20 year period.
- In 2017 Health Department issued Pension bonds of \$2,475,000 for 18 years. Without these changes actuaries projected that the gap between pension system assets and liabilities was projected to significantly increase.

Requests for Information

This financial report is designed to provide a general overview of the Tuscola 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, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 9,410,326	\$ 3,670,416	\$ 13,080,742	\$ 3,786,860	\$ 3,313,517	\$ 7,100,377
Investments	513,541	1,163,767	1,677,308		2,645,162	2,645,162
Receivables	6,894,041	15,568,980	22,463,021	4,571,903	5,389,729	9,961,632
Due from component unit	1,532		1,532			
Advances	610,543		610,543		606,240	606,240
Internal balances	871,739	(871,739)	-			-
Prepaid items and other assets	58,665	38,589	97,254	249,460		249,460
Inventory	33,911		33,911	383,355		383,355
Restricted cash	132,438	2,501,601	2,634,039			-
Restricted investments		1,282,105	1,282,105			-
Capital assets, net:						
Assets not being depreciated	408,891	7,670	416,561	34,694,042	299,204	34,993,246
Assets being depreciated	6,397,940	14,754,078	21,152,018	64,290,725	16,184,512	80,475,237
Total Assets	25,333,567	38,115,467	63,449,034	107,976,345	28,438,364	136,414,709
Deferred outflows of resources						
Related to pensions	3,966,897	560,356	4,527,253	104,040	-	104,040
Total deferred outflows of resources	3,966,897	560,356	4,527,253	104,040	-	104,040
Liabilities						
Accounts payable	826,723	948,163	1,774,886	125,937	140,685	266,622
Accrued liabilities	603,014	393,774	996,788	681,248	16,512	697,760
Due to primary government					1,532	1,532
Advances	100,543		100,543		1,116,240	1,116,240
Unearned revenue	75,722	4,720	80,442		-	-
Noncurrent liabilities:						
Net pension liability	3,438,930	853,791	4,292,721	2,141,408		2,141,408
Net other post employment benefit liability	-	-	-	3,833,821	-	3,833,821
Due within one year	540,063	863,629	1,403,692	45,140	732,924	778,064
Due in more than one year	9,726,566	13,857,453	23,584,019	53,429	4,074,841	4,128,270
Total Liabilities	15,311,561	16,921,530	32,233,091	6,880,983	6,082,734	12,963,717
Deferred inflows of resources						
Taxes levied for a subsequent period	4,710,325	434,465	5,144,790	-	-	-
Related to pensions	3,157,405	426,178	3,583,583	108,877		108,877
Total deferred inflows of resources	7,867,730	860,643	8,728,373	108,877	-	108,877
Net Position						
Net investment in capital assets	5,943,571	10,601,748	16,545,319	98,984,767	11,675,951	110,660,718
Restricted for:						
Debt service	36,543	-	36,543	-	1,514,245	1,514,245
Capital projects	2,838,786		2,838,786		3,792,217	3,792,217
Expendable - cemetery	6,831		6,831			
Road construction				1,427,260		1,427,260
Unrestricted	(2,704,558)	10,291,902	7,587,344	678,498	5,373,217	6,051,715
Total Net Position	\$ 6,121,173	\$ 20,893,650	\$ 27,014,823	\$ 101,090,525	\$ 22,355,630	\$ 123,446,155

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	
Primary Government					
Governmental activities:					
Legislative	\$ 121,672				\$ -
Judicial	3,336,249		\$ 1,099,980	\$ 1,216,914	
General government	7,237,274	\$ (1,613)	1,256,253	519,653	
Public safety	5,972,439		2,173,012	581,396	
Public works	746,700		338,575		
Health and welfare	5,990,088		691,252	3,133,148	
Culture and recreation	66,959		29,710		
Interest on debt	373,262				
Total governmental activities	23,844,643	(1,613)	5,588,782	5,451,111	-
Business-type activities:					
Medical Care Community	23,180,306	1,613	21,399,403		-
Delinquent property tax	143		663,661		-
Caro sewer system	71,433		-	71,433	-
Mayville storm sewer	48,550		-	48,550	-
Richville water system	3,133		-	3,133	-
Denmark sewer system	78,117		-	78,117	-
Wisner water district	80,071		-	80,071	-
Tax foreclosure	249,585		189,286		-
Total business-type activities	23,711,338	1,613	22,252,350	-	281,304
Total Primary Government	\$ 47,555,981	\$ -	\$ 27,841,132	\$ 5,451,111	\$ 281,304
Component Units					
Road commission	\$ 11,227,658		\$ 1,176,886	\$ 14,753,592	\$ 4,702,820
Drain commission	2,521,059			\$ 2,894,583	373,524
Total Component Units	\$ 13,748,717	\$ -	\$ 1,176,886	\$ 14,753,592	\$ 2,894,583

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

<u>Functions / Programs</u>	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Total</u>
Changes in net position						
Net revenue (expense)	\$ (12,803,137)	\$ (1,179,297)	\$ (13,982,434)	\$ 4,702,820	\$ 373,524	\$ 5,076,344
General revenues:						
Property taxes	10,335,424	427,358	10,762,782			-
Grants and contributions not restricted to specific programs	1,215,686		1,215,686			-
Unrestricted investment earnings	518,143	72,648	590,791	38,393	54,139	92,532
Other revenue	853,036	721,561	1,574,597	291,864		291,864
Transfers - internal activities	1,068,047	(832,695)	235,352		-	-
Total general revenues and transfers	13,990,336	388,872	14,379,208	330,257	54,139	384,396
Changes in net position	1,187,199	(790,425)	396,774	5,033,077	427,663	5,460,740
Net position, beginning of year	4,933,974	21,684,075	26,618,049	96,057,448	21,927,967	117,985,415
Net position, end of year	\$ 6,121,173	\$ 20,893,650	\$ 27,014,823	\$ 101,090,525	\$ 22,355,630	\$ 123,446,155

See notes to financial statements.

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	General	Health Department 9-30-17	Road Patrol	Voted Mosquito	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 1,085,449	\$ 1,596,085	\$ 661,525	\$ 367,155	\$ 4,974,294	\$ 8,684,508
Investments	-		-	-	513,541	513,541
Receivables:						
Taxes receivable	589,922		2,317,762	1,102,130	1,116,711	5,126,525
Taxes receivable - delinquent	28,787		21,698	13,169	6,913	70,567
Accounts receivable	174,306	102,517	33,000	-	760,785	1,070,608
Due from other funds	1,000,787		1,743	1,466	817,520	1,821,516
Due from component unit	1,532					1,532
Due from state	75,064		2,331	-	374,381	451,776
Due from other governmental units	1,030	114,674	-	-	-	115,704
Prepaid expenditures	9,110	4,610	-	-	15,700	29,420
Inventory	-	33,911				33,911
Advances	610,543					610,543
Restricted cash and cash equivalents	132,438					132,438
Total Assets	<u>\$ 3,708,968</u>	<u>\$ 1,851,797</u>	<u>\$ 3,038,059</u>	<u>\$ 1,483,920</u>	<u>\$ 8,579,845</u>	<u>\$ 18,662,589</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>						
Liabilities						
Accounts payable	\$ 155,890	\$ 58,500	\$ 8,696	\$ 170,759	\$ 389,704	\$ 783,549
Accrued liabilities	224,158	26,249	47,239	8,375	93,135	399,156
Due to other governments	-		-	-	43,109	43,109
Due to other funds	362,013		1,000	545	528,640	892,198
Advances	-		-	-	100,543	100,543
Unearned revenue		75,722			-	75,722
Total Liabilities	<u>742,061</u>	<u>160,471</u>	<u>56,935</u>	<u>179,679</u>	<u>1,155,131</u>	<u>2,294,277</u>
Deferred inflows of resources						
Unavailable revenue - land contract					70,000	70,000
Unavailable revenue - property taxes	358,865	-	21,698	13,169	7,689	401,421
Taxes levied for a subsequent period	-	-	2,317,762	1,102,130	1,290,433	4,710,325
Total deferred inflows of resources	<u>358,865</u>	<u>-</u>	<u>2,339,460</u>	<u>1,115,299</u>	<u>1,368,122</u>	<u>5,181,746</u>
Fund Balance						
Nonspendable for:						
Inventory	-	33,911				33,911
Prepaid expenditures	9,110	4,610			15,700	29,420
Advances	610,543					610,543
Restricted for:						
Cost based reimbursement		1,103,556				1,103,556
Capital projects					2,838,786	2,838,786
Cemetery					6,831	6,831
Debt service					36,543	36,543
Special revenue funds		166,710	617,466	132,662	2,193,792	3,110,630
Committed for:						
Flexible spending		690				690
Compensated absences		113,478				113,478
Retirement contribution		260,716				260,716
Imprest cash		300				300
Exchange club donation		581				581
Can Council		1,102				1,102
Building improvements		3,003				3,003
Vision program		2,669				2,669
County resident hospital program	5,000					5,000
Assigned for:						
Subsequent year expenditures				39,298	950,959	990,257
Contingency reserve	1,343,400					1,343,400
Wind revenue reserve	302,226		24,198	16,982	13,981	357,387
Unassigned	337,763					337,763
Total Fund Balance	<u>2,608,042</u>	<u>1,691,326</u>	<u>641,664</u>	<u>188,942</u>	<u>6,056,592</u>	<u>11,186,566</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,708,968</u>	<u>\$ 1,851,797</u>	<u>\$ 3,038,059</u>	<u>\$ 1,483,920</u>	<u>\$ 8,579,845</u>	<u>\$ 18,662,589</u>

See notes to financial statements.

TUSCOLA COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Fund Balances - Total Governmental Funds	\$ 11,186,566
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	17,132,165
Subtract: accumulated depreciation	(10,325,334)
Because the focus of governmental funds is on short-term financing, some assets and deferred outflows will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Add: unavailable land contract receivable	70,000
Add: unavailable property taxes	401,421
Add: deferred outflows - related to pensions	3,966,897
Subtract: deferred inflows - related to pensions	(3,157,405)
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	634,681
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	(9,848,676)
Subtract: accrued interest payable	(82,259)
Subtract: compensated absences	(417,953)
Subtract: net pension liability	<u>(3,438,930)</u>
Net Position of Governmental Activities	<u>\$ 6,121,173</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General	Health Department 9-30-17	Road Patrol	Voted Mosquito	Other Governmental Funds	Total
Revenues						
Taxes	\$ 6,895,005	\$ -	\$ 1,553,355	\$ 1,089,994	\$ 776,145	\$ 10,314,499
Licenses and permits	471,977	163,584				635,561
Intergovernmental						
Federal	117,915	2,405,983	48,955	-	1,118,910	3,691,763
State	1,776,783		5,750	-	1,341,349	3,123,882
Local	8,405		-	-	892,069	900,474
Charges for services	1,827,657	486,035	10,731	-	1,423,018	3,747,441
Fines and forfeits	62,951		-	-	93,507	156,458
Interest and rents	463,955		6,772	4,011	43,405	518,143
Reimbursements and refunds	675,372		10,299	-	25,684	711,355
Other		3,021	9,190	2,600	56,870	71,681
Total revenues	12,300,020	3,058,623	1,645,052	1,096,605	5,770,957	23,871,257
Expenditures						
Current:						
Legislative	123,062					123,062
Judicial	2,371,550				983,602	3,355,152
General government	3,945,996			997,439	1,088,024	6,031,459
Public safety	2,790,394		1,310,866		2,050,845	6,152,105
Public works	747,689					747,689
Health and welfare	513,127	5,597,335			1,779,299	7,889,761
Culture and recreation					66,959	66,959
Other	144,121					144,121
Capital outlay	21,159		98,233	56,165	1,357,188	1,532,745
Debt service - principal					315,000	315,000
Debt service - interest					311,205	311,205
Bond issuance costs					56,622	56,622
Total expenditures	10,657,098	5,597,335	1,409,099	1,053,604	8,008,744	26,725,880
Revenues over (under) expenditures	1,642,922	(2,538,712)	235,953	43,001	(2,237,787)	(2,854,623)
Other financing sources (uses)						
Face value of debt issue					2,475,000	2,475,000
Discounts on bonds issued					(18,378)	(18,378)
Proceeds from capital lease	-				31,130	31,130
Proceeds from sale of assets					70,000	70,000
Transfer in	869,418	2,916,151	-	-	3,304,620	7,090,189
Transfer out	(2,997,968)	(103,744)	(36,907)	(9,682)	(2,873,841)	(6,022,142)
Total other financing sources (uses)	(2,128,550)	2,812,407	(36,907)	(9,682)	2,988,531	3,625,799
Net change in fund balances	(485,628)	273,695	199,046	33,319	750,744	771,176
Fund balance, beginning of year	3,093,670	1,417,631	442,618	155,623	5,305,848	10,415,390
Fund balance, end of year	\$ 2,608,042	\$ 1,691,326	\$ 641,664	\$ 188,942	\$ 6,056,592	\$ 11,186,566

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, 2017**

Net Change In Fund Balances - Total Governmental Funds \$ 771,176

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	1,197,712
Subtract: depreciation expense	(660,893)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in unavailable property taxes receivable	20,925
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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	333,013
Subtract: bond and lease proceeds	(2,506,130)
Add: discount on bond issued	18,378
Subtract: increase in accrued interest payable	(5,435)
Subtract: amortization of bond discount	(1,626)

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	45,272
Subtract: loss on the disposal of capital assets	(70,000)

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	24,734
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Add: pension related items	2,020,073
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Change in Net Position of Governmental Activities **\$ 1,187,199**

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2017

	Enterprise Funds						Governmental	
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Internal Service Funds	
						Total		
Assets								
Current assets:								
Cash and cash equivalents	\$ 2,925,013	\$ -	\$ -	\$ -	\$ -	\$ 745,403	\$ 3,670,416	\$ 725,818
Investments	663,230	-	-	-	-	500,537	1,163,767	-
Receivables:								
Taxes receivable - delinquent	434,465	2,513,693	-	-	-	-	2,948,158	-
Accounts receivable, net	2,225,213	-	-	-	-	80	2,225,293	58,861
Due from other funds	-	-	-	-	-	-	-	1,282
Due from other governmental units	-	148,818	-	-	-	-	148,818	-
Contracts receivable - current	-	-	377,498	54,275	101,583	117,241	650,597	-
Prepaid expenses	38,589	-	-	-	-	-	38,589	29,245
Restricted cash	26,827	2,474,774	-	-	-	-	2,501,601	-
Restricted investments	-	1,282,105	-	-	-	-	1,282,105	-
Total current assets	6,313,337	6,419,390	377,498	54,275	101,583	1,363,261	14,629,344	815,206
Noncurrent assets:								
Contract receivable, net of current portion	-	-	3,947,114	1,834,000	2,825,000	990,000	9,596,114	-
Capital assets, not being depreciated	7,670	-	-	-	-	-	7,670	-
Capital assets, being depreciated	14,754,078	-	-	-	-	-	14,754,078	-
Total noncurrent assets	14,761,748	-	3,947,114	1,834,000	2,825,000	990,000	24,357,862	-
Total assets	21,075,085	6,419,390	4,324,612	1,888,275	2,926,583	2,353,261	38,987,206	815,206
Deferred outflows of resources								
Related to pensions	560,356	-	-	-	-	-	560,356	-
Total deferred outflows of resources	560,356	-	-	-	-	-	560,356	-
Liabilities								
Current liabilities:								
Accounts payable	894,103	58,152	-	-	-	(4,092)	948,163	65
Accrued and other liabilities	287,350	-	17,498	19,275	26,583	16,241	366,947	121,599
Due to other funds	-	679,314	-	-	-	192,425	871,739	58,861
Patient trust fund	26,827	-	-	-	-	-	26,827	-
Unearned revenue	4,720	-	-	-	-	-	4,720	-
Compensated absences - current	37,629	-	-	-	-	-	37,629	-
Bonds payable, current	255,000	-	360,000	35,000	75,000	101,000	826,000	-
Total current liabilities	1,505,629	737,466	377,498	54,275	101,583	305,574	3,082,025	180,525
Noncurrent liabilities:								
Compensated absences - net of current	356,339	-	-	-	-	-	356,339	-
Net pension liability	853,791	-	-	-	-	-	853,791	-
Bonds payable, net of current portion	3,905,000	-	3,947,114	1,834,000	2,825,000	990,000	13,501,114	-
Total long-term liabilities	5,115,130	-	3,947,114	1,834,000	2,825,000	990,000	14,711,244	-
Total liabilities	6,620,759	737,466	4,324,612	1,888,275	2,926,583	1,295,574	17,793,269	180,525
Deferred inflows of resources								
Taxes levied for a subsequent period	434,465	-	-	-	-	-	434,465	-
Related to pensions	426,178	-	-	-	-	-	426,178	-
Total deferred inflows of resources	860,643	-	-	-	-	-	860,643	-
Net position								
Net investment in capital assets	10,601,748	-	-	-	-	-	10,601,748	-
Unrestricted	3,552,291	5,681,924	-	-	-	1,057,687	10,291,902	634,681
Total net position	\$ 14,154,039	\$ 5,681,924	\$ -	\$ -	\$ -	\$ 1,057,687	\$ 20,893,650	\$ 634,681

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Enterprise Funds						Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Operating revenue								
Charges for services	\$ 21,399,403	\$ 663,661	\$ -	\$ -	\$ -	\$ 189,286	\$ 22,252,350	\$ 2,447,130
Other operating revenue	431,113	-	-	-	-	290,448	721,561	-
Total operating revenue	<u>21,830,516</u>	<u>663,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,734</u>	<u>22,973,911</u>	<u>2,447,130</u>
Operating expenses								
Operation and maintenance	21,838,252	143	-	-	-	-	21,838,395	2,422,396
Administration	-	-	-	-	-	249,585	249,585	-
Depreciation	1,200,774	-	-	-	-	-	1,200,774	-
Total operating expenses	<u>23,039,026</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,585</u>	<u>23,288,754</u>	<u>2,422,396</u>
Operating income (loss)	<u>(1,208,510)</u>	<u>663,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,149</u>	<u>(314,843)</u>	<u>24,734</u>
Nonoperating revenue (expenses)								
Property taxes	427,358	-	-	-	-	-	427,358	-
Interest and rent	26,951	39,082	-	-	-	6,615	72,648	-
Loss on sale of capital assets	(153)	-	-	-	-	-	(153)	-
Interest expense and fiscal charges	(142,740)	-	(71,433)	(78,117)	(80,071)	(51,683)	(424,044)	-
Total nonoperating revenue (expenses)	<u>311,416</u>	<u>39,082</u>	<u>(71,433)</u>	<u>(78,117)</u>	<u>(80,071)</u>	<u>(45,068)</u>	<u>75,809</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(897,094)	702,600	(71,433)	(78,117)	(80,071)	185,081	(239,034)	24,734
Capital contributions	-	-	71,433	78,117	80,071	51,683	281,304	-
Transfers								
Transfers out	-	(704,793)	-	-	-	(127,902)	(832,695)	-
Changes in net position	(897,094)	(2,193)	-	-	-	108,862	(790,425)	24,734
Net position, beginning of year	<u>15,051,133</u>	<u>5,684,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,825</u>	<u>21,684,075</u>	<u>609,947</u>
Net position, end of year	<u>\$ 14,154,039</u>	<u>\$ 5,681,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,687</u>	<u>\$ 20,893,650</u>	<u>\$ 634,681</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Enterprise Funds						Governmental	
	Medical Care Community	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	\$ 22,054,763	\$ 609,282	\$ -	\$ -	\$ -	\$ 190,631	\$ 22,854,676	\$ 2,435,194
Cash received from interfund services provided		158,213				74,561	232,774	11,636
Cash payments to suppliers for goods and services	(5,984,416)	-	-	-	-	(269,745)	(6,254,161)	(2,436,258)
Cash payments to employees for services	(15,608,297)					(20,698)	(15,628,995)	
Other operating revenue						290,448	290,448	
Net cash provided by operating activities	462,050	767,495	-	-	-	265,197	1,494,742	10,572
Cash flows from noncapital financing activities								
Property taxes	427,358						427,358	
Transfers out		(704,793)				(127,902)	(832,695)	
Net cash provided (used) by noncapital financing activities	427,358	(704,793)	-	-	-	(127,902)	(405,337)	
Cash flows from capital and related financing activities								
Cash received on contract receivable			355,000	33,000	70,000	100,000	558,000	
Contributions from local units			71,433	78,117	80,071	51,683	281,304	
Principal paid on long-term debt	(445,000)		(355,000)	(33,000)	(70,000)	(100,000)	(1,003,000)	
Interest paid on long-term debt	(143,803)		(71,433)	(78,117)	(80,071)	(51,683)	(425,107)	
Purchases and construction of capital assets	(203,030)					-	(203,030)	
Net cash provided (used) by capital and related financing activities	(791,833)	-	-	-	-	-	(791,833)	-
Cash flows from investing activities								
Interest and rent	26,951	39,082				6,615	72,648	
Sale (purchase) of investments	244,880	2,251				(202,376)	44,755	
Net cash provided (used) by investing activities	271,831	41,333	-	-	-	(195,761)	117,403	-
Net increase (decrease) in cash and cash equivalents	369,406	104,035	-	-	-	(58,466)	414,975	10,572
Cash and cash equivalents, beginning of year	2,582,434	2,370,739	-	-	-	803,869	5,757,042	715,246
Cash and cash equivalents, end of year	\$ 2,951,840	\$ 2,474,774	\$ -	\$ -	\$ -	\$ 745,403	\$ 6,172,017	\$ 725,818
Statement of net position classification of cash and cash equivalents								
Cash and cash equivalents	\$ 2,925,013					\$ 745,403	\$ 3,670,416	\$ 725,818
Restricted cash	26,827	\$ 2,474,774					2,501,601	
	\$ 2,951,840	\$ 2,474,774	\$ -	\$ -	\$ -	\$ 745,403	\$ 6,172,017	\$ 725,818

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONCLUDED)
 YEAR ENDED DECEMBER 31, 2017

	Enterprise Funds						Governmental	
	Medical Care Community	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 (loss)	\$ (1,208,510)	\$ 663,518	\$ -	\$ -	\$ -	\$ 230,149	\$ (314,843)	\$ 24,734
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	1,200,774						1,200,774	
Changes in assets and liabilities which increase (decrease) cash:								
Receivables	1,294	(39,812)				1,345	(37,173)	(11,936)
Due from other funds						684	684	1,996
Due from other governmental units		(14,567)	(1,442)	(340)	(642)	657	(16,334)	
Prepaid expenses	141,542						141,542	2,098
Accounts payable	191,946	1,200				(10,473)	182,673	9,640
Accrued and other liabilities	35,916		1,442	340	642	(10,344)	27,996	(15,979)
Due to other funds		157,156				73,877	231,033	19
Unearned revenue	3						3	
Patient trust funds	(5,333)						(5,333)	
Compensated absences	17,677						17,677	
Change in net pension liability and deferred amounts	86,741					(20,698)	66,043	
Net cash provided by operating activities by operating activities	<u>\$ 462,050</u>	<u>\$ 767,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,197</u>	<u>\$ 1,494,742</u>	<u>\$ 10,572</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 978,096
Total assets	<u>\$ 978,096</u>
Liabilities	
Accounts payable	\$ 72
Accrued liabilities	406,142
Due to other governmental units	553,394
Undistributed receipts	<u>18,488</u>
Total liabilities	<u>\$ 978,096</u>

See notes to financial statements.

NOTES TO 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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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-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 *road patrol fund* accounts for revenues received from a County millage. This is the only county wide 24 hour police service.

The *voted mosquito fund* accounts for revenues received from a County millage. This 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.

The County reports the following major proprietary funds:

The *Medical Care Community fund* accounts for the operations of the Tuscola County Medical Care Community. 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 Sewer System. The construction project is funded with bonds payable.

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 Community 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, Cash Equivalents, 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 fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaids

Inventories of the Health Department are accounted for utilizing the consumption method and 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 utilizes the consumption method and 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. Prepaids are accounted for in governmental funds using the consumption method whereby expenditures are recognized over the benefitting period.

4. Restricted Cash and Investments

Restricted cash and investments are assets that have been set aside for future purposes in the Medical Care Community 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 acquisition 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 net position reports 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 one item that qualifies for reporting in this category. It is the pension contributions reported in the government-wide statement of net position. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end. The amount is amortized in the plan year in which it applies.

In addition to liabilities, the statement of net position reports 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. Also, another item is future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

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 2017 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2017, 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, 2017 levy is reported as deferred inflows of resources at year-end.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Plan

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

8. Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick time benefits, subject to certain limitations, according to personnel contracts. All vested benefits are accrued when incurred in the government-wide, 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 or retirements.

