

Tuscola County, Michigan
Comprehensive Annual Financial Report
Year Ended December 31, 2002
Prepared by Tuscola County Controllers' Office
(With Independent Auditors' Report Thereon)

Comprehensive Annual Financial Report
of
Tuscola County, Michigan
Caro, Michigan



For the Year Ended
December 31, 2002

Issued by:

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

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June 26, 2003

Tuscola County Board of Commissioners and
Citizens of Tuscola County, Michigan:

The Comprehensive Annual Financial Report (CAFR) of Tuscola County, Michigan for calendar year ended December 31, 2002 is hereby submitted as required by state statutes. Tuscola County is annually required by statute to issue a report on its financial position and activity. This report was prepared by the County Controller/Administrator's Office and audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the government. All disclosures necessary to enable the reader to gain an understanding of Tuscola County's activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal; an organizational chart and a list of Tuscola County's principal elected and appointed officials. The financial section includes the general-purpose financial statements and the combined and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Tuscola County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on internal controls and compliance with applicable laws and regulations, is included with the general-purpose financial statements.

The financial reporting entity includes all the funds and account groups of the primary government (i.e. Tuscola County as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police protection, courts, drainage systems, jail operations, health services, vital records, mosquito control, housing rehabilitation, animal control, economic development, dispatch/911, friend of the court, recycling, social services, veterans counseling, senior citizen programs, the construction and maintenance of highways, streets, and infrastructure, recreational activities and cultural events.

Blended components units, although legally separate entities, are, in substance, part of the primary government. Accordingly, the financial statements of the Tuscola County Building Authority have been consolidated with the County's related debt service and capital project funds as required by the Statement on Michigan Governmental Accounting and Auditing #2. Discretely presented components units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Road Commission and Drain Commission are reported as discretely presented component units.

ORGANIZATIONAL STRUCTURE

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. County government is operated under a five member elected County Board of Commissioners. Members are elected by Districts that are established every 10 years through an apportionment process. In 2002, the Apportionment Commission reduced the number of Commissioners from seven to five. Members serve a term of two years. (See attached County organizational chart).

The County Board of Commissioners is responsible, among other things, for adoption of balanced annual operational and capital improvement budgets, determining tax levies, property equalization among local governmental units, establishing certain policies, appointing members to various boards and commissions, and appointing certain County officials.

In 1986, the Board of Commissioners established an appointed County Controller/Administrator position to be the Chief Administrative/Accounting Officer of the County. The duties of this position involve the management of the following: Recycling Operation, Mosquito Abatement, Equalization, Building and

Grounds, Information Systems Department, Human Resources Department, Payroll Department, and Accounting/Budgeting Department and are also responsible for other statutory functions of the position.

The offices of Prosecuting Attorney, Sheriff, Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large and serve for a four- year term.

The Judicial branch of government consists of three judges with one each in Circuit Court, District Court, and Family/Probate Court. All judges are elected at large and serve a six-year term. Recently the County Judicial branch was reorganized to form a Unified Court System.

ECONOMIC CONDITION AND OUTLOOK

The 2000 population census identified the population of Tuscola County to be 58,266. This represents an increase of 2,768 residents, or 5.0 percent, from the 1990 census. The average unemployment rate for Tuscola County in the year 2002 was 8.7% compared to 7.3% in 2001 and 5.3% in 2000.

County Finances

County government is struggling to retain the vital services provided to our residents. Three millage funding requests were made in 2002. All of these requests failed. For 2003, the County Board of Commissioners has been forced to adjust to financial problems by reducing or eliminating some of these essential services in order to maintain a balanced budget. Unfortunately, even more services are in serious jeopardy of being reduced/eliminated. These services are critical to the quality of life we now enjoy in Tuscola County.

In order to balance the 2003 budget, county animal control, park, and planning commission operations were all eliminated. Over 70% of the Michigan State University services paid for by the county were also eliminated. Other service base reductions were made adversely affecting economic development, soil conservation, airport and the sheriff department. Funding for needed equipment and capital improvement activities was markedly reduced and in many cases postponed.