9. 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.

10. Pensions

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

11. Net Position Flow Assumptions

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.

12. 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.

13. 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).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a resolution 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 resolution 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 resolution) 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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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 unassigned fund balance of approximately 10% of the most current Board approved General Fund Budget.

14. 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>
Nonmajor Special Revenue Funds			
Recycling	\$ 171,650	\$ 180,652	\$ 9,002
Millington Township Police Contract	\$ 158,521	\$ 165,378	\$ 6,857
CDBG Housing Grant	\$ 350,000	\$ 378,089	\$ 28,089
Homeland Security	\$ 680	\$ 829	\$ 149
Law Library	\$ 3,116	\$ 6,865	\$ 3,749
Department of Human Services Board	\$ 30,505	\$ 35,505	\$ 5,000
Veterans Trust	\$ 14,000	\$ 15,133	\$ 1,133

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	\$ 13,080,742
Investments	1,677,308
Restricted cash	2,634,039
Restricted investments	1,282,105
Component Units:	
Cash and cash equivalents	7,100,377
Investments	2,645,162
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	978,096
Total	<u>\$ 29,397,829</u>
Notes to Financial Statements	
Deposits	\$ 23,785,254
Investments	5,604,575
Cash on hand	8,000
Total	<u>\$ 29,397,829</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:

	<u>Carrying Amount</u> <u>(Fair Value)</u>	<u>Maturity Less</u> <u>1 Year</u>	<u>Maturity</u> <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$2,793,811	\$2,793,811	-	AAAm
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	582,887		\$582,887	n/a
Commercial Paper	1,499,242	1,499,242	-	A1
CDs classified as investments	<u>728,635</u>	<u>728,635</u>	-	n/a
Total	<u>\$5,604,575</u>	<u>\$5,021,688</u>	<u>\$582,887</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, \$21,296,765 of the County's bank balance of \$23,046,765 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.

Fair value measurement. The County is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the County's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Michigan Class is considered a local government investment pool of "qualified" investments. Michigan Class is not regulated nor is it registered with the SEC. Michigan Class reports the fair value of the County's investments at the same as the value of the pooled shares. Michigan Class investments are subject to the fair value measurement and are level 2.

The County has the following recurring fair value measurements as of December 31, 2017.

	Level 1	Level 2	Carried at Amortized Cost	Total
Michigan Class Accounts		\$ 2,793,811		\$ 2,793,811
Commercial paper	\$ 1,499,242			1,499,242
Certificates of deposits	1,311,522			1,311,522
Total investments	\$ 2,810,764	\$ 2,793,811	\$ -	\$ 5,604,575

B. Receivables

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

	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 5,197,092	\$ 2,948,158	\$ 2,105,974
Accounts, net	1,129,469	2,225,293	76,106
Special Assessments			
Due within one year			739,297
Due after one year			4,650,432
Intergovernmental			
Due within one year	467,480	799,415	2,389,823
Due after one year	100,000	9,596,114	
Total	\$ 6,894,041	\$ 15,568,980	\$ 9,961,632

The primary government defers 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 \$80,442 of grant draw downs prior to meeting eligibility requirements.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Governmental and enterprise 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 and business-type activities were as follows:

	Taxes Levied for Subsequent Period	Unavailable	Total
	<u> </u>	<u> </u>	<u> </u>
Governmental Activities			
Property taxes receivable	\$ 4,710,325	\$ 401,421	\$ 5,111,746
Land contract receivable		70,000	70,000
Business-Type Activities			
Property taxes receivable	434,465		434,465
Total	<u>\$ 5,144,790</u>	<u>\$ 471,421</u>	<u>\$ 5,616,211</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital assets activity for the year ended December 31, 2017 was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 408,891	\$ -	\$ -	\$ 408,891
Total capital assets not being depreciated:	408,891	-	-	408,891
Capital assets being depreciated:				
Buildings	7,611,284	157,721		7,769,005
Improvements	3,030,717	517,074		3,547,791
Equipment	3,463,080	298,550		3,761,630
Vehicles	1,519,717	224,367	(99,236)	1,644,848
Total capital assets being depreciated:	15,624,798	1,197,712	(99,236)	16,723,274
Less accumulated depreciation:				
Buildings	(4,819,994)	(215,247)		(5,035,241)
Improvements	(1,721,372)	(147,143)		(1,868,515)
Equipment	(2,203,728)	(175,465)		(2,379,193)
Vehicles	(1,018,583)	(123,038)	99,236	(1,042,385)
Total accumulated depreciation	(9,763,677)	(660,893)	99,236	(10,325,334)
Total capital assets being depreciated, net	5,861,121	536,819	-	6,397,940
Governmental activities capital assets, net	\$ 6,270,012	\$ 536,819	\$ -	\$ 6,806,831

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Additions & Adjustments	Disposals & Adjustments	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 5,041	\$ 7,670	\$ (5,041)	\$ 7,670
Capital assets being depreciated:				
Land improvements	2,741,689	5,041		2,746,730
Buildings	14,290,034	13,100		14,303,134
Equipment	10,668,419	182,260	(33,900)	10,816,779
Total capital assets being depreciated	27,700,142	200,401	(33,900)	27,866,643
Less accumulated depreciation:				
Land improvements	(847,452)	(118,230)		(965,682)
Buildings	(5,504,462)	(493,926)		(5,998,388)
Equipment	(5,593,624)	(588,618)	33,747	(6,148,495)
Total accumulated depreciation	(11,945,538)	(1,200,774)	33,747	(13,112,565)
Total capital assets being depreciated, net	15,754,604	(1,000,373)	(153)	14,754,078
Business-type activities capital assets, net	\$ 15,759,645	\$ (992,703)	\$ (5,194)	\$ 14,761,748

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

Governmental activities:

Judicial	\$ 4,500
General government	277,255
Public safety	260,356
Health and welfare	118,782

Total depreciation expense - governmental activities \$660,893

Business-type activities:

Total depreciation expense - Medical Care Community \$1,200,774

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 466,460	\$ 272,452	\$ (439,708)	\$ 299,204
Capital assets being depreciated:				
Infrastructure	20,355,371	1,080,501	-	21,435,872
Less accumulated depreciation:				
Infrastructure	(4,822,643)	(428,717)	-	(5,251,360)
Total capital assets being depreciated, net	15,532,728	651,784	-	16,184,512
Drain commission capital assets, net	<u>\$ 15,999,188</u>	<u>\$ 924,236</u>	<u>\$ (439,708)</u>	<u>\$ 16,483,716</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Activity for the Road Commission for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and right of ways	\$ 294,218	\$ -	\$ -	\$ 294,218
Land improvements	33,388,306	1,011,518		34,399,824
Total capital assets not being depreciated:	<u>33,682,524</u>	<u>1,011,518</u>	<u>-</u>	<u>34,694,042</u>
Capital assets being depreciated:				
Infrastructure	104,038,431	8,190,287	(2,892,534)	109,336,184
Buildings	2,118,170	37,800		2,155,970
Equipment	6,538,580	160,716	(238,148)	6,461,148
Depletable assets	282,717			282,717
Total capital assets being depreciated:	<u>112,977,898</u>	<u>8,388,803</u>	<u>(3,130,682)</u>	<u>118,236,019</u>
Less accumulated depreciation:				
Infrastructure	(45,313,034)	(4,860,894)	2,892,534	(47,281,394)
Buildings	(666,675)	(56,626)		(723,301)
Equipment	(5,606,804)	(286,371)		(5,893,175)
Depletable assets	(47,291)	(133)		(47,424)
Total accumulated depreciation	<u>(51,633,804)</u>	<u>(5,204,024)</u>	<u>2,892,534</u>	<u>(53,945,294)</u>
Total capital assets being depreciated, net	<u>61,344,094</u>	<u>3,184,779</u>	<u>(238,148)</u>	<u>64,290,725</u>
Road commission capital assets, net	<u><u>\$ 95,026,618</u></u>	<u><u>\$ 4,196,297</u></u>	<u><u>\$ (238,148)</u></u>	<u><u>\$ 98,984,767</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due To	Due From							Total
	General Fund	Road Patrol	Voted Mosquito	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 1,000	\$ 545	\$ 68,642	\$ 679,314	\$ 58,861	\$ 192,425	\$ 1,000,787
Road Patrol	1,743							1,743
Voted Mosquito	1,466							1,466
Nonmajor Governmental Funds	358,804			458,567				817,371
Subtotal	<u>362,013</u>	<u>1,000</u>	<u>545</u>	<u>527,209</u>	<u>\$ 679,314</u>	<u>\$ 58,861</u>	<u>\$ 192,425</u>	<u>1,821,367</u>
Internal Service Funds				1,282				1,282
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282</u>
Total	<u>\$ 362,013</u>	<u>\$ 1,000</u>	<u>\$ 545</u>	<u>\$ 528,491</u>	<u>\$ 679,314</u>	<u>\$ 58,861</u>	<u>\$ 192,425</u>	<u>\$ 1,822,649</u>

The balance of \$679,314 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:

	<u>Receivable</u>	<u>Payable</u>
General	\$610,543	
Nonmajor Governmental Fund	-	\$100,543
Drain Commission	<u>606,240</u>	<u>1,116,240</u>
Total	<u>\$1,216,783</u>	<u>\$1,216,783</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Transfers From	Transfers To			Total
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 333,600	\$ 2,664,368	\$ 2,997,968
Health Department			103,744	103,744
Road Patrol			36,907	36,907
Voted Mosquito			9,682	9,682
Nonmajor Governmental Funds	\$ 36,723	2,400,000	437,118	2,873,841
Subtotal	<u>36,723</u>	<u>2,733,600</u>	<u>3,251,819</u>	<u>6,022,142</u>
Reconciling item		182,551	52,801	235,352
Subtotal	<u>36,723</u>	<u>2,916,151</u>	<u>3,304,620</u>	<u>6,257,494</u>
Delinquent Tax Revolving Fund	704,793			704,793
Nonmajor Enterprise Funds	127,902			127,902
	<u>832,695</u>	<u>-</u>	<u>-</u>	<u>832,695</u>
Total	<u>\$ 869,418</u>	<u>\$ 2,916,151</u>	<u>\$ 3,304,620</u>	<u>\$ 7,090,189</u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2017. 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 was extended in 2015 and expires December 31, 2020. The County received lease revenue in the amount of \$405,491. The future minimum lease payments for the remainder of the lease are as follows:

Year Ending December 31	Revenue
2018	\$ 327,507
2019	355,291
2020	355,291
2021	332,491
2022	332,491
2023-2027	1,802,672
2028	<u>366,142</u>
Total	<u>\$ 3,871,885</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, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental activities					
General obligation pension bonds:					
Tuscola County Series 2016	\$ 6,805,000	\$ -	\$ (175,000)	\$ 6,630,000	\$ 185,000
Bond discount - pension	(2,086)		114	(1,972)	
Health Department Series 2017		2,475,000	(100,000)	2,375,000	100,000
Bond discount - pension		(18,378)	766	(17,612)	
Capital Improvement Bonds					
Series 2011	815,000		(40,000)	775,000	40,000
Bond discount	(10,946)		746	(10,200)	
Capital lease	85,343		(17,441)	67,902	18,278
Capital lease		31,130	(572)	30,558	7,046
Compensated absences	463,225	607,737	(653,009)	417,953	189,739
Governmental activities long-term liabilities	<u>\$ 8,155,536</u>	<u>\$ 3,095,489</u>	<u>\$ (984,396)</u>	<u>\$ 10,266,629</u>	<u>\$ 540,063</u>
Business-type activities					
Refunding bonds	\$ 200,000	\$ -	\$ (200,000)	\$ -	\$ -
Medical Care - Small House	4,265,000		(175,000)	4,090,000	185,000
Medical Care - Land Contract	140,000		(70,000)	70,000	70,000
General obligation bonds:					
Mayville Storm Sewer	981,000		(30,000)	951,000	31,000
Richville Water System	210,000		(70,000)	140,000	70,000
Caro Sewer System	4,662,114		(355,000)	4,307,114	360,000
USDA loans:					
Denmark Sewer System	1,902,000		(33,000)	1,869,000	75,000
Wisner Water System	2,970,000		(70,000)	2,900,000	35,000
Compensated absences	376,291	1,145,335	(1,127,658)	393,968	37,629
Business-type activities long-term liabilities	<u>\$ 15,706,405</u>	<u>\$ 1,145,335</u>	<u>\$ (2,130,658)</u>	<u>\$ 14,721,082</u>	<u>\$ 863,629</u>

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units:					
Road Commission					
Equipment note payable	\$ 90,263	\$ -	\$ (45,123)	\$ 45,140	\$ 45,140
Compensated absences	52,802	627		53,429	-
Net OPEB obligation	3,575,845	257,976		3,833,821	-
Total Road Commission	<u>\$ 3,718,910</u>	<u>\$ 258,603</u>	<u>\$ (45,123)</u>	<u>\$ 3,932,390</u>	<u>\$ 45,140</u>
Drain Commission					
General obligation bonds:					
Moore Drain	\$ 1,750,000		\$ (175,000)	\$ 1,575,000	\$ 175,000
Bach and Branches Drain	750,000		(150,000)	600,000	150,000
Northwest Drain	1,050,000		(1,050,000)	-	-
Armbruster Intercounty Drain	126,055		(15,757)	110,298	15,757
Pigeon River Intercounty Drain	158,584		(14,417)	144,167	14,417
Fulton Street Drain	720,000		(45,000)	675,000	50,000
Indian Creek Intercounty Drain		\$ 385,560		385,560	26,010
Yax North Drain		495,000		495,000	30,000
Loans Payable	931,080	81,700	(190,040)	822,740	271,740
Total Drain Commission	<u>\$ 5,485,719</u>	<u>\$ 962,260</u>	<u>\$ (1,640,214)</u>	<u>\$ 4,807,765</u>	<u>\$ 732,924</u>

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, 2017, \$75,000 of bonds outstanding were considered defeased.

Land Contract

During 2016, the Medical Care Community entered into a land contract with the County to purchase 25 acres adjacent to the Medical Care Community main building. The contract was for \$210,000 with three annual payments of \$70,000 through 2018. The outstanding balance as of December 31, 2017 is \$70,000.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

The County issues bonds to provide for the acquisition and construction of major capital facilities and to prefund pension obligations. 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, Richville Water, Caro Sewer bonds and Denmark Sewer and Wisner Water loans 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%	\$ 9,878,460
Business-type activities	7.2 - 8.7%	\$14,327,114

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>
2018	\$ 350,323	\$ 335,548	\$ 826,000	\$ 408,367
2019	457,668	326,393	779,000	390,174
2020	465,074	314,615	726,000	371,310
2021	475,395	300,161	735,000	353,425
2022	490,000	285,617	754,000	334,776
2023-2027	2,820,000	1,184,828	6,005,000	1,041,611
2028-2032	3,380,000	663,524	1,414,114	654,078
2033-2037	1,440,000	87,200	1,048,000	451,716
2038-2042	-	-	847,000	280,393
2043-2047	-	-	828,000	127,575
2048-2052	-	-	365,000	26,264
	<u>9,878,460</u>	<u>3,497,886</u>	<u>14,327,114</u>	<u>4,439,689</u>
Bond discount	(29,784)			
Compensated Absences	<u>417,953</u>		<u>393,968</u>	
Total	<u>\$ 10,266,629</u>	<u>\$ 3,497,886</u>	<u>\$ 14,721,082</u>	<u>\$ 4,439,689</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%	\$4,807,765

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 732,924	\$ 148,155
2019	551,183	126,888
2020	556,183	108,905
2021	556,183	90,610
2022	329,183	75,273
2023-2027	1,412,884	207,142
2028-2032	566,225	55,347
2033-2037	65,000	11,500
2038-2042	<u>38,000</u>	<u>2,220</u>
Total	<u>\$ 4,807,765</u>	<u>\$ 826,040</u>

Road Commission. The long term note payable currently outstanding is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00%	\$45,140

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	<u>\$ 45,140</u>	<u>\$ 1,850</u>
Total	<u>\$ 45,140</u>	<u>\$ 1,850</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 positions designations as of December 31, 2017:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 189,739
Designated for property tax settlements	3,000,000
Tax Foreclosure Fund	
Designated for maintenance of acquired properties	100,000
Designated for cost of lawsuits related to foreclosure	100,000
Designated for delinquent tax fund reimbursement	<u>250,000</u>
Total	<u>\$3,639,739</u>

NOTE 4 – OTHER INFORMATION:

A. Defined Benefit Pension Plans

General County Plan

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.0% to 2.5%. Normal retirement age is 60 with early retirement options including 25 years of service and out and ages 50 to 55 with 15 to 25 years of service, depending on division/bargaining unit. Member contributions range from 4.7% to 6.7%. The MERS plan is closed to all new hires.

Employees covered by benefit terms. As of the most recent valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>138</u>
Total membership	295

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 0% to 26.49% based on annual payroll for open divisions.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

In addition to the required contribution, Tuscola County issued pension obligation bonds on behalf of the Health Department in March 2017 to fund an additional \$2,400,000.

Net Pension Liability. The County's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 33,911,172	\$ 32,130,016	\$ 1,781,156
Changes for the year:			
Service cost	644,951		644,951
Interest	2,658,106		2,658,106
Changes in benefits	-		-
Difference between expected and actual experience	159,878		159,878
Changes in assumptions	-		-
Employer contributions		359,904	(359,904)
Employee contributions		340,891	(340,891)
Net investment income		4,201,461	(4,201,461)
Benefit payments, including employee refunds	(2,014,650)	(2,014,650)	-
Administrative expense		(66,597)	66,597
Other changes	(120,584)		(120,584)
Net changes	<u>1,327,701</u>	<u>2,821,009</u>	<u>(1,493,308)</u>
Balances at December 31, 2017	<u>\$ 35,238,873</u>	<u>\$ 34,951,025</u>	<u>\$ 287,848</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.0% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate (8.0%)	1% Increase 9.0%
Net Pension Liability at 12/31/17	\$ 4,192,949	\$ 287,848	\$ (3,012,398)

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

For the year ended December 31, 2017, the County recognized pension expense of \$868,054. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience		\$ 137,284
Differences in assumptions		995,340
Excess (deficit) investment returns	\$ 908,669	2,024,781
Contributions subsequent to the measurement date		
Total	<u>\$ 908,669</u>	<u>\$ 3,157,405</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2018	\$ (475,056)
2019	(475,056)
2020	(929,392)
2021	(369,232)
2022	-
Thereafter	-
Total	<u>\$ (2,248,736)</u>

Major Fund - Medical Care Community Plan

General Information about the Pension Plan

Plan Description. The Medical Care Community participates in the Municipal Employees Retirement System (MERS) of Michigan, a defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multiplier of 1.5%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 55 with 25 years of service. Member contributions range from 3% to 5%.

Employees covered by benefit terms. At the December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>338</u>
Total membership	<u><u>466</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 2.88% of annual payroll for 2017.

Net Pension Liability. The employer's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

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

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
Global Equity	57.50%	5.02%	2.89%
Global Fixed Income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying Strategies	10.00%	6.56%	0.64%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount rate. The discount rate used to measure the total pension liability is 8.0% (down from 8.25% in 2016). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 16,115,069	\$ 14,403,741	\$ 1,711,328
Changes for the year:			
Service cost	764,075		764,075
Interest	1,284,659		1,284,659
Difference between expected and actual experience	(78,860)		(78,860)
Changes in assumptions	-		-
Employer contributions		407,013	(407,013)
Employee contributions		562,406	(562,406)
Net investment income		1,920,623	(1,920,623)
Benefit payments, including employee refunds	(877,745)	(877,745)	-
Administrative expense		(30,350)	30,350
Other changes	32,281		32,281
Net changes	<u>1,124,410</u>	<u>1,981,947</u>	<u>(857,537)</u>
Balances at December 31, 2017	<u>\$ 17,239,479</u>	<u>\$ 16,385,688</u>	<u>\$ 853,791</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate (8.0%)	1% Increase 9.0%
Net Pension Liability at 12/31/17	\$ 3,188,057	\$ 853,791	\$ (1,039,410)

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

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

For the year ended December 31, 2017, the Medical Care Community recognized pension expense of \$493,754. The Medical Care Community reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 101,156	\$ 69,002
Differences in assumptions	459,200	
Excess (deficit) investment returns		357,176
Contributions subsequent to the measurement date		
Total	<u>\$ 560,356</u>	<u>\$ 426,178</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2018	\$ 99,548
2019	99,549
2020	(152,491)
2021	(69,639)
2022	83,537
Thereafter	<u>73,674</u>
Total	<u>\$ 134,178</u>

Payable to the Pension Plan. At December 31, 2017, the Medical Care Community reported a payable of \$94,698 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

Major Fund - Health Department Plan

General Information about the Pension Plan

Plan Description. The Health Department's defined benefit pension plan provides certain retirement disability and death benefits to plan members and beneficiaries. The Health Department participates in the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. Retirement benefits are calculated as 2.25% of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 years, with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 8 years. Employees are eligible for non-duty disability benefits after 8 years of service and for duty-related disability benefits upon hire.

Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85% of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date of 2.5%. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of Health.

Employees covered by benefit terms. At the December 31, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>27</u>
Total membership	<u><u>60</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employee contribution rates are 4.33% on annual payroll for the open division for the plan year ended December 31, 2016. One division that is closed to new employees, had a flat rate of \$19,500 for the plan year ended December 31, 2016. In March of 2017, due to the advance payment of \$2,400,000 to MERS, payments were \$765 per month for new hires and \$8,047 per month for the closed division.

Net Pension Liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 10,243,929	\$ 7,162,896	\$ 3,081,033
Changes for the year:			
Service cost	152,467		152,467
Interest	805,787		805,787
Difference between expected and actual experience	212,394		212,394
Changes in assumptions	-		-
Employer contributions		238,920	(238,920)
Employee contributions		64,567	(64,567)
Net investment income		813,161	(813,161)
Benefit payments, including employee refunds	(495,658)	(495,658)	-
Administrative expense		(16,049)	16,049
Other changes	-		-
Net changes	<u>674,990</u>	<u>604,941</u>	<u>70,049</u>
Balances at December 31, 2016	<u>\$ 10,918,919</u>	<u>\$ 7,767,837</u>	<u>\$ 3,151,082</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.0% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate (8.0%)	1% Increase 9.0%
Net Pension Liability at 9/30/17	\$ 4,372,849	\$ 3,151,082	\$ 2,111,278

Note: The current discount rate shown for GASB 68 purposes is higher than MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

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

During the year the Health Department recognized pension expense of \$654,937. At year end, the Health Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 103,732	\$ -
Differences in assumptions	156,761	
Excess (deficit) investment returns	284,521	
Contributions subsequent to the measurement date	<u>2,513,214</u>	
Total	<u>\$ 3,058,228</u>	<u>\$ -</u>

The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in net pension liability for the plan year ended December 31, 2017.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2017	\$ 309,904
2018	191,007
2019	93,794
2020	(49,691)
Total	\$ 545,014

Aggregate Defined Benefit Pension Plan Information

A reconciliation of pension items as shown in the basic financial statements is as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental activities				
General County	\$ 287,848	\$ 908,669	\$ 3,157,405	\$ 868,054
Health Department	3,151,082	3,058,228	-	654,937
Total governmental activities	3,438,930	3,966,897	3,157,405	1,522,991
Business-type activities				
Medical Care Community	853,791	560,356	426,178	493,754
Total business-type activities	853,791	560,356	426,178	493,754
Grand total	\$ 4,292,721	\$ 4,527,253	\$ 3,583,583	\$ 2,016,745

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Component Unit - Road Commission Plan

Municipal Employees Retirement System of Michigan

Plan Description. The Road Commission's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 1.0% to 2.0%. Normal retirement age is 60 with early retirement options including 25 years of service and out and ages 50 to 55 with 15 to 25 years of service, depending on division/bargaining unit. Member contributions range from 0% to 5.43%.

Employees covered by benefit terms. At the most recent valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	3
Active employees	22
Total membership	49

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the open division, the employer contribution rate was 4.85%. For the closed divisions, the employer was required to contribute approximately \$177,000.

Net Pension Liability. The employer's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

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

Changes in Net Pension Liability

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

	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a) - (b)</u>
Balances at December 31, 2016	\$ 6,135,285	\$ 3,907,853	\$ 2,227,432
Changes for the year:			
Service cost	91,294		91,294
Interest	478,491		478,491
Difference between expected and actual experience	10,090		10,090
Changes of assumptions	-		
Employer contributions		492,617	(492,617)
Employee contributions		65,407	(65,407)
Net investment income		510,386	(510,386)
Benefit payments, including employee refunds	(399,611)	(399,611)	-
Administrative expense		(8,082)	8,082
Other changes	(18,242)		(18,242)
Net changes	<u>162,022</u>	<u>660,717</u>	<u>(498,695)</u>
Balances at December 31, 2017	<u>\$ 6,297,307</u>	<u>\$ 4,568,570</u>	<u>\$ 1,728,737</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate (8.0%)	1% Increase 9.0%
Net Pension Liability at 12/31/17	\$ 2,332,912	\$ 1,728,737	\$ 1,208,832

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

For the year ended December 31, 2017, the Road Commission recognized pension expense of \$275,742. The Road Commission reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 6,727	\$ 1,478
Differences in assumptions	89,046	
Excess (deficit) investment returns		78,669
Contributions subsequent to the measurement date		
	\$ 95,773	\$ 80,147
Total		

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2018	\$ 100,165
2019	12,599
2020	(58,790)
2021	(38,348)
Total	\$ 15,626

Component Unit - Road Commission Plan

Massachusetts Mutual Plan

Plan Description. The Road Commission administers the Pension Plan for Employees of Tuscola County Road Commission - a single-employer defined benefit pension plan that provides pension for participants as defined by the plan document. Management of the plan is the responsibility of the Finance Director and Benefit Services Director. The Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information and that report may be obtained by writing to the Tuscola County Road Commission, 1733 Mertz Road, Caro, MI 48723.

Benefits Provided. For active participants in the plan: \$7.35 multiplied by years of benefit service.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Employees covered by benefit terms. At the March 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	5
Active employees	30
Total membership	35

Contributions. The Pension Plan for Employees of Tuscola County Road Commission was established and is being funded under the authority of Tuscola County Road Commission. The plan's funding policy is that employees will contribute a fixed hourly rate specified in the plan document, and the employer will contribute any remaining required amounts as determined by an annual actuarial valuation. The current rate of employee contribution is \$0.03 for each straight time hour worked during each month. The plan also calls for Tuscola County Road Commission to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long term contracts for contributions to the plan. The plan has no legally required reserves.

Net Pension Liability. The net pension liability was valued and measured as of March 31, 2017.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of March 31, 2017 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Investment rate of return	5.00%

The mortality tables used were the IRS 2017 1.430(h) sex-distinct Mortality Tables for annuitants and non-annuitants.

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of March 31, 2017 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income General Investment Contract	100.0%	5.00%

The sum of target allocations times its long term expected rates is 5.00%.
The long-term expected rate of return is 5.00%.

Discount rate. The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Last year's discount rate was 5.00%.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2016	\$ 574,816	\$ 173,057	\$ 401,759
Changes for the year:			
Service cost	15,005		15,005
Interest	28,826		28,826
Experience (gains)/losses	(16,078)		(16,078)
Change in actuarial assumptions	1,134		1,134
Employer contributions		7,990	(7,990)
Employee contributions		2,397	(2,397)
Net investment income		8,388	(8,388)
Benefit payments, including employee refunds	(26,589)	(26,589)	-
Administrative expense		(800)	800
Other changes			-
Net changes	<u>2,298</u>	<u>(8,614)</u>	<u>10,912</u>
Balances at March 31, 2017	<u>\$ 577,114</u>	<u>\$ 164,443</u>	<u>\$ 412,671</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (NPL) of the Road Commission, calculated using the discount rate of 5.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point higher (6.00%) or lower (4.00%) than the current rate:

	1% Decrease 4.0%	Current Discount Rate (5.0%)	1% Increase 6.0%
Net Pension Liability at 12/31/17	\$ 497,884	\$ 412,671	\$ 341,225

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

For the year ended March 31, 2017, the Road Commission recognized pension expense of \$30,538. The Road Commission reported deferred outflows and inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience gains/losses	\$ -	\$ 28,730
Changes in assumptions	2,732	
Investment earnings gains/losses	137	
Contributions subsequent to the valuation date	<u>5,398</u>	
Total	<u>\$ 8,267</u>	<u>\$ 28,730</u>

\$5,398 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2018	\$ (3,468)
2019	(3,467)
2020	(3,492)
2021	(3,564)
2022	(3,532)
Thereafter	<u>(8,338)</u>
Total	<u>\$ (25,861)</u>

At December 31, 2017, the above described pension amounts were reported in the Road Commission's governmental activities as follows:

	Net pension liability	Deferred outflows of resources-related to pensions	Deferred inflows of resources-related to pensions
MERS	\$ 1,728,737	\$ 95,773	\$ 80,147
Mass Mutual	412,671	8,267	28,730
Total	<u>\$ 2,141,408</u>	<u>\$ 104,040</u>	<u>\$ 108,877</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION

Plan Description

In addition to the pension benefits described in Note 4A, 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.

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 \$420,405 for the year ending December 31, 2017.

Funding Progress

For the year beginning January 1, 2017, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2017. 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	\$ 659,307
Interest on net OPEB	250,309
Adjustments to ARC	(231,235)
Amounts contributed:	
Payments of current premiums	(420,405)
Increase in net OPEB obligation	257,976
OPEB obligation, beginning of year	<u>3,575,845</u>
OPEB obligation, end of year	<u>\$3,833,821</u>

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/15	\$ 680,281	57%	\$3,303,358
12/31/16	\$ 680,013	57%	\$3,575,845
12/31/17	\$ 678,381	62%	\$3,833,821

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability or occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

Actuarial accrued liability (AAL)	\$8,937,161
Actuarial value of plan assets	-
Funded ratio	0%
Annual covered payroll (12/31/17)	\$2,441,620
Ratio of UAAL to covered payroll	366%

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, 2017 actuarial valuation, the entry age normal actuarial method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% salary scale, 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, 2017 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, 2017, 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, 2017, the balance of the County's member retention fund was \$132,438.

Changes in the estimated claims liability are as follows:

	<u>2016</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ 37,181	\$ 27,752
Claims dismissed		
Incurred claims	22,174	-
Claim payments	<u>(31,603)</u>	<u>(27,752)</u>
Unpaid claims, end of year	<u>\$ 27,752</u>	<u>\$ -</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 Community 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. There are no outstanding claims at the end of 2017.

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

	<u>2016</u>	<u>2017</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	1,890	-
Claims Paid	<u>(1,890)</u>	<u>-</u>
Unpaid Claims	<u>\$ -</u>	<u>\$ -</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 Community, 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. 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>2016</u>	<u>2017</u>
Unpaid Claims, beginning of year	\$ 159,189	\$ 137,578
Incurred Claims (including IBNR)	2,134,807	2,359,125
Claims Paid	<u>(2,156,418)</u>	<u>(2,375,104)</u>
Unpaid Claims	<u>\$ 137,578</u>	<u>\$ 121,599</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 2017 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 2017 ad valorem tax is levied and collectible by December 1, 2017, 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, 2016, levy totaled \$1,708,901,809. The taxable value of real and personal property for the July 1, 2017, levy totaled \$1,737,861,448. The tax levy for fiscal year 2017 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
Veterans	.1700 mills
Medical Care Community	.2500 mills
Voted MSU	.1000 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2017 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 mills

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

E. TAX ABATEMENTS

INDUSTRIAL FACILITIES EXEMPTION

Municipalities within the County's boundaries entered into property tax abatement agreements with local business under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term for 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017, the County's property tax revenue for general operations were reduced by \$40,940 under this program.

<u>Governmental Unit</u>	<u>Amount</u>
Akron Township	\$ 6,585
Denmark Township	2,634
Elkland Township	23,857
Fremont Township	512
Indianfields Township	4,063
Millington Township	1,257
Tuscola Township	1,383
Watertown Township	132
City of Caro	<u>517</u>
 Total	 <u><u>\$ 40,940</u></u>

There are no significant abatements made by the County.

F. 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.

G. 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, 2017 was \$85,676. Lease payments are determined annually by Tuscola County.

The County has two operating lease agreements for postage meters with total monthly payments of \$602 and one operating lease agreement for copiers with total monthly payments of \$413.

The Health Department has an operating lease agreement for a postage meter lease was signed on June 12, 2015 with quarterly payments of approximately \$495 through June of 2019. The amount expensed under the lease for the 2017 fiscal year was \$1,980. Future minimum payments are as follows: \$1,980 for fiscal year 2018, and \$1,484 for fiscal year 2019.

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>
2018	\$246,364
2019	186,372
2020	138,292
2021	14,040
2022	<u>5,850</u>
Total	<u><u>\$ 590,918</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Capital Lease as Lessee

The County leased a phone system and a Bobcat skid steer loader under an agreement classified as capital lease. The cost and accumulated depreciation as of December 31, 2017 related to such equipment is as follows:

Asset	
Machinery & Equipment	\$143,707
Less: Accumulated Depreciation	<u>(18,084)</u>
Total	<u>\$125,623</u>

The present value of future minimum lease payments under capital leases as of December 31, 2017 is as follows:

Year Ending December 31, 2018	\$29,559
Year Ending December 31, 2019	45,669
Year Ending December 31, 2020	21,159
Year Ending December 31, 2021	<u>10,579</u>
Total Minimum Lease Payments	106,966
Less: amount representing interest	<u>8,506</u>
Present Value of Minimum Lease Payments	<u>\$98,460</u>

H. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the County will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The County is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 75 is effective for fiscal years beginning after June 15, 2017.

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the County's 2019 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

I. MICHIGAN RENEWABLE ENERGY COLLABORATIVE

Tuscola County along with various townships were successful in settling with Nextera over the taxation of wind turbines in the county. This resulted in \$667,774 in previously assigned fund balance for wind revenue reserve becoming unassigned. County leadership and involvement on the Michigan Renewable Energy Collaborative (MREC) played an important part in achieving this objective. Consumers Energy and other wind companies still have disputes and the county continues to assign fund balance for these wind turbine projects.

J. POTENTIAL LIABILITY

There is a potential issue with compliance with Federal tax rules regarding labor contract language allowing certain employee contributions to the Municipal Employee's Retirement System (MERS) Health Care Saving Program in past years. There is a possibility that if a future Federal tax audit were to occur, it could potentially result in a tax liability for the County. The County together with their labor attorney are currently working on contract language amendments to ensure compliance with Federal tax rules.

REQUIRED SUPPLEMENTARY INFORMATION



TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 6,833,000	\$ 6,833,000	\$ 6,884,089	\$ 51,089
Payment in lieu of taxes	6,000	6,000	4,356	(1,644)
Trailer park taxes	4,700	4,700	6,560	1,860
Total taxes	<u>6,843,700</u>	<u>6,843,700</u>	<u>6,895,005</u>	<u>51,305</u>
Licenses and permits				
Marriage licenses	2,000	2,000	1,760	(240)
Building code licenses	300,000	338,700	338,575	(125)
Dog licenses	125,000	125,000	117,581	(7,419)
Unified court licenses	15,000	15,000	12,809	(2,191)
Other	1,712	1,712	1,252	(460)
Total licenses and permits	<u>443,712</u>	<u>482,412</u>	<u>471,977</u>	<u>(10,435)</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	72,000	72,000	74,331	2,331
Marine safety	14,400	13,400	13,380	(20)
Civil defense	34,000	34,000	30,204	(3,796)
Thumb narcotics	7,000	14,667	-	(14,667)
State				
Judges	241,307	241,307	243,631	2,324
State payment courts	232,000	232,300	218,485	(13,815)
Secondary road patrol	89,931	89,931	93,981	4,050
SSI incentive	6,000	6,000	5,000	(1,000)
Hotel liquor tax	108,180	108,180	104,259	(3,921)
State revenue sharing	1,108,101	1,108,101	1,111,427	3,326
Local				
Marine safety	-	4,000	8,405	4,405
Total intergovernmental - federal/state/local	<u>1,912,919</u>	<u>1,923,886</u>	<u>1,903,103</u>	<u>(20,783)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 263,400	\$ 263,900	\$ 258,777	\$ (5,123)
District court - probation	216,000	216,000	220,875	4,875
County clerk costs	200,000	200,000	164,267	(35,733)
Friend of the court costs	19,000	19,000	10,694	(8,306)
Bond costs	3,000	5,000	5,356	356
District court				
Screening assessment	20,000	20,000	18,155	(1,845)
Probate court	35,500	35,500	34,619	(881)
Civil	140,000	140,000	149,151	9,151
Warrant fees	20,000	20,000	17,579	(2,421)
Court	600	760	775	15
Other	1,500	1,500	2,090	590
Circuit court				
Court	15,100	15,100	5,530	(9,570)
Searches and motion fees	14,000	14,000	13,000	(1,000)
Jury, entry and forensic fees	16,000	16,000	15,821	(179)
Other	100	100	81	(19)
Family division				
Admin fees	35,000	35,000	28,647	(6,353)
Filing fees	-	93	186	93
Collection fees	100	6,600	6,150	(450)
County clerk				
DbA/co-partnership	4,000	4,000	3,890	(110)
Certified	36,000	36,000	34,190	(1,810)
Copies	7,400	7,400	6,962	(438)
Other	8,275	8,275	7,585	(690)
Equalization	50	50	-	(50)
Register of deeds				
Transfer	115,000	135,000	145,500	10,500
Recordings	190,000	220,000	229,998	9,998
Copies	60,000	76,000	82,374	6,374
Other	1,050	1,050	1,028	(22)
County treasurer	64,000	65,600	63,987	(1,613)
Animal shelter	2,300	2,300	1,477	(823)
Sheriff	9,800	10,120	6,141	(3,979)
Jail	250,000	244,120	221,334	(22,786)
Other	475	513	498	(15)
Sheriff				
Canteen	22,000	39,000	46,473	7,473
Auction	600	2,700	2,700	-
Animal shelter	200	200	50	(150)
Other	19,300	20,600	21,235	635
Film	4,000	4,000	482	(3,518)
Total charges for services	<u>1,793,750</u>	<u>1,885,481</u>	<u>1,827,657</u>	<u>(57,824)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 14,500	\$ 27,500	\$ 28,415	\$ 915
Ordinance fines and warrant fees	21,000	21,000	17,661	(3,339)
County treasurer	<u>9,000</u>	<u>16,500</u>	<u>16,875</u>	<u>375</u>
Total fines and forfeits	<u>44,500</u>	<u>65,000</u>	<u>62,951</u>	<u>(2,049)</u>
Interest and rents				
Interest	63,000	63,000	64,779	1,779
Rentals	<u>406,152</u>	<u>399,668</u>	<u>399,176</u>	<u>(492)</u>
Total interest and rent	<u>469,152</u>	<u>462,668</u>	<u>463,955</u>	<u>1,287</u>
Other revenue				
Reimbursements and refunds	<u>686,277</u>	<u>714,625</u>	<u>675,372</u>	<u>(39,253)</u>
Total revenues	<u>12,194,010</u>	<u>12,377,772</u>	<u>12,300,020</u>	<u>(77,752)</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 99,134	\$ 93,460	\$ 95,580	\$ 2,120
Supplies, printing and postage	1,000	1,133	828	(305)
Memberships and subscription	11,000	11,000	10,767	(233)
Travel	8,000	8,000	8,325	325
Advertising	2,000	2,000	1,646	(354)
Telephone	2,200	2,200	1,534	(666)
Employee training	5,666	5,666	4,382	(1,284)
Total legislative	<u>129,000</u>	<u>123,459</u>	<u>123,062</u>	<u>(397)</u>
Judicial				
Unified Court				
Salaries and fringes	1,686,123	1,631,535	1,593,841	(37,694)
Supplies, printing and postage	60,435	60,435	61,625	1,190
Contracted services	50,300	65,220	62,830	(2,390)
Court appointed counsel	489,250	484,250	515,553	31,303
Court appointed appeal of right	22,000	22,000	29,184	7,184
Steno transcript	8,000	8,000	5,085	(2,915)
Steno appeal transcript	11,000	11,000	7,251	(3,749)
Jury fees, meals and travel	68,000	68,000	40,750	(27,250)
Memberships and subscriptions	5,000	5,000	5,441	441
Visiting judge	17,000	17,000	18,752	1,752
Travel	7,000	7,000	2,099	(4,901)
Telephone	6,400	6,400	3,452	(2,948)
Repairs and maintenance	1,500	1,500	1,500	-
Employee training	7,500	7,500	4,763	(2,737)
Books	5,000	5,000	5,027	27
Total unified court	<u>2,444,508</u>	<u>2,399,840</u>	<u>2,357,153</u>	<u>(42,687)</u>
Jury commission				
Salaries and fringes	1,615	1,615	1,615	-
Supplies, printing and postage	3,700	3,700	3,091	(609)
Travel	560	560	-	(560)
Total jury commission	<u>5,875</u>	<u>5,875</u>	<u>4,706</u>	<u>(1,169)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 4,000	\$ 4,000	\$ 3,634	\$ (366)
Utilities	10,000	10,000	6,057	(3,943)
Total adult probation	<u>14,000</u>	<u>14,000</u>	<u>9,691</u>	<u>(4,309)</u>
Total judicial	<u>2,464,383</u>	<u>2,419,715</u>	<u>2,371,550</u>	<u>(48,165)</u>
General government				
Elections				
Salaries and fringes	1,280	1,280	563	(717)
Supplies, printing and postage	40,500	59,000	59,671	671
Travel	500	500	255	(245)
Total elections	<u>42,280</u>	<u>60,780</u>	<u>60,489</u>	<u>(291)</u>
Legal	<u>75,000</u>	<u>128,000</u>	<u>125,689</u>	<u>(2,311)</u>
County clerk				
Salaries and fringes	450,224	431,758	408,541	(23,217)
Supplies, printing and postage	14,600	15,288	14,342	(946)
Memberships and subscription	900	900	857	(43)
Employee training	1,500	1,500	1,362	(138)
Travel	500	500	361	(139)
Total county clerk	<u>467,724</u>	<u>449,946</u>	<u>425,463</u>	<u>(24,483)</u>
Controller				
Salaries and fringes	325,463	317,261	315,684	(1,577)
Supplies, printing and postage	4,200	4,200	3,169	(1,031)
Memberships and subscription	1,900	1,900	1,268	(632)
Travel	200	200	183	(17)
Employee training	1,283	1,283	401	(882)
Total controller	<u>333,046</u>	<u>324,844</u>	<u>320,705</u>	<u>(4,139)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 238,536	\$ 241,385	\$ 233,789	\$ (7,596)
Supplies, printing and postage	1,540	1,540	886	(654)
Memberships and subscription	1,500	1,500	1,537	37
Travel	1,000	1,000	925	(75)
Employee training	1,200	1,200	905	(295)
	<u>243,776</u>	<u>246,625</u>	<u>238,042</u>	<u>(8,583)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	534,769	514,896	485,930	(28,966)
Supplies, printing and postage	9,263	11,603	14,126	2,523
Contracted services	1,000	1,000	-	(1,000)
Steno transcript	500	800	1,353	553
Steno appeal transcript	500	500	-	(500)
Memberships and subscription	3,500	3,500	4,333	833
Travel	400	850	880	30
Employee training	300	300	-	(300)
Books	4,250	4,050	3,935	(115)
	<u>554,482</u>	<u>537,499</u>	<u>510,557</u>	<u>(26,942)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	177,024	169,788	161,791	(7,997)
Supplies, printing and postage	1,125	1,125	1,086	(39)
Contracted services	200	200	42	(158)
	<u>178,349</u>	<u>171,113</u>	<u>162,919</u>	<u>(8,194)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	269,993	261,178	247,742	(13,436)
Supplies, printing and postage	5,200	5,234	3,948	(1,286)
Contracted services	4,800	4,800	4,800	-
Employee training	500	800	654	(146)
Memberships and subscription	500	500	350	(150)
Travel	1,000	1,000	726	(274)
	<u>281,993</u>	<u>273,512</u>	<u>258,220</u>	<u>(15,292)</u>
Total register of deeds				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 246,804	\$ 342,176	\$ 332,939	\$ (9,237)
Supplies, printing and postage	48,000	48,000	42,803	(5,197)
Memberships and subscription	200	200	220	20
Travel	350	350	330	(20)
Employee training	800	800	688	(112)
Total treasurer	<u>296,154</u>	<u>391,526</u>	<u>376,980</u>	<u>(14,546)</u>
Computer operations				
Salaries and fringes	236,508	251,675	247,723	(3,952)
Supplies, printing and postage	5,500	5,500	5,827	327
Memberships and subscription	200	200	200	-
Employee training	4,000	4,000	1,278	(2,722)
Computer service contract	224,000	224,000	218,651	(5,349)
Computer repairs and maintenance	12,000	12,000	12,104	104
Computer contractual	12,000	12,000	10,985	(1,015)
Total computer operations	<u>494,208</u>	<u>509,375</u>	<u>496,768</u>	<u>(12,607)</u>
Building and grounds				
Salaries and fringes	371,761	350,687	340,656	(10,031)
Supplies, printing and postage	14,700	14,700	13,241	(1,459)
Uniforms and accessories	2,700	2,700	3,524	824
Gas, oil and grease	10,000	10,000	9,477	(523)
Janitorial supplies	21,800	21,800	25,042	3,242
Telephone	20,200	27,560	27,903	343
Utilities	241,000	241,000	195,322	(45,678)
Repairs and maintenance	135,700	140,700	144,486	3,786
Grounds care and maintenance	9,500	9,500	9,573	73
Total building and grounds	<u>827,361</u>	<u>818,647</u>	<u>769,224</u>	<u>(49,423)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 205,921	\$ 198,929	\$ 191,060	\$ (7,869)
Supplies, printing and postage	5,400	5,733	4,167	(1,566)
Memberships and subscription	600	600	805	205
Travel	2,000	2,000	1,275	(725)
Employee training	3,500	3,500	3,633	133
	<u>217,421</u>	<u>210,762</u>	<u>200,940</u>	<u>(9,822)</u>
Total drain commission				
	<u>4,011,794</u>	<u>4,122,629</u>	<u>3,945,996</u>	<u>(176,633)</u>
Total general government				
Public safety				
Courthouse security				
Salaries and fringes	127,727	123,073	118,931	(4,142)
Supplies, printing and postage	5,300	5,300	4,936	(364)
Laundry - employees	300	300	7	(293)
	<u>133,327</u>	<u>128,673</u>	<u>123,874</u>	<u>(4,799)</u>
Total courthouse security				
Sheriff's department				
Salaries and fringes	1,627,057	1,566,013	1,562,737	(3,276)
Supplies, printing and postage	7,000	7,429	7,565	136
Food	-	17,000	19,248	2,248
Vehicle operating supplies	1,200	1,200	494	(706)
Kitchen supplies	500	500	288	(212)
Clothing and bedding	10,000	13,000	13,221	221
Uniforms and accessories	7,000	7,000	6,975	(25)
Gas, oil and grease	9,000	9,000	8,536	(464)
Drugs and prescriptions	25,000	25,000	12,473	(12,527)
Janitorial supplies	11,000	17,000	17,605	605
Contractual services	5,000	24,000	19,645	(4,355)
Memberships and subscription	1,100	1,100	1,289	189
Laundry - employees	3,600	3,600	2,554	(1,046)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 292,217	\$ 294,969	\$ 303,752	\$ 8,783
Health services	210,700	210,700	187,124	(23,576)
Telephone	6,384	6,384	5,503	(881)
Travel	800	800	1,275	475
Advertising (help bids)	80	80	-	(80)
Insurance and bonds	17,334	14,334	12,983	(1,351)
Repairs and maintenance	61,400	48,400	28,348	(20,052)
Equipment rental	4,200	4,200	6,786	2,586
Investigations	350	350	377	27
Employee training	2,000	2,000	2,284	284
	<u>2,302,922</u>	<u>2,274,059</u>	<u>2,221,062</u>	<u>(52,997)</u>
Total sheriff's department				
County weighmaster				
Salaries and fringes	77,789	75,605	73,039	(2,566)
Insurance	2,850	4,850	6,683	1,833
	<u>80,639</u>	<u>80,455</u>	<u>79,722</u>	<u>(733)</u>
Total county weighmaster				
Marine safety				
Salaries and fringes	7,370	9,353	9,352	(1)
Supplies, printing and postage	488	358	357	(1)
Uniforms and accessories	-	132	132	-
Gas, oil and grease	1,200	740	735	(5)
Equipment maintenance and supplies	300	7	7	-
Insurance	1,442	1,007	1,007	-
Repairs and maintenance	2,000	373	363	(10)
Rentals	1,600	650	650	-
Employee training	-	780	779	(1)
	<u>14,400</u>	<u>13,400</u>	<u>13,382</u>	<u>(18)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	78,126	76,870	72,952	(3,918)
Gas, oil and grease	3,926	3,926	2,864	(1,062)
Laundry	650	650	226	(424)
Liability and blanket bond	3,300	3,300	3,489	189
Equipment	3,929	3,929	8,793	4,864
	<u>89,931</u>	<u>88,675</u>	<u>88,324</u>	<u>(351)</u>
Total secondary road patrol				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 7,000	\$ 14,667	\$ 13,473	\$ (1,194)
Community corrections services				
Salaries and fringes	-	12,042	11,877	(165)
Planning commission				
Salaries and fringes	2,684	2,606	1,891	(715)
Supplies, printing and postage	50	50	18	(32)
Employee training	-	500	-	(500)
Travel	1,300	1,300	1,052	(248)
Total planning commission	4,034	4,456	2,961	(1,495)
Emergency services				
Salaries and fringes	88,817	86,396	80,490	(5,906)
Supplies, printing and postage	750	750	1,169	419
Uniforms and accessories	500	500	450	(50)
Gas, oil and grease	2,000	2,000	1,533	(467)
Memberships and subscription	50	50	25	(25)
Telephone	700	700	639	(61)
Travel	300	300	343	43
Vehicle insurance	670	670	503	(167)
Repairs and maintenance	2,350	2,350	1,276	(1,074)
Employee training	1,200	1,200	1,135	(65)
Total emergency services	97,337	94,916	87,563	(7,353)
Animal shelter				
Contractual services	140,750	140,750	140,353	(397)
Supplies, printing and postage	250	250	-	(250)
Gas, oil and grease	12,000	12,000	7,192	(4,808)
Telephone	500	500	611	111
Total animal shelter	153,500	153,500	148,156	(5,344)
Total public safety	2,883,090	2,864,843	2,790,394	(74,449)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 300,000	\$ 338,700	\$ 338,698	\$ (2)
Department of public works	1,500	1,500	808	(692)
Drains at large	408,183	408,183	408,183	-
Total public works	709,683	748,383	747,689	(694)
Health and welfare				
Substance abuse	54,090	54,090	52,130	(1,960)
DHHS Board	-	8,361	8,350	(11)
Medical examiner				
Supplies, printing and postage	3,600	4,100	2,331	(1,769)
Body transport	2,500	4,500	3,970	(530)
Autopsies	23,000	39,945	43,604	3,659
Employee training	1,000	1,000	100	(900)
Contractual services	32,355	34,855	34,394	(461)
Total medical examiner	62,455	84,400	84,399	(1)
Airport zoning board	100	100	5	(95)
Economic development	80,000	80,000	80,000	-
Mental health appropriations	288,243	288,243	288,243	-
Total health and welfare	484,888	515,194	513,127	(2,067)
Other				
Insurance and bonds	103,000	103,000	59,533	(43,467)
Vacation and sick pay	62,507	62,507	20,458	(42,049)
Tax refunds and rebates	25,000	23,400	7,746	(15,654)
Appropriations	6,000	6,000	6,579	579
Audit	39,000	39,000	39,300	300
Accounting services	13,000	13,000	10,505	(2,495)
Contingency	283,487	241,000	-	-
Total other	531,994	487,907	144,121	(102,786)
Capital outlay	21,160	21,160	21,159	(1)
Total expenditures	11,235,992	11,303,290	10,657,098	(646,192)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Transfers in				
Veterans trust	\$ 1,000	\$ -	\$ -	\$ -
Revolving tax	681,772	705,050	704,793	(257)
Principal exemption	1,218	1,218	1,218	-
Road patrol	-	30,506	35,505	4,999
Tax foreclosure	50,000	127,902	127,902	-
Total transfers in	<u>733,990</u>	<u>864,676</u>	<u>869,418</u>	<u>4,742</u>
Transfers out				
Friend of the court	(242,970)	(242,970)	(242,970)	-
Health department	(333,600)	(333,600)	(333,600)	-
Equipment/capital improvement	(262,000)	(1,291,738)	(1,291,738)	-
Child care - department of human services	(200,000)	(200,000)	(200,000)	-
Parks and recreation	(9,000)	(55,600)	(55,600)	-
Community corrections	(36,000)	(36,000)	(35,830)	(170)
Department of human services	(9,000)	(9,000)	-	(9,000)
Probate child care	(525,000)	(525,000)	(525,000)	-
Purdy building debt	(74,438)	(74,438)	(74,438)	-
Pension obligation bond	-	(237,317)	(238,792)	1,475
Total transfers out	<u>(1,692,008)</u>	<u>(3,005,663)</u>	<u>(2,997,968)</u>	<u>(7,695)</u>
Total other financing sources (uses)	<u>(958,018)</u>	<u>(2,140,987)</u>	<u>(2,128,550)</u>	<u>12,437</u>
Net change in fund balance	-	(1,066,505)	(485,628)	580,877
Fund balance, beginning of year	<u>3,093,670</u>	<u>3,093,670</u>	<u>3,093,670</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,093,670</u>	<u>\$ 2,027,165</u>	<u>\$ 2,608,042</u>	<u>\$ 580,877</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HEALTH DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 135,563	\$ 147,280	\$ 163,584	\$ 16,304
Intergovernmental				
Federal/state	1,865,287	2,211,128	2,405,983	194,855
Charges for services	397,142	422,367	486,035	63,668
General contributions	-	1,152	1,554	402
Other	2,252	1,898	1,467	(431)
Total revenues	<u>2,400,244</u>	<u>2,783,825</u>	<u>3,058,623</u>	<u>274,798</u>
Expenditures				
Current				
Health and welfare	<u>2,919,126</u>	<u>5,603,925</u>	<u>5,597,335</u>	<u>(6,590)</u>
Revenues (under) expenditures	<u>(518,882)</u>	<u>(2,820,100)</u>	<u>(2,538,712)</u>	<u>281,388</u>
Other financing sources				
Transfer in	518,882	2,920,944	2,916,151	(4,793)
Transfer out	<u>-</u>	<u>(103,744)</u>	<u>(103,744)</u>	<u>-</u>
Total other financing sources	<u>518,882</u>	<u>2,817,200</u>	<u>2,812,407</u>	<u>(4,793)</u>
Net change in fund balance	-	(2,900)	273,695	276,595
Fund balance, beginning of year	<u>1,417,631</u>	<u>1,417,631</u>	<u>1,417,631</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,417,631</u>	<u>\$ 1,414,731</u>	<u>\$ 1,691,326</u>	<u>\$ 276,595</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD PATROL
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,553,152	\$ 1,553,152	\$ 1,553,355	\$ 203
Intergovernmental				
Federal	54,952	54,952	48,955	(5,997)
State	7,900	9,322	5,750	(3,572)
Charges for services	9,000	9,000	10,731	1,731
Interest and rent	3,000	4,000	6,772	2,772
Reimbursements and refunds	1,500	2,800	10,299	7,499
Other	11,300	14,800	9,190	(5,610)
Total revenues	<u>1,640,804</u>	<u>1,648,026</u>	<u>1,645,052</u>	<u>(2,974)</u>
Expenditures				
Current				
Public safety	1,541,109	1,537,608	1,310,866	(226,742)
Capital outlay	80,000	115,650	98,233	(17,417)
Total expenditures	<u>1,621,109</u>	<u>1,653,258</u>	<u>1,409,099</u>	<u>(244,159)</u>
Revenues over (under) expenditures	<u>19,695</u>	<u>(5,232)</u>	<u>235,953</u>	<u>241,185</u>
Other financing sources (uses)				
Transfer out	-	(36,814)	(36,907)	(93)
Total other financing sources (uses)	<u>-</u>	<u>(36,814)</u>	<u>(36,907)</u>	<u>(93)</u>
Net change in fund balance	19,695	(42,046)	199,046	241,092
Fund balance, beginning of year	<u>442,618</u>	<u>442,618</u>	<u>442,618</u>	<u>-</u>
Fund balance, end of year	<u>\$ 462,313</u>	<u>\$ 400,572</u>	<u>\$ 641,664</u>	<u>\$ 241,092</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
VOTED MOSQUITO
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,089,968	\$ 1,089,968	\$ 1,089,994	\$ 26
Interest and rent	1,500	3,800	4,011	211
Other	-	2,600	2,600	-
Total revenues	<u>1,091,468</u>	<u>1,096,368</u>	<u>1,096,605</u>	<u>237</u>
Expenditures				
Current				
General government	1,064,336	1,051,154	997,439	(53,715)
Capital outlay	114,108	117,608	56,165	(61,443)
Total expenditures	<u>1,178,444</u>	<u>1,168,762</u>	<u>1,053,604</u>	<u>(115,158)</u>
Revenues over (under) expenditures	<u>(86,976)</u>	<u>(72,394)</u>	<u>43,001</u>	<u>115,395</u>
Other financing sources (uses)				
Transfer out	-	(9,682)	(9,682)	-
Total other financing sources (uses)	<u>-</u>	<u>(9,682)</u>	<u>(9,682)</u>	<u>-</u>
Net change in fund balance	(86,976)	(82,076)	33,319	115,395
Fund balance, beginning of year	<u>155,623</u>	<u>155,623</u>	<u>155,623</u>	<u>-</u>
Fund balance, end of year	<u>\$ 68,647</u>	<u>\$ 73,547</u>	<u>\$ 188,942</u>	<u>\$ 115,395</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ 644,951	\$ 663,158	\$ 640,091
Interest	2,658,106	2,521,804	2,359,153
Changes of benefit terms	-	-	-
Difference between expected and actual expense	159,878	15,636	-
Changes in assumptions	-	1,658,902	-
Benefit payments including employee refunds	(2,014,650)	(1,985,077)	(1,887,760)
Other	(120,584)	(191,533)	3,552
Net change in total pension liability	<u>1,327,701</u>	<u>2,682,890</u>	<u>1,115,036</u>
Total pension liability - beginning	<u>33,911,172</u>	<u>31,228,282</u>	<u>30,113,246</u>
Total pension liability - ending	<u><u>\$ 35,238,873</u></u>	<u><u>\$ 33,911,172</u></u>	<u><u>\$ 31,228,282</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 359,904	\$ 7,412,953	\$ 810,207
Contributions - member	340,891	339,727	340,531
Net investment income (loss)	4,201,461	3,271,744	(359,078)
Benefits payments, including employee refunds	(2,014,650)	(1,985,077)	(1,887,760)
Administrative expense	(66,597)	(62,743)	(52,822)
Other	-	-	-
Net change in fiduciary net position	<u>2,821,009</u>	<u>8,976,604</u>	<u>(1,148,922)</u>
Plan fiduciary net position - beginning	<u>32,130,016</u>	<u>23,153,412</u>	<u>24,302,334</u>
Plan fiduciary net position - ending	<u>34,951,025</u>	<u>32,130,016</u>	<u>23,153,412</u>
Net pension liability - ending	<u><u>\$ 287,848</u></u>	<u><u>\$ 1,781,156</u></u>	<u><u>\$ 8,074,870</u></u>
Fiduciary net position as a percentage of the total pension liability	99.18%	94.75%	74.14%
Covered-employee payroll	\$ 6,087,878	\$ 6,477,636	\$ 6,216,270
Net pension liability as a percentage of covered-employee payroll	5%	27%	130%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016	2015
Actuarially determined contributions	\$ 359,904	\$ 512,953	\$ 810,207
Contribution in relation to the actuarially determined contribution	359,904	7,412,953	810,207
Contribution deficiency (excess)	\$ -	\$ (6,900,000)	\$ -
 Covered-employee payroll	 \$ 6,087,878	 \$ 6,477,636	 \$ 6,216,670
 Contribution as a percentage of covered-employee payroll	 6%	 114%	 13%

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

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smooth
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Male/50% Female RP-2014 Group Annuity Mortality Table

TUSCOLA COUNTY MEDICAL CARE COMMUNITY

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ 764,075	\$ 753,907	\$ 657,495
Interest	1,284,659	1,161,030	1,105,285
Changes of benefit terms	-	-	-
Difference between expected and actual expense	(78,860)	134,876	-
Changes in assumptions	-	612,268	-
Benefit payments including employee refunds	(877,745)	(800,308)	(808,461)
Other	32,281	(282,777)	108,877
Net change in total pension liability	<u>1,124,410</u>	<u>1,578,996</u>	<u>1,063,196</u>
Total pension liability - beginning	<u>16,115,069</u>	<u>14,536,073</u>	<u>13,472,877</u>
Total pension liability - ending	<u><u>\$ 17,239,479</u></u>	<u><u>\$ 16,115,069</u></u>	<u><u>\$ 14,536,073</u></u>
 Plan fiduciary net position			
Contributions - employer	\$ 407,013	\$ 486,598	\$ 451,869
Contributions - member	562,406	517,917	500,078
Net investment income (loss)	1,920,623	1,473,756	(196,455)
Benefits payments, including employee refunds	(877,745)	(800,308)	(808,461)
Administrative expense	(30,350)	(29,039)	(28,430)
Other	-	-	-
Net change in fiduciary net position	<u>1,981,947</u>	<u>1,648,924</u>	<u>(81,399)</u>
Plan fiduciary net position - beginning	<u>14,403,741</u>	<u>12,754,817</u>	<u>12,836,216</u>
Plan fiduciary net position - ending	<u>16,385,688</u>	<u>14,403,741</u>	<u>12,754,817</u>
Net pension liability - ending	<u><u>\$ 853,791</u></u>	<u><u>\$ 1,711,328</u></u>	<u><u>\$ 1,781,256</u></u>
 Fiduciary net position as a percentage of the total pension liability	95.00%	89.40%	87.70%
Covered-employee payroll	\$ 11,057,929	\$ 10,875,905	\$ 9,620,946
Net pension liability as a percentage of covered-employee payroll	7.7%	15.7%	18.5%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

TUSCOLA COUNTY HEALTH DEPARTMENT

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDED SEPTEMBER 30, 2017**

	2017	2016	2015
Total pension liability			
Service Cost	\$ 152,467	\$ 158,379	\$ 153,469
Interest	805,787	763,788	725,814
Changes of benefit terms	-	-	-
Difference between expected and actual expense	212,394	(113,593)	-
Changes in assumptions	-	470,284	-
Benefit payments including employee refunds	(495,658)	(426,925)	(415,952)
Other	-	(316)	-
Net change in total pension liability	674,990	851,617	463,331
Total pension liability - beginning	10,243,929	9,392,312	8,928,981
Total pension liability - ending	\$ 10,918,919	\$ 10,243,929	\$ 9,392,312
Plan fiduciary net position			
Contributions - employer	\$ 238,920	\$ 239,690	\$ 218,688
Contributions - member	64,567	60,012	57,344
Net investment income (loss)	813,161	(111,384)	449,277
Benefits payments, including employee refunds	(495,658)	(426,925)	(415,952)
Administrative expense	(16,049)	(16,247)	(16,504)
Other	-	-	-
Net change in fiduciary net position	604,941	(254,854)	292,853
Plan fiduciary net position - beginning	7,162,896	7,417,750	7,124,897
Plan fiduciary net position - ending	7,767,837	7,162,896	7,417,750
Net pension liability - ending	\$ 3,151,082	\$ 3,081,033	\$ 1,974,562
Fiduciary net position as a percentage of the total pension liability	71.14%	69.82%	78.98%
Covered-employee payroll	\$ 1,199,952	\$ 1,228,842	\$ 1,186,002
Net pension liability as a percentage of covered-employee payroll	263%	251%	166%

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

Note: GASB Statement No. 68 was implemented for the year ended September 30, 2015. Information from 2008 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

TUSCOLA COUNTY ROAD COMMISSION

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2017**

	2017	2016	2015
Total pension liability			
Service Cost	\$ 91,294	\$ 80,723	\$ 97,076
Interest	478,491	447,215	448,822
Changes of benefit terms	-	-	-
Difference between expected and actual expense	10,090	(4,434)	-
Changes in assumptions	-	267,140	-
Benefit payments including employee refunds	(399,611)	(412,389)	(377,193)
Other	(18,242)	1,012	6,982
Net change in total pension liability	162,022	379,267	175,687
Total pension liability - beginning	6,135,285	5,756,018	5,580,331
Total pension liability - ending	\$ 6,297,307	\$ 6,135,285	\$ 5,756,018
Plan fiduciary net position			
Contributions - employer	\$ 492,617	\$ 471,508	\$ 143,621
Contributions - member	65,407	49,032	44,739
Net investment income (loss)	510,386	380,374	(53,796)
Benefits payments, including employee refunds	(399,611)	(412,389)	(377,193)
Administrative expense	(8,082)	(7,516)	(7,889)
Other	-	-	-
Net change in fiduciary net position	660,717	481,009	(250,518)
Plan fiduciary net position - beginning	3,907,853	3,426,844	3,677,362
Plan fiduciary net position - ending	4,568,570	3,907,853	3,426,844
Net pension liability - ending	\$ 1,728,737	\$ 2,227,432	\$ 2,329,174
Fiduciary net position as a percentage of the total pension liability	72.55%	63.69%	59.53%
Covered-employee payroll	\$ 1,065,096	\$ 1,051,454	\$ 891,693
Net pension liability as a percentage of covered-employee payroll	162%	212%	261%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

TUSCOLA COUNTY ROAD COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015
Actuarially determined contributions	\$ 192,617	\$ 171,508	\$ 140,812
Contribution in relation to the actuarially determined contribution	492,617	471,508	143,621
Contribution deficiency (excess)	\$ (300,000)	\$ (300,000)	\$ (2,809)
 Covered-employee payroll	 \$ 1,065,069	 \$ 1,051,454	 \$ 891,693
 Contribution as a percentage of covered-employee payroll	 46%	 45%	 16%

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

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	5 year smooth market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Male/50% Female RP-2014 Group Annuity Mortality Table

TUSCOLA COUNTY ROAD COMMISSION

**REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS MUTUAL PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDED MARCH 31, 2017**

	2017	2016	2015
Total pension liability			
Service Cost	\$ 15,005	\$ 16,630	\$ 17,727
Interest	28,826	29,766	30,767
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(16,078)	(6,357)	(13,482)
Changes in assumptions	1,134	1,143	1,165
Benefit payments including employee refunds	(26,589)	(90,080)	(20,182)
Other	-	-	-
Net change in total pension liability	2,298	(48,898)	15,995
Total pension liability - beginning	574,816	623,714	607,719
Total pension liability - ending	\$ 577,114	\$ 574,816	\$ 623,714
Plan fiduciary net position			
Contributions - employer	\$ 7,990	\$ 89,250	\$ 25,086
Contributions - member	2,397	2,458	2,775
Net investment income (loss)	8,388	7,853	7,521
Benefits payments, including employee refunds	(26,589)	(90,080)	(20,182)
Administrative expense	(800)	(82)	(721)
Other	-	-	-
Net change in fiduciary net position	(8,614)	9,399	14,479
Plan fiduciary net position - beginning	173,057	163,658	149,179
Plan fiduciary net position - ending	164,443	173,057	163,658
Net pension liability - ending	\$ 412,671	\$ 401,759	\$ 460,056
Fiduciary net position as a percentage of the total pension liability	28.49%	30.11%	26.24%
Covered-employee payroll	\$ 1,619,958	\$ 1,685,581	\$ 1,900,055
Net pension liability as a percentage of covered-employee payroll	25%	24%	24%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

TUSCOLA COUNTY ROAD COMMISSION

**REQUIRED SUPPLEMENTARY INFORMATION
 MASSACHUSETTS MUTUAL PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 44,031	\$ 38,417	\$ 89,547
Contribution in relation to the actuarially determined contribution	<u>7,197</u>	<u>8,169</u>	<u>89,547</u>
Contribution deficiency (excess)	<u>\$ 36,834</u>	<u>\$ 30,248</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 1,559,771	 \$ 1,638,925	 \$ 1,762,985
 Contribution as a percentage of covered-employee payroll	 0.5%	 0.5%	 5%

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

Notes to Required Supplementary Information

Actuarial cost method	Entry age normal cost
Asset valuation method	Market value of assets
Retirement age	Earlier of age 63 with 10 years of service or age 70
Interest rates:	
Funding	5% per year
Employee contribution accounts	\$0.03 per straight time hour worked during each month
Pre-retirement mortality	IRS 2014 Non-annuitant table per 1.430(h) (sex distinct)
Post-retirement mortality	IRS 2014 Annuitant table per 1.430(h) (sex distinct)
Turnover rates	Crocker-Sarason-Straight T-1
Disability rates	1998 Social Security Disabled Worker Incidence Rates



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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.

Arbela Township 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.

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.

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.

SPECIAL REVENUE FUNDS: (continued)

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.

Mental Health Court (233) The revenue for this fund is financed by a grant from the State Court Administrative Office (SCAO). Mental health court is modeled after the drug court and was developed in response to the overrepresentation of people with mental illnesses in the criminal justice system.

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.

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.

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.

GIS (geographic information system) (258) Tuscola County implemented this valuable technology in 2014. These funds will be primarily be used to expedite the digital parcel map creation.

SPECIAL REVENUE FUNDS: (continued)

Homeland Security (261) Tuscola County is part of the 3rd District Regional Homeland Security. 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.

CPL (Concealed Pistol Licensing) (263) Effective June 2, 2012 PA3 of 2012 requires the establishment of a Concealed Pistol Licensing fund for the deposit of fees collected for the county clerk under this Act.

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 or online access to Westlaw will be located in one central location.

Drug Enforcement Grant (278) The Michigan Medical Marihuana Program (MMMP) is a state registry program. Law enforcement agencies within each Michigan county are eligible to receive funding to be used for the education, communication and enforcement of the MMMP Act.

Voted MSU (279) A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides services for the local MSU extension programs such as 4-H programs.

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 Board (290) The General Fund of the County appropriates funds to cover the cost of board administration and adult hospitalization not covered under other programs.

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 Voted Veterans 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 is State Reimbursement.

Voted Veterans (295) A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides services for the Veterans of Tuscola County.

Voted Senior Citizens (297) A millage passed by the voters of Tuscola County that 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.

Pension Obligation Bond (352)
Health Department Pension Obligation Bond (353)
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)
Jail Capital Improvements Fund (488)

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, 2017

	Special Revenue Funds	Debt Service Fund - Pension Obligation Bond	Debt Service Fund - Health Department Pension Obligation Bond	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS							
Assets							
Cash and cash equivalents	\$ 2,742,673	\$ 5,135	\$ 733	\$ 13	\$ 2,218,909	\$ 6,831	\$ 4,974,294
Investments	-	-	-	-	513,541	-	513,541
Taxes receivable	1,116,711	-	-	-	-	-	1,116,711
Taxes receivable - delinquent	6,913	-	-	-	-	-	6,913
Accounts receivable	690,785	-	-	-	70,000	-	760,785
Prepaid expenditures	15,700	-	-	-	-	-	15,700
Due from other funds	124,894	30,662	-	-	661,964	-	817,520
Due from state	374,381	-	-	-	-	-	374,381
Total assets	\$ 5,072,057	\$ 35,797	\$ 733	\$ 13	\$ 3,464,414	\$ 6,831	\$ 8,579,845
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 326,257	\$ -	\$ -	\$ -	\$ 63,447	\$ -	\$ 389,704
Accrued liabilities	93,135	-	-	-	-	-	93,135
Due to other governments	43,109	-	-	-	-	-	43,109
Due to other funds	227,227	-	-	-	301,413	-	528,640
Advance to other funds	100,543	-	-	-	-	-	100,543
Total liabilities	790,271	-	-	-	364,860	-	1,155,131
Deferred inflows of resources							
Unavailable revenue - land contract	-	-	-	-	70,000	-	70,000
Unavailable revenue - property taxes	7,689	-	-	-	-	-	7,689
Taxes levied for a subsequent period	1,290,433	-	-	-	-	-	1,290,433
Total deferred inflows of resources	1,298,122	-	-	-	70,000	-	1,368,122
Fund balance							
Nonspendable for:							
Prepaid expenditures	15,700	-	-	-	-	-	15,700
Restricted for:							
Capital projects	-	-	-	-	2,838,786	-	2,838,786
Cemetery	-	-	-	-	-	6,831	6,831
Debt service	-	35,797	733	13	-	-	36,543
Special revenue funds	2,193,792	-	-	-	-	-	2,193,792
Assigned for:							
Subsequent year expenditures	760,191	-	-	-	190,768	-	950,959
Wind tax	13,981	-	-	-	-	-	13,981
Total fund balance	2,983,664	35,797	733	13	3,029,554	6,831	6,056,592
Total liabilities, deferred inflows of resources and fund balance	\$ 5,072,057	\$ 35,797	\$ 733	\$ 13	\$ 3,464,414	\$ 6,831	\$ 8,579,845

TUSCOLA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds	Debt Service Fund - Pension Obligation Bond	Debt Service Fund - Health Department Pension Obligation Bond	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues							
Taxes	\$ 776,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 776,145
Intergovernmental							
Federal	1,118,910	-	-	-	-	-	1,118,910
State	1,341,349	-	-	-	-	-	1,341,349
Local	892,069	-	-	-	-	-	892,069
Charges for services	1,423,018	-	-	-	-	-	1,423,018
Fines and forfeits	93,507	-	-	-	-	-	93,507
Interest and rent	11,253	75	306	13	31,718	40	43,405
Reimbursements and refunds	18,509	-	-	-	7,175	-	25,684
Other	56,870	-	-	-	-	-	56,870
Total revenues	5,731,630	75	306	13	38,893	40	5,770,957
Expenditures							
Current							
Judicial	983,602	-	-	-	-	-	983,602
General government	1,086,274	500	500	750	-	-	1,088,024
Public safety	2,050,845	-	-	-	-	-	2,050,845
Health and welfare	1,779,299	-	-	-	-	-	1,779,299
Culture and recreation	66,924	-	-	-	-	35	66,959
Capital outlay	262,981	-	-	-	1,094,207	-	1,357,188
Debt service - principal	-	175,000	100,000	40,000	-	-	315,000
Debt service - interest	-	221,900	55,617	33,688	-	-	311,205
Bond issuance costs	-	-	56,622	-	-	-	56,622
Total expenditures	6,229,925	397,400	212,739	74,438	1,094,207	35	8,008,744
Revenues over (under) expenditures	(498,295)	(397,325)	(212,433)	(74,425)	(1,055,314)	5	(2,237,787)
Other financing sources (uses)							
Face value of debt issue	-	-	2,475,000	-	-	-	2,475,000
Discounts on bonds issued	-	-	(18,378)	-	-	-	(18,378)
Proceeds from capital lease	31,130	-	-	-	-	-	31,130
Sale of assets	-	-	-	-	70,000	-	70,000
Transfer in	1,099,400	382,500	156,544	74,438	1,591,738	-	3,304,620
Transfer out	(173,841)	-	(2,400,000)	-	(300,000)	-	(2,873,841)
Total other financing sources (uses)	956,689	382,500	213,166	74,438	1,361,738	-	2,988,531
Net change in fund balance	458,394	(14,825)	733	13	306,424	5	750,744
Fund balance, beginning of year	2,525,270	50,622	-	-	2,723,130	6,826	5,305,848
Fund balance, end of year	\$ 2,983,664	\$ 35,797	\$ 733	\$ 13	\$ 3,029,554	\$ 6,831	\$ 6,056,592

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Friend of the the Court Act 294	Parks and Recreation	Local Government Police Contract
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 186,195	\$ 64,226	\$ -
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	43,191	-	3,648
Prepaid expenditures	-	-	-
Due from other funds	6,116	-	-
Due from state	55,710	-	-
	\$ 291,212	\$ 64,226	\$ 3,648
Total assets	\$ 291,212	\$ 64,226	\$ 3,648
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 4,007	\$ 44,800	\$ 1
Accrued liabilities	21,731	-	189
Due to other governments	-	-	-
Due to other funds	171	-	3,458
Advance to other funds	-	-	-
	25,909	44,800	3,648
Total liabilities	25,909	44,800	3,648
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	-
Taxes levied for a subsequent period	-	-	-
	-	-	-
Total deferred inflows of resources	-	-	-
Fund balance			
Nonspendable for prepaid expenditures	-	-	-
Restricted	185,829	19,426	-
Assigned	-	-	-
Subsequent year expenditures	79,474	-	-
Wind tax	-	-	-
	265,303	19,426	-
Total fund balance	265,303	19,426	-
Total liabilities, deferred inflows of resources and fund balance	\$ 291,212	\$ 64,226	\$ 3,648

<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>Mental Health Court</u>
\$ 50,014	\$ 701,654	\$ -	\$ 284,573	\$ -	\$ -
-	-	-	261,748	-	-
-	-	-	2,223	-	-
-	320,736	9,642	13	18,923	3,131
-	15,000	-	700	-	-
-	4,518	-	666	-	(52)
-	-	-	476	-	560
<u>\$ 50,014</u>	<u>\$ 1,041,908</u>	<u>\$ 9,642</u>	<u>\$ 550,399</u>	<u>\$ 18,923</u>	<u>\$ 3,639</u>
\$ 429	\$ 16,332	\$ 705	\$ 3,168	\$ -	\$ -
-	36,775	1,920	7,334	5,590	560
-	-	-	-	-	-
-	326	7,017	75	13,333	3,079
-	-	-	-	-	-
<u>429</u>	<u>53,433</u>	<u>9,642</u>	<u>10,577</u>	<u>18,923</u>	<u>3,639</u>
-	-	-	2,223	-	-
-	-	-	261,748	-	-
-	-	-	263,971	-	-
-	15,000	-	700	-	-
49,585	802,827	-	205,614	-	-
-	170,648	-	65,504	-	-
-	-	-	4,033	-	-
<u>49,585</u>	<u>988,475</u>	<u>-</u>	<u>275,851</u>	<u>-</u>	<u>-</u>
<u>\$ 50,014</u>	<u>\$ 1,041,908</u>	<u>\$ 9,642</u>	<u>\$ 550,399</u>	<u>\$ 18,923</u>	<u>\$ 3,639</u>

(Continued)

TUSCOLA COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	Victim Services	Drug Enforcement Grant	Voted MSU	Voted Veterans	CPL
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ -	\$ 5	\$ 3,331	\$ 218,226	\$ 69,606
Taxes receivable	-	-	-	297,423	-
Taxes receivable - delinquent	-	-	269	-	-
Accounts receivable	-	-	174,498	-	-
Prepaid expenditures	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from state	19,989	-	-	-	-
Total assets	\$ 19,989	\$ 5	\$ 178,098	\$ 515,649	\$ 69,606
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 2	\$ -	\$ 106	\$ 38,488	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	19,876	-	-	-	439
Advance to other funds	-	-	100,543	-	-
Total liabilities	19,878	-	100,649	38,488	439
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	269	776	-
Taxes levied for a subsequent period	-	-	174,498	296,647	-
Total deferred inflows of resources	-	-	174,767	297,423	-
Fund balance					
Nonspendable for prepaid expenditures	-	-	-	-	-
Restricted	111	5	(97,318)	175,167	69,167
Assigned					
Subsequent year expenditures	-	-	-	-	-
Wind tax	-	-	-	4,571	-
Total fund balance	111	5	(97,318)	179,738	69,167
Total liabilities, deferred inflows of resources and fund balance	\$ 19,989	\$ 5	\$ 178,098	\$ 515,649	\$ 69,606

<u>CDBG Housing Grant</u>	<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>	<u>GIS</u>
\$ 94,678	\$ 131,630	\$ -	\$ -	\$ 95,216	\$ -	\$ 3,156	\$82,740
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,006	-	-	-	-	5,006	-	225
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	33,909	6,088	-	-	47,834	-
<u>\$ 181,684</u>	<u>\$ 131,630</u>	<u>\$ 33,909</u>	<u>\$ 6,088</u>	<u>\$ 95,216</u>	<u>\$ 5,006</u>	<u>\$ 50,990</u>	<u>\$82,965</u>
\$ 87,006	\$ -	\$ -	\$ 114	\$ 1,463	\$ 1	\$ 4,624	\$ 316
-	-	-	-	-	1,905	4,047	-
-	-	-	-	-	-	-	-
-	-	33,909	4,473	-	3,100	480	-
-	-	-	-	-	-	-	-
<u>87,006</u>	<u>-</u>	<u>33,909</u>	<u>4,587</u>	<u>1,463</u>	<u>5,006</u>	<u>9,151</u>	<u>316</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
94,678	72,930	-	1,501	93,753	-	41,839	82,649
-	58,700	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>94,678</u>	<u>131,630</u>	<u>-</u>	<u>1,501</u>	<u>93,753</u>	<u>-</u>	<u>41,839</u>	<u>82,649</u>
<u>\$ 181,684</u>	<u>\$ 131,630</u>	<u>\$ 33,909</u>	<u>\$ 6,088</u>	<u>\$ 95,216</u>	<u>\$ 5,006</u>	<u>\$ 50,990</u>	<u>\$82,965</u>

(Continued)

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Local Correction Officer Training	Homeland Security	Forfeiture Sheriff/ Prosecutor	Law Library
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 28,357	\$ -	\$ 141,471	\$ 15,948
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	24,766	-	-
Prepaid expenditures	-	-	-	-
Due from other funds	-	-	-	-
Due from state	-	-	-	-
	\$ 28,357	\$ 24,766	\$ 141,471	\$ 15,948
Total assets	\$ 28,357	\$ 24,766	\$ 141,471	\$ 15,948
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 275	\$ -	\$ -	\$ 542
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	23,662	-	-
Deposits payable	-	-	-	-
	275	23,662	-	542
Total liabilities	275	23,662	-	542
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance				
Nonspendable for prepaid expenditures	-	-	-	-
Restricted	24,082	1,104	76,816	15,406
Assigned	-	-	-	-
Subsequent year expenditures	4,000	-	64,655	-
Wind tax	-	-	-	-
	28,082	1,104	141,471	15,406
Total fund balance	28,082	1,104	141,471	15,406
Total liabilities, deferred inflows of resources and fund balance	\$ 28,357	\$ 24,766	\$ 141,471	\$ 15,948

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>
\$ 7,623	\$ 101,872	\$ 370,961	\$ 32,150	\$ 59,041
-	-	-	-	557,540
-	-	-	-	4,421
-	-	-	-	-
-	-	-	-	-
-	111,974	1,672	-	-
-	-	209,815	-	-
<u>\$ 7,623</u>	<u>\$ 213,846</u>	<u>\$ 582,448</u>	<u>\$ 32,150</u>	<u>\$ 621,002</u>
\$ -	\$ 113,407	\$ 8,165	\$ -	\$ 2,306
-	-	12,923	-	161
-	-	43,109	-	-
-	-	113,694	-	135
-	-	-	-	-
<u>-</u>	<u>113,407</u>	<u>177,891</u>	<u>-</u>	<u>2,602</u>
-	-	-	-	4,421
-	-	-	-	557,540
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,961</u>
-	-	-	-	-
7,623	(48,309)	236,095	32,150	51,062
-	148,748	168,462	-	-
-	-	-	-	5,377
<u>7,623</u>	<u>100,439</u>	<u>404,557</u>	<u>32,150</u>	<u>56,439</u>
<u>\$ 7,623</u>	<u>\$ 213,846</u>	<u>\$ 582,448</u>	<u>\$ 32,150</u>	<u>\$ 621,002</u>

(Continued)

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Totals
<u>ASSETS</u>	
Assets	
Cash and cash equivalents	\$ 2,742,673
Taxes receivable	1,116,711
Taxes receivable - delinquent	6,913
Accounts receivable	690,785
Prepaid expenditures	15,700
Due from other funds	124,894
Due from state	374,381
Total assets	\$ 5,072,057
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>	
Liabilities	
Accounts payable	\$ 326,257
Accrued liabilities	93,135
Due to other governments	43,109
Due to other funds	227,227
Advance to other funds	100,543
Total liabilities	790,271
Deferred inflows of resources	
Unavailable revenue - property taxes	7,689
Taxes levied for a subsequent period	1,290,433
Total deferred inflows of resources	1,298,122
Fund balance	
Nonspendable for prepaid expenditures	15,700
Restricted	2,193,792
Assigned	
Subsequent year expenditures	760,191
Wind tax	13,981
Total fund balance	2,983,664
Total liabilities, deferred inflows of resources and fund balance	\$ 5,072,057



TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>	<u>Friend of the the Court Act 294</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	602,615
State	-	-	47,648
Local	-	128,930	-
Charges for services	29,710	-	73,721
Fines and forfeits	-	-	-
Interest and rent	-	-	959
Reimbursements and refunds	-	-	-
Other	-	-	4,370
	<u>29,710</u>	<u>128,930</u>	<u>729,313</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	964,185
General government	-	-	-
Public safety	-	125,137	-
Health and welfare	-	-	-
Culture and recreation	66,924	-	-
Capital outlay	-	-	1,800
	<u>66,924</u>	<u>125,137</u>	<u>965,985</u>
Total expenditures			
Revenues over (under) expenditures	<u>(37,214)</u>	<u>3,793</u>	<u>(236,672)</u>
Other financing sources (uses)			
Proceeds from capital lease	-	-	-
Transfer in	55,600	-	242,970
Transfer out	-	(3,793)	(30,863)
	<u>55,600</u>	<u>(3,793)</u>	<u>212,107</u>
Total other financing sources (uses)			
Net change in fund balance	18,386	-	(24,565)
Fund balance, beginning of year	<u>1,040</u>	<u>-</u>	<u>289,868</u>
Fund balance, end of year	<u>\$ 19,426</u>	<u>\$ -</u>	<u>\$ 265,303</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>Voted Veterans</u>	<u>Mental Health Court</u>
\$ -	\$ -	\$ -	\$ 258,745	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	206,034	-	5,549	-	15,000	3,691
-	-	80,780	-	170,515	293,096	-
5,055	1,112,350	-	76,527	-	-	-
-	-	-	-	-	-	-
-	3,342	-	2,476	-	1,624	-
3,597	9,353	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,652</u>	<u>1,331,079</u>	<u>80,780</u>	<u>343,297</u>	<u>170,515</u>	<u>309,720</u>	<u>3,691</u>
8,861	-	-	-	-	-	3,691
-	-	-	302,040	-	165,044	-
-	1,034,794	78,463	-	165,378	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	19,913	-	180,652	-	-	-
<u>8,861</u>	<u>1,054,707</u>	<u>78,463</u>	<u>482,692</u>	<u>165,378</u>	<u>165,044</u>	<u>3,691</u>
<u>(209)</u>	<u>276,372</u>	<u>2,317</u>	<u>(139,395)</u>	<u>5,137</u>	<u>144,676</u>	<u>-</u>
-	-	-	31,130	-	-	-
-	-	-	-	-	-	-
-	(25,968)	(2,317)	(8,245)	(5,137)	(40,000)	-
-	(25,968)	(2,317)	22,885	(5,137)	(40,000)	-
(209)	250,404	-	(116,510)	-	104,676	-
<u>49,794</u>	<u>738,071</u>	<u>-</u>	<u>392,361</u>	<u>-</u>	<u>75,062</u>	<u>-</u>
<u>\$ 49,585</u>	<u>\$ 988,475</u>	<u>\$ -</u>	<u>\$ 275,851</u>	<u>\$ -</u>	<u>\$ 179,738</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Victim Services</u>	<u>Drug Enforcement Grant</u>	<u>Voted MSU</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
Revenues					
Taxes	\$ -	\$ -	\$ 172,315	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	80,198	-	-	199,764	-
Local	-	27,970	-	-	-
Charges for services	-	-	-	-	38,883
Fines and forfeits	-	-	-	-	-
Interest and rent	-	5	168	-	453
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>80,198</u>	<u>27,975</u>	<u>172,483</u>	<u>199,764</u>	<u>39,336</u>
Expenditures					
Current					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	77,961	27,970	149,242	172,157	13,574
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>77,961</u>	<u>27,970</u>	<u>149,242</u>	<u>172,157</u>	<u>13,574</u>
Revenues over (under) expenditures	<u>2,237</u>	<u>5</u>	<u>23,241</u>	<u>27,607</u>	<u>25,762</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	<u>(2,421)</u>	<u>-</u>	<u>-</u>	<u>(2,421)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,421)</u>	<u>-</u>	<u>-</u>	<u>(2,421)</u>	<u>-</u>
Net change in fund balance	(184)	5	23,241	25,186	25,762
Fund balance, beginning of year	<u>295</u>	<u>-</u>	<u>(120,559)</u>	<u>16,653</u>	<u>56,887</u>
Fund balance, end of year	<u>\$ 111</u>	<u>\$ 5</u>	<u>\$ (97,318)</u>	<u>\$ 41,839</u>	<u>\$ 82,649</u>

<u>CDBG Housing Grant</u>	<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>CPL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
377,332	-	-	77,518	-	-	-
65,251	-	56,521	1,173	-	-	-
-	176,237	-	-	-	14,541	-
-	-	-	-	-	-	29,424
-	-	-	-	-	-	-
-	658	-	-	489	-	-
-	-	-	-	-	-	-
-	-	-	100	52,400	-	-
<u>442,583</u>	<u>176,895</u>	<u>56,521</u>	<u>78,791</u>	<u>52,889</u>	<u>14,541</u>	<u>29,424</u>
-	-	-	-	-	-	-
378,089	163,085	56,521	-	21,495	-	-
-	-	-	75,953	-	14,541	3,436
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>378,089</u>	<u>163,085</u>	<u>56,521</u>	<u>75,953</u>	<u>21,495</u>	<u>14,541</u>	<u>3,436</u>
64,494	13,810	-	2,838	31,394	-	25,988
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(1,218)	-	(2,421)	-	-	-
-	(1,218)	-	(2,421)	-	-	-
64,494	12,592	-	417	31,394	-	25,988
30,184	119,038	-	1,084	62,359	-	43,179
<u>\$ 94,678</u>	<u>\$ 131,630</u>	<u>\$ -</u>	<u>\$ 1,501</u>	<u>\$ 93,753</u>	<u>\$ -</u>	<u>\$ 69,167</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<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	-	-	61,445	-	-
State	12,717	-	-	-	-
Local	-	-	-	-	-
Charges for services	4,519	11,196	-	-	-
Fines and forfeits	-	-	-	87,007	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>17,236</u>	<u>11,196</u>	<u>61,445</u>	<u>87,007</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,865
General government	-	-	-	-	-
Public safety	53,955	18,385	829	35,398	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	60,616	-	-
Total expenditures	<u>53,955</u>	<u>18,385</u>	<u>61,445</u>	<u>35,398</u>	<u>6,865</u>
Revenues over (under) expenditures	<u>(36,719)</u>	<u>(7,189)</u>	<u>-</u>	<u>51,609</u>	<u>(365)</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	-	-
Transfer in	35,830	-	-	-	-
Transfer out	<u>(1,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>33,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,844)	(7,189)	-	51,609	(365)
Fund balance, beginning of year	<u>2,844</u>	<u>35,271</u>	<u>1,104</u>	<u>89,862</u>	<u>15,771</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 28,082</u>	<u>\$ 1,104</u>	<u>\$ 141,471</u>	<u>\$ 15,406</u>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services Board</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,085	\$ -
-	-	-	-	-	-	-
4,329	279,143	-	364,331	-	-	-
-	-	-	-	-	-	-
-	23,951	-	17,682	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,079	-
-	-	-	5,559	-	-	-
-	-	-	-	-	-	-
<u>4,329</u>	<u>303,094</u>	<u>-</u>	<u>387,572</u>	<u>-</u>	<u>346,164</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,672	-	-	-	-	-	-
-	584,175	-	826,243	17,803	335,945	15,133
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,672</u>	<u>584,175</u>	<u>-</u>	<u>826,243</u>	<u>17,803</u>	<u>335,945</u>	<u>15,133</u>
657	(281,081)	-	(438,671)	(17,803)	10,219	(15,133)
-	-	-	-	-	-	-
-	200,000	-	525,000	40,000	-	-
-	-	(35,505)	(11,577)	-	-	-
<u>-</u>	<u>200,000</u>	<u>(35,505)</u>	<u>513,423</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
657	(81,081)	(35,505)	74,752	22,197	10,219	(15,133)
6,966	181,520	35,505	329,805	9,953	46,220	15,133
<u>\$ 7,623</u>	<u>\$ 100,439</u>	<u>\$ -</u>	<u>\$ 404,557</u>	<u>\$ 32,150</u>	<u>\$ 56,439</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Totals
Revenues	
Taxes	\$ 776,145
Intergovernmental	
Federal	1,118,910
State	1,341,349
Local	892,069
Charges for services	1,423,018
Fines and forfeits	93,507
Interest and rent	11,253
Reimbursements and refunds	18,509
Other	56,870
Total revenues	5,731,630
Expenditures	
Current	
Judicial	983,602
General government	1,086,274
Public safety	2,050,845
Health and welfare	1,779,299
Culture and recreation	66,924
Capital outlay	262,981
Total expenditures	6,229,925
Revenues over (under) expenditures	(498,295)
Other financing sources (uses)	
Proceeds from capital lease	31,130
Transfer in	1,099,400
Transfer out	(173,841)
Total other financing sources (uses)	956,689
Net change in fund balance	458,394
Fund balance, beginning of year	2,525,270
Fund balance, end of year	\$ 2,983,664



TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Friend of the Court Act 294			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	651,760	651,760	602,615	(49,145)
State	52,500	52,500	47,648	(4,852)
Local	-	-	-	-
Charges for services	102,000	102,000	73,721	(28,279)
Fines and forfeits	-	-	-	-
Interest and rent	500	500	959	459
Reimbursements and refunds	-	-	-	-
Other	5,250	5,250	4,370	(880)
Total revenues	812,010	812,010	729,313	(82,697)
Expenditures				
Current				
Judicial	1,050,244	1,019,397	964,185	(55,212)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,800	1,800	1,800	-
Total expenditures	1,052,044	1,021,197	965,985	(55,212)
Revenues over (under) expenditures	(240,034)	(209,187)	(236,672)	(27,485)
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	242,970	242,970	242,970	-
Transfer out	-	(30,847)	(30,863)	(16)
Total other financing sources (uses)	242,970	212,123	212,107	(16)
Net change in fund balance	2,936	2,936	(24,565)	(27,501)
Fund balance, beginning of year	289,868	289,868	289,868	-
Fund balance, end of year	\$ 292,804	\$ 292,804	\$ 265,303	\$ (27,501)

Parks and Recreation				Arbela Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	175,070	175,070	128,930	(46,140)
5,550	29,305	29,710	405	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,550</u>	<u>29,305</u>	<u>29,710</u>	<u>405</u>	<u>175,070</u>	<u>175,070</u>	<u>128,930</u>	<u>(46,140)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	175,070	171,221	125,137	(46,084)
-	-	-	-	-	-	-	-
12,250	69,985	66,924	(3,061)	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,250</u>	<u>69,985</u>	<u>66,924</u>	<u>(3,061)</u>	<u>175,070</u>	<u>171,221</u>	<u>125,137</u>	<u>(46,084)</u>
(6,700)	(40,680)	(37,214)	3,466	-	3,849	3,793	(56)
-	-	-	-	-	-	-	-
9,000	55,600	55,600	-	-	-	-	-
-	-	-	-	-	(3,849)	(3,793)	56
<u>9,000</u>	<u>55,600</u>	<u>55,600</u>	<u>-</u>	<u>-</u>	<u>(3,849)</u>	<u>(3,793)</u>	<u>56</u>
2,300	14,920	18,386	3,466	-	-	-	-
1,040	1,040	1,040	-	-	-	-	-
<u>\$ 3,340</u>	<u>\$ 15,960</u>	<u>\$ 19,426</u>	<u>\$ 3,466</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, 2017

	CPL Fund			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	31,200	31,200	29,424	(1,776)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>31,200</u>	<u>31,200</u>	<u>29,424</u>	<u>(1,776)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	16,500	16,500	3,436	(13,064)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>16,500</u>	<u>16,500</u>	<u>3,436</u>	<u>(13,064)</u>
Revenues over (under) expenditures	<u>14,700</u>	<u>14,700</u>	<u>25,988</u>	<u>11,288</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	14,700	14,700	25,988	11,288
Fund balance, beginning of year	<u>43,179</u>	<u>43,179</u>	<u>43,179</u>	<u>-</u>
Fund balance, end of year	<u>\$ 57,879</u>	<u>\$ 57,879</u>	<u>\$ 69,167</u>	<u>\$ 11,288</u>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	204,500	204,500	206,034	1,534
5,000	5,000	5,055	55	1,110,500	1,110,500	1,112,350	1,850
-	-	-	-	-	-	-	-
-	-	-	-	500	2,000	3,342	1,342
5,000	5,000	3,597	(1,403)	9,500	9,500	9,353	(147)
-	-	-	-	-	-	-	-
10,000	10,000	8,652	(1,348)	1,325,000	1,326,500	1,331,079	4,579
10,000	10,000	8,861	(1,139)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,290,191	1,266,912	1,034,794	(232,118)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	120,000	120,000	19,913	(100,087)
10,000	10,000	8,861	(1,139)	1,410,191	1,386,912	1,054,707	(332,205)
-	-	(209)	(209)	(85,191)	(60,412)	276,372	336,784
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(23,279)	(25,968)	(2,689)
-	-	-	-	-	(23,279)	(25,968)	(2,689)
-	-	(209)	(209)	(85,191)	(83,691)	250,404	334,095
49,794	49,794	49,794	-	738,071	738,071	738,071	-
<u>\$ 49,794</u>	<u>\$ 49,794</u>	<u>\$ 49,585</u>	<u>\$ (209)</u>	<u>\$ 652,880</u>	<u>\$ 654,380</u>	<u>\$ 988,475</u>	<u>\$ 334,095</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, 2017**

	<u>Vassar Township Police Contract</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	83,779	83,779	80,780	(2,999)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>83,779</u>	<u>83,779</u>	<u>80,780</u>	<u>(2,999)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	83,779	81,358	78,463	(2,895)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>83,779</u>	<u>81,358</u>	<u>78,463</u>	<u>(2,895)</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,421</u>	<u>2,317</u>	<u>(104)</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	(2,421)	(2,317)	104
Total other financing sources (uses)	<u>-</u>	<u>(2,421)</u>	<u>(2,317)</u>	<u>104</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 258,858	\$ 258,858	\$ 258,745	\$ (113)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
30,000	60,000	5,549	(54,451)	-	-	-	-
-	-	-	-	163,998	163,998	170,515	6,517
60,510	60,510	76,527	16,017	-	-	-	-
-	-	-	-	-	-	-	-
2,000	2,000	2,476	476	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>351,368</u>	<u>381,368</u>	<u>343,297</u>	<u>(38,071)</u>	<u>163,998</u>	<u>163,998</u>	<u>170,515</u>	<u>6,517</u>
-	-	-	-	-	-	-	-
318,866	321,632	302,040	(19,592)	-	-	-	-
-	-	-	-	163,998	158,521	165,378	6,857
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	171,650	180,652	9,002	-	-	-	-
<u>321,866</u>	<u>493,282</u>	<u>482,692</u>	<u>(10,590)</u>	<u>163,998</u>	<u>158,521</u>	<u>165,378</u>	<u>6,857</u>
<u>29,502</u>	<u>(111,914)</u>	<u>(139,395)</u>	<u>(27,481)</u>	<u>-</u>	<u>5,477</u>	<u>5,137</u>	<u>(340)</u>
-	-	31,130	31,130	-	-	-	-
-	-	-	-	-	-	-	-
-	(8,234)	(8,245)	(11)	-	(5,477)	(5,137)	340
-	(8,234)	22,885	31,119	-	(5,477)	(5,137)	340
29,502	(120,148)	(116,510)	3,638	-	-	-	-
<u>392,361</u>	<u>392,361</u>	<u>392,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 421,863</u>	<u>\$ 272,213</u>	<u>\$ 275,851</u>	<u>\$ 3,638</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, 2017**

	Mental Health Court			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	24,500	3,691	(20,809)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	-	24,500	3,691	(20,809)
Expenditures				
Current				
Judicial	-	24,500	3,691	(20,809)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	24,500	3,691	(20,809)
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Victim Services				Voted Veterans			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
78,550	80,197	80,198	1	-	15,000	15,000	-
-	-	-	-	293,374	293,374	293,096	(278)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,000	1,624	624
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>78,550</u>	<u>80,197</u>	<u>80,198</u>	<u>1</u>	<u>293,374</u>	<u>309,374</u>	<u>309,720</u>	<u>346</u>
-	-	-	-	-	-	-	-
-	-	-	-	167,110	172,069	165,044	(7,025)
78,550	77,961	77,961	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	16,500	16,500	-	(16,500)
<u>78,550</u>	<u>77,961</u>	<u>77,961</u>	<u>-</u>	<u>183,610</u>	<u>188,569</u>	<u>165,044</u>	<u>(23,525)</u>
-	2,236	2,237	1	109,764	120,805	144,676	23,871
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(2,421)	(2,421)	-	(40,000)	(40,000)	(40,000)	-
-	(2,421)	(2,421)	-	(40,000)	(40,000)	(40,000)	-
-	(185)	(184)	1	69,764	80,805	104,676	23,871
295	295	295	-	75,062	75,062	75,062	-
<u>\$ 295</u>	<u>\$ 110</u>	<u>\$ 111</u>	<u>\$ 1</u>	<u>\$ 144,826</u>	<u>\$ 155,867</u>	<u>\$ 179,738</u>	<u>\$ 23,871</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, 2017**

	CDBG Housing Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	149,100	333,800	377,332	43,532
State	1,000	66,200	65,251	(949)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	150,100	400,000	442,583	42,583
Expenditures				
Current				
Judicial	-	-	-	-
General government	150,100	350,000	378,089	28,089
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	150,100	350,000	378,089	28,089
Revenues over (under) expenditures	-	50,000	64,494	14,494
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	50,000	64,494	14,494
Fund balance, beginning of year	30,184	30,184	30,184	-
Fund balance, end of year	<u>\$ 30,184</u>	<u>\$ 80,184</u>	<u>\$ 94,678</u>	<u>\$ 14,494</u>

Principal Residence Exemption				State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	49,578	56,528	56,521	(7)
121,650	199,400	176,237	(23,163)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
400	600	658	58	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>122,050</u>	<u>200,000</u>	<u>176,895</u>	<u>(23,105)</u>	<u>49,578</u>	<u>56,528</u>	<u>56,521</u>	<u>(7)</u>
-	-	-	-	-	-	-	-
115,000	198,782	163,085	(35,697)	49,578	56,528	56,521	(7)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>115,000</u>	<u>198,782</u>	<u>163,085</u>	<u>(35,697)</u>	<u>49,578</u>	<u>56,528</u>	<u>56,521</u>	<u>(7)</u>
<u>7,050</u>	<u>1,218</u>	<u>13,810</u>	<u>12,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,218)</u>	<u>(1,218)</u>	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,218)</u>	<u>(1,218)</u>	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,832	-	12,592	12,592	-	-	-	-
<u>119,038</u>	<u>119,038</u>	<u>119,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 124,870</u>	<u>\$ 119,038</u>	<u>\$ 131,630</u>	<u>\$ 12,592</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, 2017**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	83,760	83,760	77,518	(6,242)
State	-	168	1,173	1,005
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	100	100
Total revenues	83,760	83,928	78,791	(5,137)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	83,760	82,540	75,953	(6,587)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	83,760	82,540	75,953	(6,587)
Revenues over (under) expenditures	-	1,388	2,838	1,450
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	(2,421)	(2,421)	-
Total other financing sources (uses)	-	(2,421)	(2,421)	-
Net change in fund balance	-	(1,033)	417	1,450
Fund balance, beginning of year	1,084	1,084	1,084	-
Fund balance, end of year	<u>\$ 1,084</u>	<u>\$ 51</u>	<u>\$ 1,501</u>	<u>\$ 1,450</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	25,749	25,749	14,541	(11,208)
-	-	-	-	-	-	-	-
300	300	489	189	-	-	-	-
-	-	-	-	-	-	-	-
55,000	55,000	52,400	(2,600)	-	-	-	-
55,300	55,300	52,889	(2,411)	25,749	25,749	14,541	(11,208)
-	-	-	-	-	-	-	-
64,537	68,137	21,495	(46,642)	-	-	-	-
-	-	-	-	25,749	25,749	14,541	(11,208)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
995	995	-	(995)	-	-	-	-
65,532	69,132	21,495	(47,637)	25,749	25,749	14,541	(11,208)
(10,232)	(13,832)	31,394	45,226	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(10,232)	(13,832)	31,394	45,226	-	-	-	-
62,359	62,359	62,359	-	-	-	-	-
\$ 52,127	\$ 48,527	\$ 93,753	\$ 45,226	\$ -	\$ -	\$ -	\$ -

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Community Corrections Services</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	14,613	14,613	12,717	(1,896)
Local	-	-	-	-
Charges for services	8,000	9,000	4,519	(4,481)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>22,613</u>	<u>23,613</u>	<u>17,236</u>	<u>(6,377)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	58,613	56,313	53,955	(2,358)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>58,613</u>	<u>56,313</u>	<u>53,955</u>	<u>(2,358)</u>
Revenues over (under) expenditures	<u>(36,000)</u>	<u>(32,700)</u>	<u>(36,719)</u>	<u>(4,019)</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	36,000	36,000	35,830	(170)
Transfer out	-	(2,301)	(1,955)	346
Total other financing sources (uses)	<u>36,000</u>	<u>33,699</u>	<u>33,875</u>	<u>176</u>
Net change in fund balance	-	999	(2,844)	(3,843)
Fund balance, beginning of year	<u>2,844</u>	<u>2,844</u>	<u>2,844</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,844</u>	<u>\$ 3,843</u>	<u>\$ -</u>	<u>\$ (3,843)</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	50,000	61,296	61,445	149
-	-	-	-	-	-	-	-
12,000	12,000	11,196	(804)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,000</u>	<u>12,000</u>	<u>11,196</u>	<u>(804)</u>	<u>50,000</u>	<u>61,296</u>	<u>61,445</u>	<u>149</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,000	18,500	18,385	(115)	1,300	680	829	149
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	48,700	60,616	60,616	-
<u>16,000</u>	<u>18,500</u>	<u>18,385</u>	<u>(115)</u>	<u>50,000</u>	<u>61,296</u>	<u>61,445</u>	<u>149</u>
<u>(4,000)</u>	<u>(6,500)</u>	<u>(7,189)</u>	<u>(689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(4,000)	(6,500)	(7,189)	(689)	-	-	-	-
<u>35,271</u>	<u>35,271</u>	<u>35,271</u>	<u>-</u>	<u>1,104</u>	<u>1,104</u>	<u>1,104</u>	<u>-</u>
<u>\$ 31,271</u>	<u>\$ 28,771</u>	<u>\$ 28,082</u>	<u>\$ (689)</u>	<u>\$ 1,104</u>	<u>\$ 1,104</u>	<u>\$ 1,104</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, 2017**

	Forfeiture Sheriff/Prosecutor			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	20,051	87,458	87,007	(451)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	20,051	87,458	87,007	(451)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	40,000	89,861	35,398	(54,463)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	40,000	89,861	35,398	(54,463)
Revenues over (under) expenditures	(19,949)	(2,403)	51,609	54,012
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(19,949)	(2,403)	51,609	54,012
Fund balance, beginning of year	89,862	89,862	89,862	-
Fund balance, end of year	<u>\$ 69,913</u>	<u>\$ 87,459</u>	<u>\$ 141,471</u>	<u>\$ 54,012</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	4,000	4,500	4,329	(171)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>4,000</u>	<u>4,500</u>	<u>4,329</u>	<u>(171)</u>
(12,508)	3,116	6,865	3,749	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,000	4,000	3,672	(328)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(12,508)</u>	<u>3,116</u>	<u>6,865</u>	<u>3,749</u>	<u>4,000</u>	<u>4,000</u>	<u>3,672</u>	<u>(328)</u>
19,008	3,384	(365)	(3,749)	-	500	657	157
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,008</u>	<u>3,384</u>	<u>(365)</u>	<u>(3,749)</u>	<u>-</u>	<u>500</u>	<u>657</u>	<u>157</u>
15,771	15,771	15,771	-	6,966	6,966	6,966	-
<u>\$ 34,779</u>	<u>\$ 19,155</u>	<u>\$ 15,406</u>	<u>\$ (3,749)</u>	<u>\$ 6,966</u>	<u>\$ 7,466</u>	<u>\$ 7,623</u>	<u>\$ 157</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, 2017**

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	389,000	389,000	279,143	(109,857)
Local	-	-	-	-
Charges for services	30,000	30,000	23,951	(6,049)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	3,000	3,000	-	(3,000)
Other	-	-	-	-
Total revenues	422,000	422,000	303,094	(118,906)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	668,378	668,378	584,175	(84,203)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	668,378	668,378	584,175	(84,203)
Revenues over (under) expenditures	(246,378)	(246,378)	(281,081)	(34,703)
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	200,000	200,000	200,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Net change in fund balance	(46,378)	(46,378)	(81,081)	(34,703)
Fund balance, beginning of year	181,520	181,520	181,520	-
Fund balance, end of year	\$ 135,142	\$ 135,142	\$ 100,439	\$ (34,703)

Department of Human Services Board				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	205,952	205,952	364,331	158,379
-	-	-	-	-	-	-	-
-	-	-	-	31,500	31,500	17,682	(13,818)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	80,500	80,500	5,559	(74,941)
-	-	-	-	-	-	-	-
-	-	-	-	<u>317,952</u>	<u>317,952</u>	<u>387,572</u>	<u>69,620</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,710	-	-	-	996,026	984,862	826,243	(158,619)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>996,026</u>	<u>984,862</u>	<u>826,243</u>	<u>(158,619)</u>
<u>(7,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(678,074)</u>	<u>(666,910)</u>	<u>(438,671)</u>	<u>228,239</u>
-	-	-	-	-	-	-	-
-	-	-	-	525,000	525,000	525,000	-
-	(30,505)	(35,505)	(5,000)	-	(11,164)	(11,577)	(413)
-	(30,505)	(35,505)	(5,000)	525,000	513,836	513,423	(413)
(7,710)	(30,505)	(35,505)	(5,000)	(153,074)	(153,074)	74,752	227,826
35,505	35,505	35,505	-	329,805	329,805	329,805	-
<u>\$ 27,795</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 176,731</u>	<u>\$ 176,731</u>	<u>\$ 404,557</u>	<u>\$ 227,826</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, 2017**

	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	40,000	40,000	17,803	(22,197)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	40,000	40,000	17,803	(22,197)
Revenues over (under) expenditures	(40,000)	(40,000)	(17,803)	22,197
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	40,000	40,000	40,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	40,000	40,000	40,000	-
Net change in fund balance	-	-	22,197	22,197
Fund balance, beginning of year	9,953	9,953	9,953	-
Fund balance, end of year	<u>\$ 9,953</u>	<u>\$ 9,953</u>	<u>\$ 32,150</u>	<u>\$ 22,197</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 345,144	\$ 345,144	\$ 345,085	\$ (59)
-	-	-	-	-	-	-	-
15,000	15,000	-	(15,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	1,079	79
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,000	15,000	-	(15,000)	346,144	346,144	346,164	20
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,000	14,000	15,133	1,133	358,529	359,329	335,945	(23,384)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,000	14,000	15,133	1,133	358,529	359,329	335,945	(23,384)
1,000	1,000	(15,133)	(16,133)	(12,385)	(13,185)	10,219	23,404
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,000)	(1,000)	-	1,000	-	-	-	-
(1,000)	(1,000)	-	1,000	-	-	-	-
-	-	(15,133)	(15,133)	(12,385)	(13,185)	10,219	23,404
15,133	15,133	15,133	-	46,220	46,220	46,220	-
\$ 15,133	\$ 15,133	\$ -	\$ (15,133)	\$ 33,835	\$ 33,035	\$ 56,439	\$ 23,404

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Regional DWI Court Grants</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	230,000	230,000	199,764	(30,236)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>199,764</u>	<u>(30,236)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	210,233	207,812	172,157	(35,655)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>210,233</u>	<u>207,812</u>	<u>172,157</u>	<u>(35,655)</u>
Revenues over (under) expenditures	<u>19,767</u>	<u>22,188</u>	<u>27,607</u>	<u>5,419</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	(2,421)	(2,421)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,421)</u>	<u>(2,421)</u>	<u>-</u>
Net change in fund balance	19,767	19,767	25,186	5,419
Fund balance, beginning of year	<u>16,653</u>	<u>16,653</u>	<u>16,653</u>	<u>-</u>
Fund balance, end of year	<u>\$ 36,420</u>	<u>\$ 36,420</u>	<u>\$ 41,839</u>	<u>\$ 5,419</u>

Drug Enforcement Grant

<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	28,221	27,970	(251)
-	-	-	-
-	-	-	-
-	-	5	5
-	-	-	-
-	-	-	-
<u>-</u>	<u>28,221</u>	<u>27,975</u>	<u>(246)</u>
-	-	-	-
-	-	-	-
-	28,221	27,970	(251)
-	-	-	-
-	-	-	-
<u>-</u>	<u>28,221</u>	<u>27,970</u>	<u>(251)</u>
-	-	5	5
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	5	5
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</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, 2017**

	Voted MSU			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 172,572	\$ 172,572	\$ 172,315	\$ (257)
Intergovernmental				-
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	168	168
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	172,572	172,572	172,483	(89)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	153,564	168,788	149,242	(19,546)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	153,564	168,788	149,242	(19,546)
Revenues over (under) expenditures	19,008	3,784	23,241	19,457
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	19,008	3,784	23,241	19,457
Fund balance, beginning of year	(120,559)	(120,559)	(120,559)	-
Fund balance, end of year	<u>\$ (101,551)</u>	<u>\$ (116,775)</u>	<u>\$ (97,318)</u>	<u>\$ 19,457</u>

GIS				Totals			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 776,574	\$ 776,574	\$ 776,145	\$ (429)
-	-	-	-	934,620	1,130,616	1,118,910	(11,706)
-	-	-	-	1,274,693	1,418,658	1,341,349	(77,309)
-	-	-	-	863,620	969,591	892,069	(77,522)
47,000	46,700	38,883	(7,817)	1,443,260	1,467,715	1,423,018	(44,697)
-	-	-	-	26,551	93,958	93,507	(451)
100	400	453	53	4,800	7,800	11,253	3,453
-	-	-	-	98,000	98,000	18,509	(79,491)
-	-	-	-	60,250	60,250	56,870	(3,380)
<u>47,100</u>	<u>47,100</u>	<u>39,336</u>	<u>(7,764)</u>	<u>5,482,368</u>	<u>6,023,162</u>	<u>5,731,630</u>	<u>(291,532)</u>
-	-	-	-	1,047,736	1,057,013	983,602	(73,411)
-	-	-	-	865,191	1,167,148	1,086,274	(80,874)
12,000	14,000	13,574	(426)	2,413,307	2,468,937	2,050,845	(418,092)
-	-	-	-	2,084,643	2,066,569	1,779,299	(287,270)
-	-	-	-	12,250	69,985	66,924	(3,061)
-	-	-	-	190,995	371,561	262,981	(108,580)
<u>12,000</u>	<u>14,000</u>	<u>13,574</u>	<u>(426)</u>	<u>6,614,122</u>	<u>7,201,213</u>	<u>6,229,925</u>	<u>(971,288)</u>
<u>35,100</u>	<u>33,100</u>	<u>25,762</u>	<u>(7,338)</u>	<u>(1,131,754)</u>	<u>(1,178,051)</u>	<u>(498,295)</u>	<u>679,756</u>
-	-	-	-	-	-	31,130	31,130
-	-	-	-	1,052,970	1,099,570	1,099,400	(170)
-	-	-	-	(42,218)	(167,558)	(173,841)	(6,283)
-	-	-	-	1,010,752	932,012	956,689	24,677
35,100	33,100	25,762	(7,338)	(121,002)	(246,039)	458,394	704,433
56,887	56,887	56,887	-	2,525,270	2,525,270	2,525,270	-
<u>\$ 91,987</u>	<u>\$ 89,987</u>	<u>\$82,649</u>	<u>\$ (7,338)</u>	<u>\$ 2,404,268</u>	<u>\$ 2,279,231</u>	<u>\$ 2,983,664</u>	<u>\$ 704,433</u>



TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2017**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Jail Capital Improvements</u>	<u>Total</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 122,206	\$ 203,138	\$ 1,225,277	\$ 668,288	\$ 2,218,909
Investments	-	-	513,541	-	513,541
Accounts receivable	-	-	70,000	-	70,000
Due from other funds	-	238,000	123,964	300,000	661,964
Total assets	<u>\$ 122,206</u>	<u>\$ 441,138</u>	<u>\$ 1,932,782</u>	<u>\$ 968,288</u>	<u>\$ 3,464,414</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ -	\$ 63,447	\$ -	\$ -	\$ 63,447
Due to other funds	-	1,413	300,000	-	301,413
Total liabilities	<u>-</u>	<u>64,860</u>	<u>300,000</u>	<u>-</u>	<u>364,860</u>
Deferred inflows of resources					
Unavailable revenue - land contract	-	-	70,000	-	70,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Fund balance					
Restricted for capital projects	122,206	279,510	1,468,782	968,288	2,838,786
Assigned					
Subsequent year expenditures	-	96,768	94,000	-	190,768
Total fund balance	<u>122,206</u>	<u>376,278</u>	<u>1,562,782</u>	<u>968,288</u>	<u>3,029,554</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 122,206</u>	<u>\$ 441,138</u>	<u>\$ 1,932,782</u>	<u>\$ 968,288</u>	<u>\$ 3,464,414</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Jail Capital Improvements</u>	<u>Total</u>
Revenues					
Interest and rent	\$ 21,414	\$ -	\$ 9,790	\$ 514	\$ 31,718
Reimbursement	-	7,175	-	-	7,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	21,414	7,175	9,790	514	38,893
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures					
Capital outlay	20,393	527,437	546,377	-	1,094,207
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenues under expenditures	1,021	(520,262)	(536,587)	514	(1,055,314)
Other financing sources (uses)					
Sale of assets	-	-	70,000	-	70,000
Transfer in	-	500,000	123,964	967,774	1,591,738
Transfer out	-	-	(300,000)	-	(300,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing source(uses)	-	500,000	(106,036)	967,774	1,361,738
Net change in fund balance	1,021	(20,262)	(642,623)	968,288	306,424
Fund balance, beginning of year	121,185	396,540	2,205,405	-	2,723,130
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 122,206</u>	<u>\$ 376,278</u>	<u>\$ 1,562,782</u>	<u>\$ 968,288</u>	<u>\$ 3,029,554</u>

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.

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, 2017**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>	<u>Tax Foreclosure</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ -	\$ -	\$ 745,403	\$ 745,403
Investments	-	-	500,537	500,537
Accounts receivable	-	-	80	80
Contracts receivable - current	46,850	70,391	-	117,241
Total current assets	<u>46,850</u>	<u>70,391</u>	<u>1,246,020</u>	<u>1,363,261</u>
Noncurrent assets				
Contracts receivable, net of current portion	920,000	70,000	-	990,000
Total assets	<u>966,850</u>	<u>140,391</u>	<u>1,246,020</u>	<u>2,353,261</u>
Liabilities				
Current liabilities				
Accounts payable	-	-	(4,092)	(4,092)
Accrued liabilities	15,850	391	-	16,241
Due to other funds	-	-	192,425	192,425
Bonds payable, current	31,000	70,000	-	101,000
Total current liabilities	46,850	70,391	188,333	305,574
Bonds payable, net of current portion	920,000	70,000	-	990,000
Total long-term liabilities	<u>920,000</u>	<u>70,000</u>	<u>-</u>	<u>990,000</u>
Total liabilities	<u>966,850</u>	<u>140,391</u>	<u>188,333</u>	<u>1,295,574</u>
Net position				
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,687</u>	<u>\$ 1,057,687</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>	<u>Tax Foreclosure</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ -	\$ -	\$ 189,286	\$ 189,286
Other	-	-	290,448	290,448
Total operating revenues	-	-	479,734	479,734
Operating expenses				
Administration	-	-	249,585	249,585
Operating income	-	-	230,149	230,149
Nonoperating revenues (expenses)				
Interest and rent	-	-	6,615	6,615
Interest expense and fiscal charges	(48,550)	(3,133)		(51,683)
Total nonoperating revenues (expenses)	(48,550)	(3,133)	6,615	(45,068)
Income (loss) before capital contributions and transfers	(48,550)	(3,133)	236,764	185,081
Capital contributions	48,550	3,133		51,683
Transfers				
Transfers out	-	-	(127,902)	(127,902)
Change in net position	-	-	108,862	108,862
Net position, beginning of year	-	-	948,825	948,825
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,687</u>	<u>\$ 1,057,687</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Mayville Storm Sewer	Richville Water System (Refunded)	Tax Foreclosure	Total
Cash flows from operating activities				
Cash received from customers	\$ -	\$ -	\$ 190,631	\$ 190,631
Cash payments for interfund services provided	-	-	74,561	74,561
Cash payments to suppliers	-	-	(269,745)	(269,745)
Cash payments to employees for services	-	-	(20,698)	(20,698)
Other operating revenue	-	-	290,448	290,448
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>265,197</u>	<u>265,197</u>
Cash flows from noncapital financing activities				
Transfers out	<u>-</u>	<u>-</u>	<u>(127,902)</u>	<u>(127,902)</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(30,000)	(70,000)	-	(100,000)
Interest paid on long-term debt	(48,550)	(3,133)	-	(51,683)
Cash received on contract receivable	30,000	70,000	-	100,000
Contributions from local units	<u>48,550</u>	<u>3,133</u>	<u>-</u>	<u>51,683</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest and rent	-	-	6,615	6,615
Sale (purchase) of investments	<u>-</u>	<u>-</u>	<u>(202,376)</u>	<u>(202,376)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>(195,761)</u>	<u>(195,761)</u>
Net increase (decrease) in cash and cash equivalents	-	-	(58,466)	(58,466)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>803,869</u>	<u>803,869</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745,403</u>	<u>\$ 745,403</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ -	\$ -	\$ 230,149	\$ 230,149
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets/deferred outflows and liabilities/deferred inflows:				
Accounts receivable			1,345	1,345
Due from other funds			684	684
Due from other governments	500	157		657
Related to pensions			(20,698)	(20,698)
Accounts payable			(10,473)	(10,473)
Accrued liabilities	(500)	(157)	(9,687)	(10,344)
Due to other funds			73,877	73,877
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,197</u>	<u>\$ 265,197</u>



INTERNAL SERVICE FUNDS

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

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.

TUSCOLA COUNTY

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 134,593	\$ 4,821	\$ 586,404	\$ 725,818
Accounts receivable	-	-	58,861	58,861
Prepaid expenses	29,245	-	-	29,245
Due from other funds	-	1,282	-	1,282
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 163,838</u>	<u>\$ 6,103</u>	<u>\$ 645,265</u>	<u>\$ 815,206</u>
Liabilities				
Current liabilities				
Accounts payable	\$ -	\$ 65	\$ -	\$ 65
Accrued liabilities	-	-	121,599	121,599
Due to other funds	-	-	58,861	58,861
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>65</u>	<u>180,460</u>	<u>180,525</u>
Net position				
Unrestricted	<u>\$ 163,838</u>	<u>\$ 6,038</u>	<u>\$ 464,805</u>	<u>\$ 634,681</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 27,853	\$ 11,093	\$ 2,408,184	\$ 2,447,130
Operating expenses				
Vehicle expenses		32,906		32,906
Insurance costs	136,689	-	2,252,801	2,389,490
Total operating expenses	136,689	32,906	2,252,801	2,422,396
Change in net position	(108,836)	(21,813)	155,383	24,734
Net position, beginning of year	272,674	27,851	309,422	609,947
Net position, end of year	<u>\$ 163,838</u>	<u>\$ 6,038</u>	<u>\$ 464,805</u>	<u>\$ 634,681</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Workers' Compensation Insurance	Motor Pool Fund	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 27,853	\$ 11,093	\$ 2,396,248	\$ 2,435,194
Cash received from interfund services provided	-	1,996	9,640	11,636
Cash payments to suppliers for goods and services	(134,591)	(32,887)	(2,268,780)	(2,436,258)
Net cash provided (used) by operating activities	(106,738)	(19,798)	137,108	10,572
Cash and cash equivalents, beginning of year	241,331	24,619	449,296	715,246
Cash and cash equivalents, end of year	\$ 134,593	\$ 4,821	\$ 586,404	\$ 725,818
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (108,836)	\$ (21,813)	\$ 155,383	\$ 24,734
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			(11,936)	(11,936)
Due from other funds		1,996		1,996
Prepaid expenses	2,098			2,098
Accounts payable		19		19
Accrued liabilities			(15,979)	(15,979)
Due to other funds			9,640	9,640
Net cash provided (used) by operating activities	\$ (106,738)	\$ (19,798)	\$ 137,108	\$ 10,572



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, 2017

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
Assets			
Cash and cash equivalents	\$ 959,767	\$ 18,329	\$ 978,096
Accounts receivable	-	-	-
Total assets	<u>\$ 959,767</u>	<u>\$ 18,329</u>	<u>\$ 978,096</u>
Liabilities			
Accounts payable	\$ 72		\$ 72
Accrued liabilities	406,142		406,142
Due to other governmental units	553,394		553,394
Undistributed receipts	159	\$ 18,329	18,488
Total liabilities	<u>\$ 959,767</u>	<u>\$ 18,329</u>	<u>\$ 978,096</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 1,108,103	\$ 18,201,093	\$ 18,349,429	\$ 959,767
Accounts receivable	2,414	25	2,439	-
Total assets	\$ 1,110,517	\$ 18,201,118	\$ 18,351,868	\$ 959,767
Liabilities				
Accounts payable	\$ -	\$ 10,858,820	\$ 10,858,892	\$ 72
Accrued liabilities	502,839	1,429,356	1,332,659	406,142
Due to other governmental units	594,409	17,101,710	17,060,695	553,394
Undistributed receipts	13,269	26,584	13,474	159
Total liabilities	\$ 1,110,517	\$ 29,416,470	\$ 29,265,720	\$ 959,767
Library Penal Fines				
Assets				
Cash and cash equivalents	\$ 24,730	\$ 296,094	\$ 302,495	\$ 18,329
Accounts receivable	25	-	25	-
Total assets	\$ 24,755	\$ 296,094	\$ 302,520	\$ 18,329
Liabilities				
Accounts payable	\$ -	\$ 295,975	\$ 295,975	\$ -
Undistributed receipts	24,755	302,495	296,069	18,329
Total liabilities	\$ 24,755	\$ 598,470	\$ 592,044	\$ 18,329
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,132,833	\$ 18,497,187	\$ 18,651,924	\$ 978,096
Accounts receivable	2,439	25	2,464	-
Total assets	\$ 1,135,272	\$ 18,497,212	\$ 18,654,388	\$ 978,096
Liabilities				
Accounts payable	\$ -	\$ 11,154,795	\$ 11,154,867	\$ 72
Accrued liabilities	502,839	1,429,356	1,332,659	406,142
Due to other governmental units	594,409	17,101,710	17,060,695	553,394
Undistributed receipts	38,024	329,079	309,543	18,488
Total liabilities	\$ 1,135,272	\$ 30,014,940	\$ 29,857,764	\$ 978,096

COMPONENT UNIT

TUSCOLA COUNTY

DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2017

	Governmental Fund Types			Total Governmental Funds	Adjustments	Statement of Net Position
	Debt Service	Capital Project	Revolving Drain			
Assets						
Cash and cash equivalents	\$ 806,904	\$ 2,333,699	\$ 172,914	\$ 3,313,517	\$ -	\$ 3,313,517
Investments	696,789	1,948,373	-	2,645,162	-	2,645,162
Special assessments receivable	4,589,912	799,817	-	5,389,729	-	5,389,729
Due from other component units	11,355	-	614,847	626,202	(626,202)	-
Advances	-	606,240	-	606,240	-	606,240
Capital assets, not being depreciated	-	-	-	-	299,204	299,204
Capital assets, net of depreciation	-	-	-	-	16,184,512	16,184,512
Total assets	\$ 6,104,960	\$ 5,688,129	\$ 787,761	\$ 12,580,850	\$ 15,857,514	\$ 28,438,364
Liabilities						
Accounts payable	\$ 300	\$ 63,080	\$ 77,305	\$ 140,685	\$ -	\$ 140,685
Accrued interest payable	-	-	-	-	16,512	16,512
Due to other component units	-	626,202	-	626,202	(626,202)	-
Due to primary government	503	573	456	1,532	-	1,532
Drain bonds payable	-	-	-	-	3,985,025	3,985,025
Drain notes payable	-	-	-	-	822,740	822,740
Advances	-	406,240	710,000	1,116,240	-	1,116,240
Total liabilities	803	1,096,095	787,761	1,884,659	4,198,075	6,082,734
Deferred inflows of resources						
Taxes levied for a subsequent period	4,589,912	799,817	-	5,389,729	(5,389,729)	-
Fund equity						
Fund balance						
Restricted for debt service	1,514,245	-	-	1,514,245	(1,514,245)	-
Restricted for drain projects	-	3,792,217	-	3,792,217	(3,792,217)	-
Total fund equity	1,514,245	3,792,217	-	5,306,462	(5,306,462)	-
Total liabilities, deferred inflows of resources, and fund equity	\$ 6,104,960	\$ 5,688,129	\$ 787,761	\$ 12,580,850		
Net position:						
Net investment in capital assets					11,675,951	11,675,951
Restricted for:						
Debt service					1,514,245	1,514,245
Acquisition/construction of capital assets					3,792,217	3,792,217
Unrestricted					5,373,217	5,373,217
Total net position					<u>\$ 22,355,630</u>	<u>\$ 22,355,630</u>

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes and other	\$ 895,715	\$ 1,065,420	\$ 1,961,135	\$ 933,448	\$ 2,894,583
Investment earnings	17,866	36,273	54,139		54,139
Total revenues	<u>913,581</u>	<u>1,101,693</u>	<u>2,015,274</u>	<u>933,448</u>	<u>2,948,722</u>
Expenditures / expenses					
Capital outlay	379,583	1,597,933	1,977,516	(913,245)	1,064,271
Depreciation			-	428,717	428,717
Debt service					
Principal	1,463,174	82,000	1,545,174	(677,954)	867,220
Interest and charges	159,893	5,650	165,543	(4,692)	160,851
Total expenditures / expenses	<u>2,002,650</u>	<u>1,685,583</u>	<u>3,688,233</u>	<u>(1,167,174)</u>	<u>2,521,059</u>
Revenues over (under) expenditures	<u>(1,089,069)</u>	<u>(583,890)</u>	<u>(1,672,959)</u>	<u>2,100,622</u>	<u>427,663</u>
Other financing sources (uses)					
Loan proceeds	385,560	576,700	962,260	(962,260)	-
Transfers in	12,308	495,638	507,946	(507,946)	-
Transfers out	(264,399)	(243,547)	(507,946)	507,946	-
Total other financing sources (uses)	<u>133,469</u>	<u>828,791</u>	<u>962,260</u>	<u>(962,260)</u>	<u>-</u>
Net change in fund balance	(955,600)	244,901	(710,699)	710,699	-
Change in net position	-	-	-	427,663	427,663
Fund balance / net position, beginning of year	<u>2,469,845</u>	<u>3,547,316</u>	<u>6,017,161</u>	<u>15,910,806</u>	<u>21,927,967</u>
Fund balance / net position, end of year	<u>\$ 1,514,245</u>	<u>\$ 3,792,217</u>	<u>\$ 5,306,462</u>	<u>\$ 17,049,168</u>	<u>\$ 22,355,630</u>

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.	139-145
Revenue Capacity These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	146-149
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.	150-153
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.	154-155
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.	156-158

TUSCOLA COUNTY, MICHIGAN

Table 1

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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338	\$ 4,934,954	\$ 4,992,236	\$ 5,265,708	\$ 5,639,829	\$ 5,380,615	\$ 5,943,571
Restricted	2,407,986	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781	1,195,900	1,864,506	2,672,329	2,882,160
Unrestricted	<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>	<u>6,644,960</u>	<u>(944,404)</u>	<u>(3,118,970)</u>	<u>(2,704,558)</u>
Total governmental activities net position	<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>	<u>\$ 13,106,568</u>	<u>\$ 6,559,931</u>	<u>\$ 4,933,974</u>	<u>\$ 6,121,173</u>
Business-type activities										
Net investment in capital assets	\$ 4,030,033	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175	\$ 7,030,684	\$ 7,728,386	\$ 9,337,696	\$ 10,787,341	\$ 11,154,645	\$ 10,601,748
Restricted	1,241,842	1,910,834	2,286,104	1,564,341	1,880,647	2,161,654	2,579,165	1,430,672	290,258	-
Unrestricted	<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>	<u>12,932,697</u>	<u>10,871,364</u>	<u>10,239,172</u>	<u>10,291,902</u>
Total business-type activities net position	<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>	<u>\$ 24,849,558</u>	<u>\$ 23,089,377</u>	<u>\$ 21,684,075</u>	<u>\$ 20,893,650</u>
Primary government										
Net investment in capital assets	\$ 8,952,114	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513	\$ 11,965,638	\$ 12,720,622	\$ 14,603,404	\$ 16,427,170	\$ 16,535,260	\$ 16,545,319
Restricted	3,649,828	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435	3,775,065	3,295,178	2,962,587	2,882,160
Unrestricted	<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>	<u>19,577,657</u>	<u>9,926,960</u>	<u>7,120,202</u>	<u>7,587,344</u>
Total primary government net position	<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>	<u>\$ 37,956,126</u>	<u>\$ 29,649,308</u>	<u>\$ 26,618,049</u>	<u>\$ 27,014,823</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
Legislative	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073	\$ 103,402	\$ 115,714	\$ 148,172	\$ 121,672
Judicial	3,665,853	3,909,719	3,737,722	3,550,345	2,879,517	3,196,846	3,262,153	3,298,138	4,156,591	3,336,249
General government	5,580,391	5,711,900	5,844,575	6,755,644	6,199,985	6,321,346	6,345,529	6,701,612	7,160,516	7,235,661
Public safety	5,628,777	5,997,680	5,696,877	5,841,052	5,804,282	6,029,646	5,652,616	6,579,971	7,415,067	5,972,439
Public works	939,794	865,143	769,984	693,296	795,586	924,147	815,625	678,023	777,630	746,700
Health and welfare	5,463,407	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444	5,216,376	5,234,005	5,598,219	5,990,088
Culture and recreation	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542	66,959
Interest on debt	50,441	42,620	36,004	41,826	60,669	52,768	44,999	36,862	278,897	373,262
Total governmental activities expenses	<u>21,454,657</u>	<u>21,930,342</u>	<u>21,159,398</u>	<u>22,282,522</u>	<u>20,999,000</u>	<u>21,727,407</u>	<u>21,449,723</u>	<u>22,652,959</u>	<u>25,546,634</u>	<u>23,843,030</u>
Business-type activities:										
Medical care facility	14,476,962	16,390,118	17,189,496	17,899,830	18,068,414	18,849,925	19,652,039	21,153,567	22,315,039	23,181,919
Delinquent property tax	2,478	1,455	90	85	21	48	832	1,494	843	143
Water/sewage systems	3,778,099	312,675	299,672	284,295	258,873	242,510	526,639	304,173	293,015	281,304
Tax foreclosure	114,590	215,711	253,288	343,287	336,683	446,017	405,857	332,487	335,392	249,585
Total business-type activities expenses	<u>18,372,129</u>	<u>16,919,959</u>	<u>17,742,546</u>	<u>18,527,497</u>	<u>18,663,991</u>	<u>19,538,500</u>	<u>20,585,367</u>	<u>21,791,721</u>	<u>22,944,289</u>	<u>23,712,951</u>
Total primary government expenses	<u>\$ 39,826,786</u>	<u>\$ 38,850,301</u>	<u>\$ 38,901,944</u>	<u>\$ 40,810,019</u>	<u>\$ 39,662,991</u>	<u>\$ 41,265,907</u>	<u>\$ 42,035,090</u>	<u>\$ 44,444,680</u>	<u>\$ 48,490,923</u>	<u>\$ 47,555,981</u>
Program Revenues										
Governmental activities:										
Charges for services										
Judicial	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478	\$ 1,274,481	\$ 1,224,201	\$ 1,216,028	\$ 1,224,277	\$ 1,074,291	\$ 1,099,980
General government	844,975	806,527	761,439	689,760	749,121	744,192	740,750	874,213	1,095,603	1,256,253
Public safety	1,830,531	1,811,889	1,743,017	1,714,978	1,764,703	1,842,902	2,046,308	2,121,943	2,320,821	2,173,012
Public works	418,363	324,593	275,567	269,213	376,012	472,183	369,043	252,391	369,007	338,575
Health and welfare	1,007,945	1,191,633	742,876	810,346	822,751	683,951	586,366	620,213	672,883	691,252
Culture and recreation	2,209	2,414	3,861	1,548	2,800	3,902	3,987	5,454	5,637	29,710
Operating grants and contributions										
Judicial	1,067,410	1,103,077	1,364,571	1,467,812	1,250,005	1,237,672	1,252,854	1,206,663	1,201,303	1,216,914
General government	252,725	230,215	159,249	547,666	246,226	190,582	234,953	151,018	146,039	519,653
Public Safety	914,234	1,016,033	690,258	883,561	655,231	860,223	638,185	718,542	523,665	581,396
Health and welfare	2,619,685	2,541,733	2,539,046	2,543,246	2,706,160	1,969,721	2,406,930	3,070,662	2,642,757	3,133,148
Capital grants and contributions	127,155	50,264	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>10,360,771</u>	<u>10,413,785</u>	<u>9,587,350</u>	<u>10,145,608</u>	<u>9,847,490</u>	<u>9,229,529</u>	<u>9,495,404</u>	<u>10,245,376</u>	<u>10,052,006</u>	<u>11,039,893</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

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

(continued)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Business-type activities:										
Charges for services										
Medical Care Community	13,302,206	14,746,024	16,068,197	16,801,011	18,782,303	17,120,685	17,976,404	19,314,786	19,807,248	21,399,403
Delinquent Tax	603,172	710,041	714,369	787,947	718,620	754,501	582,800	673,670	636,870	663,661
Water/Sewer Systems	81,248	-	-	-	-	-	-	-	-	-
Tax Foreclosure	144,563	159,146	187,921	-	175,909	179,424	175,250	193,571	194,918	189,286
Operating grants and contributions	-	-	-	207,628	-	-	-	-	-	-
Capital grants and contributions	3,495,097	589,188	299,672	284,295	258,856	242,510	400,446	304,173	293,015	281,304
Total business-type activities program revenues:	<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>	<u>19,134,900</u>	<u>20,486,200</u>	<u>20,932,051</u>	<u>22,533,654</u>
Total primary government program revenues	<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>	<u>\$ 28,630,304</u>	<u>\$ 30,731,576</u>	<u>\$ 30,984,057</u>	<u>\$ 33,573,547</u>
Net (Expenses)/Revenue										
Governmental activities	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)	\$ (11,954,319)	\$ (12,407,583)	\$ (15,494,628)	\$ (12,803,137)
Business-type activities	<u>(745,843)</u>	<u>(715,560)</u>	<u>(472,387)</u>	<u>(446,616)</u>	1,271,697	<u>(1,241,380)</u>	<u>(1,450,467)</u>	<u>(1,305,521)</u>	<u>(2,012,238)</u>	<u>(1,179,297)</u>
Total primary government net expense	<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>	<u>\$ (13,404,786)</u>	<u>\$ (13,713,104)</u>	<u>\$ (17,506,866)</u>	<u>\$ (13,982,434)</u>

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 2

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

(continued)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 8,329,783	\$ 8,899,366	\$ 8,238,352	\$ 8,182,316	\$ 8,138,839	\$ 8,580,677	\$ 9,218,752	\$ 10,053,314	\$ 10,186,530	\$ 10,335,424
Grants and contributions not restricted to specific programs	589,645	1,184,605	1,106,822	1,152,433	1,033,823	1,045,628	1,165,279	1,219,055	1,199,905	1,215,686
Unrestricted investment earnings	312,610	270,797	592,262	560,159	499,575	471,176	481,646	479,580	511,528	518,143
Loss on sale of assets			(86)	-	-	-	-	-	-	-
Other	-	11,241	672,730	1,139,163	858,469	1,052,109	796,222	691,488	978,112	853,036
Transfers - Internal activities	<u>797,575</u>	<u>857,111</u>	<u>872,404</u>	<u>908,509</u>	<u>842,214</u>	<u>825,463</u>	<u>734,858</u>	<u>771,258</u>	<u>913,352</u>	<u>1,068,047</u>
Total governmental activities	<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>	<u>12,396,757</u>	<u>13,214,695</u>	<u>13,789,427</u>	<u>13,990,336</u>
Business-type activities:										
Property taxes	1,773,731	1,812,867	1,845,663	1,770,769	1,743,674	1,735,187	1,894,897	402,518	438,417	427,358
Unrestricted investment earnings	229,178	137,287	103,738	75,249	66,403	35,869	51,914	55,512	64,945	72,648
Other	302,614	523,536	509,380	693,617	665,500	973,408	1,115,105	706,953	854,935	721,561
Transfers - Internal activities	<u>(751,517)</u>	<u>(848,941)</u>	<u>(805,776)</u>	<u>(860,272)</u>	<u>(798,862)</u>	<u>(777,538)</u>	<u>(708,253)</u>	<u>(715,776)</u>	<u>(751,361)</u>	<u>(832,695)</u>
Total business-type activities	<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>	<u>2,353,663</u>	<u>449,207</u>	<u>606,936</u>	<u>388,872</u>
Total primary government	<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>	<u>\$ 14,750,420</u>	<u>\$ 13,663,902</u>	<u>\$ 14,396,363</u>	<u>\$ 14,379,208</u>
Change in Net Position										
Governmental activities	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)	\$ 442,438	\$ 807,112	\$ (1,705,201)	\$ 1,187,199
Business-type activities	<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>	<u>903,196</u>	<u>(856,314)</u>	<u>(1,405,302)</u>	<u>(790,425)</u>
Total primary government	<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>	<u>\$ 1,345,634</u>	<u>\$ (49,202)</u>	<u>\$ (3,110,503)</u>	<u>\$ 396,774</u>

TUSCOLA COUNTY, MICHIGAN

Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,906,960	1,256,998	1,337,490	-	-	-	-	-	-	-
Nonspendable	-	-	-	416,551	310,000	418,867	417,310	417,494	643,918	619,653
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	5,000
Assigned	-	-	-	1,248,368	1,212,000	1,272,000	1,462,000	1,463,900	2,031,720	1,645,626
Unassigned	-	-	-	691,679	1,024,692	955,077	883,279	1,035,936	418,032	337,763
Total general fund	\$ 2,216,960	\$ 1,571,893	\$ 1,661,213	\$ 2,356,598	\$ 2,546,692	\$ 2,645,944	\$ 2,762,589	\$ 2,917,330	\$ 3,093,670	\$ 2,608,042
Health Department										
Reserved	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	470,300	614,268	557,500	-	-	-	-	-	-	-
Nonspendable	-	-	-	72,939	99,596	86,687	65,630	42,385	31,931	38,521
Restricted	-	-	-	224,790	394,145	39,475	149,830	952,882	966,194	1,270,266
Committed	-	-	-	279,162	347,752	353,337	412,486	416,335	417,563	382,539
Assigned	-	-	-	-	-	-	-	-	1,943	-
Unassigned	-	-	-	-	-	26,779	-	-	-	-
Total Health Department	\$ 637,245	\$ 657,720	\$ 636,246	\$ 576,891	\$ 841,493	\$ 506,278	\$ 627,946	\$ 1,411,602	\$ 1,417,631	\$ 1,691,326
Road Patrol										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	218,087	358,260	617,466
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	41,741	84,358	24,198
Total Road Patrol	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,828	\$ 442,618	\$ 641,664
Voted Mosquito										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	16,413	9,447	132,662
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	160,098	146,176	56,280
Total Voted Mosquito	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,511	\$ 155,623	\$ 188,942
All Other Governmental Funds										
Reserved	\$ 2,313,327	\$ 2,004,243	\$ 1,930,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	2,365,336	2,621,574	2,732,624	-	-	-	-	-	-	-
Permanent funds	100	14	8	-	-	-	-	-	-	-
Nonspendable	-	-	-	6,800	6,800	99	-	-	-	15,700
Restricted	-	-	-	3,954,999	3,738,092	3,638,251	3,955,027	4,222,450	4,818,281	5,075,952
Committed	-	-	-	-	-	-	5,000	5,000	5,000	-
Assigned	-	-	-	-	-	250,000	-	-	482,567	964,940
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 4,678,763	\$ 4,625,831	\$ 4,662,810	\$ 3,961,799	\$ 3,744,892	\$ 3,888,350	\$ 3,960,027	\$ 4,227,450	\$ 5,305,848	\$ 6,056,592

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

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

Table 4

Revenues	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Taxes	\$ 8,479,464	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390	\$ 8,598,619	\$ 9,200,434	\$ 10,055,468	\$ 10,173,607	\$ 10,314,499
Licenses and permits	692,278	610,135	578,920	568,282	693,121	840,436	694,797	612,944	666,040	635,561
Intergovernmental										
Federal	2,999,238	3,168,650	2,872,131	3,763,104	3,213,216	2,645,846	2,857,756	3,483,185	2,839,403	3,691,763
State	2,573,953	2,994,055	2,987,815	2,828,386	2,660,920	2,641,255	2,977,660	3,060,793	3,034,908	3,123,882
Local	405,052	484,203	484,180	420,500	437,648	435,065	439,896	541,459	904,915	900,474
Charges for services	3,726,581	3,620,834	3,728,820	3,661,697	3,824,985	3,669,283	3,454,787	3,681,642	3,592,132	3,747,441
Fines and forfeits	54,515	50,138	42,306	56,072	51,423	43,272	235,787	84,408	214,513	156,458
Interest and rents	447,461	641,691	592,262	560,159	499,575	471,176	481,646	479,580	511,528	518,143
Reimbursements and refunds	553,645	544,238	693,980	1,155,875	883,282	1,101,760	806,479	742,895	823,772	711,355
Other	116,880	104,769	101,205	105,329	107,407	87,655	132,135	80,814	85,711	71,681
Total revenues	<u>20,049,067</u>	<u>20,680,903</u>	<u>20,432,530</u>	<u>21,344,266</u>	<u>20,517,967</u>	<u>20,534,367</u>	<u>21,281,377</u>	<u>22,823,188</u>	<u>22,846,529</u>	<u>23,871,257</u>
Expenditures										
Legislative	118,052	146,040	139,864	101,988	102,468	104,414	103,947	111,400	103,335	123,062
Judicial	3,576,395	3,858,932	3,744,726	3,554,120	2,979,588	3,190,866	3,284,426	3,229,200	3,228,250	3,355,152
General government	5,213,922	5,210,485	5,073,462	5,407,442	4,987,566	4,990,297	5,270,785	5,544,831	5,593,914	6,031,459
Public safety	5,238,880	5,494,042	5,477,302	5,624,365	5,773,317	5,874,232	5,884,107	6,426,422	6,225,193	6,152,105
Public works	939,330	864,916	769,096	693,338	795,703	921,486	814,993	680,315	774,919	747,689
Health and welfare	5,321,457	5,111,779	4,842,755	5,264,353	5,060,626	4,983,297	5,063,682	4,913,577	5,081,040	7,889,761
Culture and recreation	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542	66,959
Other	241,097	242,903	220,651	360,059	180,079	251,022	206,688	201,254	154,502	144,121
Capital outlay	692,935	1,109,845	657,795	2,569,679	1,030,783	905,437	439,982	1,068,837	583,532	1,532,745
Debt service								-	-	-
Principal	171,579	125,565	131,538	120,000	165,000	170,000	175,000	165,000	215,000	315,000
Interest	52,567	44,490	37,959	40,626	62,963	55,147	47,463	39,156	128,754	311,205
Bond Issuance Costs	-	-	-	-	-	-	-	-	76,268	56,622
Total expenditures	<u>21,572,257</u>	<u>22,215,538</u>	<u>21,099,549</u>	<u>23,745,695</u>	<u>21,144,992</u>	<u>21,452,335</u>	<u>21,300,096</u>	<u>22,388,626</u>	<u>22,176,249</u>	<u>26,725,880</u>
Excess of revenues over (under) expenditures	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)	(18,719)	434,562	670,280	(2,854,623)

(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)	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Face Value of debt issue	-	-	-	-	-	-	-	-	6,980,000	2,475,000
Discounts on bonds issued	-	-	-	-	-	-	-	-	(2,172)	(18,378)
Proceeds from capital lease	-	-	-	-	-	-	-	-	94,500	31,130
Proceeds from sale of assets	-	-	-	-	-	-	-	-	68,629	70,000
Issuance of debt	-	-	-	-	22,600	-	-	-	-	-
Bond proceeds	-	-	-	1,029,156	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capita	49,674	-	-	-	-	-	-	-	-	-
Transfer in	3,396,769	2,561,589	2,238,502	2,555,146	2,370,765	2,601,686	2,642,235	3,403,347	3,587,630	7,090,189
Transfer out	(2,599,194)	(1,704,478)	(1,371,598)	(1,646,637)	(1,528,551)	(1,776,223)	(1,907,377)	(2,632,089)	(2,674,278)	(6,022,142)
Total other financing sources (uses)	<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>	<u>734,858</u>	<u>771,258</u>	<u>8,054,309</u>	<u>3,625,799</u>
Special Items - Pension pre-fundir	-	-	-	-	-	-	-	-	(6,865,581)	-
Net change in fund balances	<u>\$ (675,941)</u>	<u>\$ (677,524)</u>	<u>\$ 199,885</u>	<u>\$ (463,764)</u>	<u>\$ 237,789</u>	<u>\$ (92,505)</u>	<u>\$ 716,139</u>	<u>\$ 1,205,820</u>	<u>\$ 1,859,008</u>	<u>\$ 771,176</u>
Debt service as a percentage of noncapital expenditures	1.074%	0.806%	0.829%	0.759%	1.133%	1.096%	1.066%	0.96%	1.59%	2.45%

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 5

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

Fiscal Year Ended December 31,	Real Property				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	Personal Property				
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%
2014	120,812,500	881,972,835	855,585,985	333,054,579	2,191,425,899	7.4921	4,382,851,798	50%
2015	122,071,635	917,724,525	936,140,455	454,937,999	2,430,874,614	7.6621	4,861,749,228	50%
2016	121,354,400	978,552,403	1,037,690,870	417,773,965	2,555,371,638	7.7621	5,110,743,276	50%
2017	125,248,200	1,031,884,701	1,049,895,623	411,101,536	2,618,130,060	8.3121	5,236,260,120	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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County direct rates										
Operating Millage	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5705	3.5022	3.5780	3.5780	3.5780	3.5780	3.5780	3.7480	3.8480	4.3980
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-	-	-	-
Total direct rate	8.4846	8.4163	8.4921	8.4921	8.4921	8.4921	7.4921	7.6621	7.7621	8.3121
City rate										
Vassar	17.5000	17.5000	17.5000	17.0000	17.0000	17.0000	16.0000	16.0000	16.0000	16.0000
Caro (2)	-	-	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643
Village rates										
	12.0440-	12.0440-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-
	21.6036	21.6036	21.6036	21.6036	18.1387	18.1387	21.7268	21.7268	21.7268	21.7268
School district rates (1)										
	26.7817-	26.7817-	26.7817-	28.2409-	28.2409-	22.7079-	22.7079-	22.7079-	22.7479-	22.7479-
	29.0998	29.0998	29.0998	29.2409	28.4480	28.0409	28.4079	27.7079	27.3079	27.3079
Township rates										
	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-
	5.3957	5.3957	5.6563	6.3957	6.3957	6.4175	6.4026	6.3864	6.3864	6.3912
District library rates										
	.7916-	.7916-	.7916-	.7916-	.7500-	.7500-	.7500-	.7500-	.7500-	.7428-
	1.4761	1.4761	1.4761	1.4909	1.4909	1.4909	1.4909	1.4909	1.4909	1.4909
Caro Transit Authority (3)										
	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	2.0000

(1) Includes local, SET, and averaged intermediate school district millages. Non-Homestead Rates

(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 and Nine Years Ago

Table 7

Current Year 2017			
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Consumers Energy	\$ 109,486,406	1	6.25%
Tuscola Bay Wind LLC	77,802,700	2	4.44%
Tuscola Bay Wind II LLC	70,780,700	3	4.04%
ITC Transmissions	57,796,306	4	3.30%
Detroit Edison Co	39,065,479	5	2.23%
POET-Biorefining - Caro	21,439,998	6	1.22%
Dairy Farmers of America	13,688,860	7	0.78%
Thumb Electric Co-Op	6,375,295	8	0.36%
Wal-Mart Stores #01-1798	3,969,153	9	0.23%
Russell Family Land Co LLC	3,842,356	10	0.22%
Totals	\$ 404,247,253		23.07%
2017 Taxable Value \$ 1,751,550,308			
9 Years ago 2008			
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Detroit Edison Co	\$ 30,391,173	1	2.10%
POET-Biorefining - Caro	14,953,600	2	1.03%
Dept of Natural Resources	8,915,050	3	0.62%
International Transmission	7,854,904	4	0.54%
Consumers Power Company	6,332,215	5	0.44%
Wal-Mat Stores #01-1798	5,628,757	6	0.39%
Thumb Electric Co-Op	5,534,529	7	0.38%
Millenium Industris, Inc.	4,204,000	8	0.29%
TI Group Automotive Systems	3,425,506	9	0.24%
Michigan Sugar	2,996,394	10	0.21%
Totals	\$ 90,236,128		6.24%
2008 Taxable Value \$ 1,448,148,172			

Source: Tuscola County Equalization Department.

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
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%
2014	5,884,294	5,339,435	90.74%	288,450	251,009	5,878,894	99.91%
2015	6,353,186	5,686,840	89.51%	306,719	335,066	6,328,625	99.61%
2016	6,752,971	5,937,568	87.93%	309,983	394,996	6,642,547	98.36%
2017	6,812,328	6,112,770	89.73%	318,150	259,843	6,690,763	98.22%

Source: Tuscola County Treasurer

TUSCOLA COUNTY, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Bond Discount	Equipment Loan	Capital Lease Payable
2008	\$ 880,000	\$ -	\$ -	\$ -	\$ -	\$ 32,103
2009	770,000	-	-	-	-	16,538
2010	655,000	-	-	-	-	-
2011	535,000	995,000	-	-	-	-
2012	405,000	960,000	-	-	-	-
2013 (1)	270,000	925,000	-	(13,184)	26,013	212,496
2014	130,000	890,000	-	(12,438)	13,221	-
2015	-	855,000	-	(11,692)	-	-
2016	-	815,000	6,805,000	(13,032)	-	85,343
2017	-	775,000	9,005,000	(29,784)	-	98,460

Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita (2)
Fiscal Year	Refunding Bonds	Medical Care Small House	Medical Care Land Contract	General Obligation Bonds	USDA Loans			
2008	\$ -	\$ -	\$ -	\$ 18,421,627	\$ -	\$ 912,103	158.70%	16
2009	-	-	-	17,356,663	-	786,538	183.78%	13
2010	-	-	-	16,034,912	-	655,000	232.37%	11
2011	-	-	-	13,631,114	-	1,530,000	107.95%	27
2012	-	-	-	12,563,114	-	1,365,000	120.43%	25
2013 (1)	3,450,000	4,600,000	-	7,559,114	5,219,000	1,420,325	120.76%	26
2014	2,420,000	4,600,000	-	6,743,114	5,060,000	1,020,783	171.26%	19
2015	1,320,000	4,435,000	-	6,306,114	4,969,000	843,308	221.06%	16
2016	200,000	4,265,000	140,000	5,853,114	4,872,000	7,692,311	24.32%	144
2017	-	4,090,000	70,000	5,398,114	4,769,000	9,848,676	19.06%	185

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.

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

(2) Per Capita based on estimated population changes. Population continues to decrease.

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	Net Pension Obligation Bonds	Net Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded		
2008	\$ 880,000	\$ 4,886,000	\$ -	-	\$ 5,766,000	-	\$ 1,448,148,172	0.0000%
2009	770,000	4,641,000	-	-	5,411,000	-	1,495,175,733	0.0000%
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%
2014	130,000	11,873,000	-	890,000	12,003,000	890,000	1,627,457,617	0.0547%
2015	-	11,345,000	-	855,000	11,345,000	855,000	1,730,939,880	0.0494%
2016	-	10,725,114	6,802,914	804,054	10,725,114	7,606,968	1,733,524,072	0.4388%
2017	-	10,167,114	8,985,416	764,800	10,167,114	9,750,216	1,751,550,308	0.5567%

Fiscal Year	General Bonded Debt Outstanding			Village	City	Percentage of Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate Schools				
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%
2014	47,882,889	6,939,267	1,286,014	3,403,835	1,994,106	61,506,111	3.7793%
2015	62,195,613	7,424,969	1,281,445	3,226,164	2,536,597	76,664,788	4.4291%
2016	52,429,998	7,120,679	20,392	3,268,193	6,994,088	69,833,350	4.0284%
2017	54,132,775	6,597,293	43,966	7,590,666	6,332,580	74,697,280	4.2646%

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, 2017

2010 Census Totals 2017 Taxable Value	55,729 1,751,550,308	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Sewer/Water		\$ 10,167,114	\$ 10,167,114	\$ -
Capital Improvement		764,800	-	764,800
Pension Obligation Bond		8,985,416	2,357,388	6,628,028
		<u>\$ 19,917,330</u>	<u>\$ 12,524,502</u>	<u>\$ 7,392,828</u>
Per-Capita County Net Direct Debt				132.66
Percent County Net Direct Debt to 2017 Taxable				0.4221%
Overlapping Debt of County:				
School Districts				\$ 54,132,775
Townships				6,597,293
Intermediate School District				43,966
Village				7,590,666
City				6,332,580
Net Overlapping Debt				<u>\$ 74,697,280</u>
Net County and Overlapping Debt				<u>\$ 82,090,108</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 1,473.02
Percent Net Direct and Overlapping Debt to Taxable Value				4.6867%

(1) Includes Primary Government

TUSCOLA COUNTY, MICHIGAN

Legal Debt Margin Information (Last Ten Fiscal Years)

Table 12

Fiscal Year	Assessed Year	Assessed Value of Property	Debt limit, 10% of Assessed Value (Statutory Limitation)	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
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%
2014	2013	1,627,457,617	162,745,762	12,893,000	\$ 149,852,762	7.92%
2015	2014	1,730,939,880	173,093,988	12,200,000	\$ 160,893,988	7.05%
2016	2015	1,975,936,615	197,593,662	18,332,082	\$ 179,261,580	9.28%
2017	2016	2,137,597,673	213,759,767	19,917,330	\$ 193,842,437	9.32%

TUSCOLA COUNTY, MICHIGAN

Table 13

Demographic and Economic Statistics, Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
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	1,522,050	26,226	9,496	14.4%
2011	55,729	1,651,680	27,589	9,518	11.4%
2012	54,662	1,643,832	29,712	9,561	9.9%
2013	54,263	1,715,147	30,923	9,140	10.5%
2014	54,000	1,748,161	31,105	8,833	8.5%
2015	53,777	1,864,226	32,820	8,772	7.8%
2016	53,338	1,870,805	34,739	8,570	6.3%
2017	52,764	1,876,805	35,570	8,365	6.4%

(1) Census Bureau 2008-2009 estimated census data. 2010 actual census data. 2011-2017 mid-year estimates

(2) Personal income consists of the income that persons receive in return for their provision of labor, land, capital used in current production as well as other income, such as personal current transfer receipts. (dollars stated in thousands)
BEA data not available for 2017. Estimates based on population changes, and state change in personal income.
2010-2016 updated with BEA revised estimates.

(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
Principal Employers
Current Year (1) and Nine Years Ago - Unaudited

Table 14

<u>2017 (1)</u>					<u>2008 (3)</u>				
<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tuscola County (2)	Government	392	1	1.6%	Tuscola County	Government	475	1	1.9%
Caro Regional Center	Health Care	362	2	1.5%	Caro Regional Center	Mental Health Care	412	2	1.6%
Walbro - Engine Management	Manufacturing	292	3	1.2%	Wolverine Human Services	Juvenile Rehabilitation	388	3	1.5%
Hills and Dales General Hospital	Health Care	218	4	0.9%	Hills and Dales General Hospital	Health Care	301	4	1.2%
Tuscola Intermediate School Dist.	Education	204	5	0.8%	Wal-Mart, Inc.	Retail	300	5	1.2%
Michigan Sugar Company	Manufacturing	150	6	0.6%	Grede-Vassar	Manufacturing	278	6	1.1%
Caro Community Hospital	Health Care	145	7	0.6%	Caro Schools	Education	264	7	1.1%
Human Development Comm.	Government Services	140	8	0.6%	Vassar School District	Education	258	8	1.0%
Millennium Steering	Fuel System Rails	131	9	0.5%	Walbro - Engine Management	Manufacturing	250	9	1.0%
Caro Schools	Education	125	10	0.5%	Tuscola Intermediate School Dist.	Education	250	10	1.0%
Total		<u>2159</u>		<u>9.0%</u>	Total		<u>3176</u>		<u>12.7%</u>

(1) Full Time employee count

(2) Includes Primary Government

(3) Included all employees full time and part time. Resources not available to account for only full time

Sources: Tuscola Co Economic Development Corp., Michigan Bureau of Labor Market Information and Strategic Initiatives, and Tuscola Co Human Resources

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

Table 15

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Legislative (1)	5	5	5	5	5	5	5	-	-	-
Judicial (2)	45	48	45	44	42	43	36	38	38	41
General Government	53	53	50	50	48	49	48	51	52	57
Public Safety	58	59	60	60	59	57	62	61	63	64
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare (3)	190	196	189	196	200	203	215	228	226	230
Total	351	361	349	355	354	357	366	378	379	392

(1) In 2015 Board of Commissioners were classed PT by Board Action 14-M-226

(2) In 2014 we Reclassified Probate Child care to Health and Welfare

(3) Does not include Component Units

Source: Tuscola County Human Resources, Tuscola Co Medical Care Facility, Tuscola Co Health Dept.

TUSCOLA COUNTY, MICHIGAN

Operating Indicators by Function/Program,
Last Ten Fiscal Years

Table 16

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
Public safety (1)										
Incarcerated offenders	2,247	2,157	2,025	2,002	2,054	1,761	1,987	1,742	1,521	1,572
First time offenders	608	589	562	577	547	514	474	548	511	491
Repeat offenders	1,639	1,568	1,463	1,425	1,507	1,247	1,513	1,194	1,010	1,081
Males	-	-	-	-	-	1,415	1,667	1,368	1,184	1,224
Females	-	-	-	-	-	346	320	374	337	348
Traffic violations and other summons issued	2,635	3,056	2,968	2,263	2,237	1,784	1,766	1,744	1,688	1,350
Complaints responded to	4,985	5,028	5,040	5,088	4,977	4,975	4,884	5,120	5,091	5,085
Physical arrests made	1,013	994	893	854	891	746	725	981	862	852
Accidents responded to	1,209	1,195	1,071	1,033	1,048	1,068	966	1,016	1,030	1,086
Fatal Crashes	7	5	2	1	11	2	8	2	2	7
Car Deer Accidents	623	667	644	621	614	609	549	599	591	643
Total 911 Calls received (2)	20,913	19,786	20,406	22,791	23,068	22,703	22,225	22,339	24,298	22,292
Wireless/Voip Calls	11,023	11,517	12,616	14,919	15,657	15,845	15,718	15,874	19,019	17,902
Landline Calls	9,890	8,269	7,790	7,872	7,411	6,858	6,507	6,465	5,279	4,782
Non-emergency calls	53,744	45,299	42,783	41,752	39,839	38,919	36,584	34,326	27,836	22,736
Calls for Service logged	26,752	30,165	32,604	32,165	33,226	37,850	39,283	40,512	40,521	40,057
Traffic Accidents	1,442	1,295	1,272	1,265	1,223	1,230	1,252	1,291	1,359	1,462
Car Deer	800	869	805	825	821	780	744	885	892	982
Traffic Stops	6,095	8,357	9,639	8,390	8,483	12,892	13,047	13,407	11,881	12,170
Fires	686	506	625	576	573	699	523	717	413	478
Medicals (not include accidents)	5,216	4,804	4,671	4,913	5,179	5,086	5,657	5,971	5,831	5,790
Judicial										
54th Circuit Court new case filings	1,533	1,375	1,368	1,311	1,407	1,314	1,212	1,096	1,124	1,183
71B District Court new case filings	9,335	9,451	8,922	7,670	7,680	7,783	7,111	6,975	6,806	6,510
Probate Court new case filings	388	349	325	343	347	400	394	379	380	396

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

(2) All calls for Tuscola County are handled through Central Dispatch

Sources: Sheriff's Annual Report, State Court Administrative Reports. Tuscola County Central Dispatch

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

Table 17

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function/Program</u>										
Public Safety										
Sheriffs Department										
Vehicles (1)	21	22	23	22	22	24	21	24	25	21
Mileage	398,914	425,351	383,335	364,153	317,250	330,004	356,320	335,880	340,893	415,692
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Stations	1	1	1	1	1	1	1	1	1	1
Dispatch										
Vehicles	1	1	1	1	1	2	2	2	2	2
Buildings	1	1	1	1	1	1	1	1	1	1
General Government										
Building and Grounds										
Vehicles	12	13	11	12	12	12	10	10	11	10
Buildings	16	16	16	16	17	17	17	15	15	15
Mosquito control										
Vehicles	19	19	19	17	17	17	21	21	21	21
Buildings	1	1	1	1	1	1	1	1	1	1
Recycling										
Vehicles	1	2	2	2	2	2	3	3	3	3
Trailers	2	2	3	3	4	4	6	6	6	6
Buildings	1	1	1	1	1	1	1	1	1	1
FOC										
Vehicles	1	1	1	1	1	1	1	1	1	1
Juvenile Probation										
Vehicles	1	1	1	1	1	2	2	2	2	2
Health and Welfare										
Health Department										
Vehicles	4	4	4	4	4	4	5	5	6	6
Buildings	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Vanderbilt Park (2)										
Acres	17	17	17	17	17	17	17	17	17	17

(1) Not all vehicles used for Road Patrol

(2) Vanderbilt Park is the only county owned park

Source: Tuscola County Controller's Office Asset Tracking System

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

IV. SINGLE AUDIT

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Amount Provided to Subrecipients	Federal Awards Expended
U.S. Department of Agriculture				
Communities Facilities Loans and Grants Loans and Grants	10.766		\$ -	\$ 33,000
Total U.S. Department of Agriculture			-	33,000
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 17-79002	-	74,331
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 17-79001	-	533,795
Title IV-D Incentive Program	93.563	CSFOC 17-79001	-	68,820
Total U.S. Department of Health and Human Services			-	676,946
U.S. Department of Homeland Security				
Passed-Through Iosco County Homeland Security Grant	97.067	EMW-2015-SS-00059	-	50,899
	97.067	EMW-2016-SS-00033	-	10,546
Passed-Through Michigan Department of State Police Emergency Management Performance	97.042	551 180000025107 2017	-	28,541
Hazardous Materials Emergency Preparedness	97.042	651 180000029128 2017	-	1,663
Passed-Through Michigan Department of Natural Resources: Marine Safety Program	97.012	751 W7705287 001 2018	-	13,380
Total U.S. Department of Homeland Security			-	105,029
U.S. Department of Justice				
Passed-Through Office of Community Health: Victims of Crime Act	16.575	2017-VA-GX-0020	-	60,359
Victims of Crime Act	16.575	2018-VA-GX-0020	-	17,159
Total U.S. Department of Justice			-	77,518
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-2014-0815-HOA	-	235,732
	14.228	MSC-2015-0815-HO	-	141,600
Total U.S. Department of Housing and Urban Development			-	377,332
U.S. Department of Transportation				
Passed-Through Michigan Department of State Police Office of Highway Safety Planning -Impaired	20.616	PT-17-12	-	13,624
	20.616	PT-18-32	-	2,331
Total U.S. Department of Transportation			-	15,955
Total Federal Financial Assistance			\$ -	\$ 1,285,780

TUSCOLA COUNTY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

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, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). 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 position, 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, 2017, 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10% de minimis cost rate as permitted by section 200.414 of the Uniform Guidance.

NOTE 3 – USDA LONG-TERM DEBT

The County has outstanding loans under the USDA Water and Waste Disposal Systems for Rural Communities totaling \$2,900,000 at December 31, 2017.

NOTE 4 – RECONCILIATION OF FEDERAL REVENUE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Below is a reconciliation of federal revenues as reported in the County's Comprehensive Annual Financial Report and federal expenditures as reported in the County's Schedule of Expenditures of Federal Award.

Federal revenues as reported in the Comprehensive Annual Financial Report:

General fund	\$117,915
Road Patrol	48,955
Nonmajor special revenue funds	<u>1,118,910</u>
Total federal revenue	<u>\$1,285,780</u>



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

Board of Commissioners
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, 2017, and the related notes to the financial statements, which collectively comprise **Tuscola County, Michigan's** basic financial statements and have issued our report thereon dated June 26, 2018. Our report includes a reference to other auditors who audited the financial statements of Tuscola County Health Department and Tuscola County Medical Care Community, as described in our report on the **Tuscola County, Michigan's** financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Community 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, Michigan'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, Michigan's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Tuscola County, Michigan'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 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, Michigan'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 26, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
County of Tuscola
Caro, Michigan

Report on Compliance for Each Major Federal Program

We have audited **Tuscola County, Michigan's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Tuscola County, Michigan's** major federal programs for the year ended December 31, 2017. **Tuscola County, Michigan's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Tuscola County, Michigan's basic financial statements include the operations of the Tuscola County Health Department, which received \$1,090,767 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. 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 Compliance Supplement*.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Tuscola County, Michigan'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, Michigan's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Tuscola County, Michigan's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Tuscola County, Michigan** 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, 2017.

Report on Internal Control Over Compliance

Management of **Tuscola County, Michigan** 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, Michigan'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 the Uniform Guidance, 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, Michigan'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.

The 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 the Uniform Guidance. 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 26, 2018

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

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 in accordance with 2 CFR 200.516(a) _____Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____No

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