In adjusting to the county budgetary problems, the County Board of Commissioners implemented changes that directly affected county employees. A non-union wage freeze was put in place effective January 1, 2003 that resulted in a savings of over \$52,000. Negotiations are underway with unions to help reduce escalating health insurance costs. Further belt tightening will likely occur in the form of wage concession requests during upcoming labor negotiations.

What are the causes of the county's financial problems? Simply stated, county income is not keeping pace with necessary expenses. The national recession,

state revenue cuts to the county, slowing county revenue growth and expenditure increases have created significant pressures on the county budget.

Revenues that the county receives from the state (state revenue sharing) have been on a steady decline. Interest earnings are another important county revenue source that have encountered tremendous declines and have added to the instability of the county budget. In the year 2000, the General Fund of the county earned \$275,415 from investments compared to approximately \$112,000 earned for 2002. In 2000, prison revenues from all sources were \$458,984. By 2002, the amount of revenue fell to \$237,329. This is a significant decline in prisoner revenue of \$221,655 or 48%. Some of this decline may be the result of the overcrowding conditions that have been occurring at the jail. A short-term turn around in this downward trend of prisoner revenue is not expected.

Major expenditure factors that are straining the County Budget include: health insurance, retirement, drain-at-large, and child care costs:

1. Escalating health insurance costs are creating tremendous pressures on the General Fund budget. This is a national problem that is having a major impact on the financial operation of Tuscola County.
2. County payment requirements to the retirement system have increased primarily in response to declining retirement system interest earnings. In 2001, a county retirement system payment was not required because the county was fully funded. However, since 2001 many negative changes have occurred. In 2002, a General Fund payment of \$166,127 was required and a larger payment requirement is anticipated for 2003.
3. Tuscola County is one of the most significant agricultural counties in the State. Drainage is vital to agricultural productivity. At \$493,595, drain-at-large costs have grown over the years to become one of the largest expenditures in the General Fund. Ten years ago in 1993, these costs were only \$70,494. The increase of \$395,393 in 10 years means an increase of approximately \$40,000 or 56% per year. The Board of Commissioners is trying to manage these costs. In 2002, the method of assessing drains was changed to use degree of benefit rather than the previous straight 25%. Under this new method, the County Road Commission will be required to pay one-half of future drain-at-large costs based on benefit to roads using what are called 14A calculations. It should be noted that it would likely take many years before this new method provides significant expenditure relief to the General Fund.
4. The county is responsible for the detention costs of juvenile delinquents and housing costs for abused children. Portions of these costs are paid from the General Fund of the county. In 2002, \$626,250 was appropriated from the General Fund for childcare costs. There is some variation in these costs from

year to year. However, over the four-year period from 1998 to 2002, costs have increased by \$175,880 or 39%. The placement of one child in a full security detention facility can cost the county as much as \$200 per day or \$73,000 per year. The huge financial impact of having to place even one child is clear. As with drainage costs, childcare is another area where the County Board has little control over costs. The court determines the placement of children. The court is exploring methods of requiring parents to pay a larger share of childcare costs.

Currently, the county is closely monitoring further state funding cuts. It is anticipated that more information regarding further state budget cuts to the county will become available as 2003 progresses. When sufficient information is available regarding state cuts, it will be incorporated into overall county financial planning. Revenue and expenditure estimates will be prepared to project the financial situation for the 2004 and 2005 budget years. A citizens committee will be reviewing the type of service base to be maintained by Tuscola County. The citizens committee is also exploring optional methods of financing the desired service base.

Michigan Ethanol, LLC

History was made in 2002 with the opening of the new Broin Ethanol Processing plant in the Village of Caro Industrial Park. This agricultural processing plant has created approximately 40 jobs and is projected to generate annual sales in the range of \$55 million dollars. The building and personal property has a value of an estimated \$55 million dollars. The plant has created a strong local market for more than 14 million bushels of corn to be processed each year.

Millennium Industries

The former General Cable building became the new home for Millennium Industries in Cass City. Tuscola County's last available Renaissance Zone was designated for Millennium. Cass City is now the home of the Thumb Area's fastest-growing automotive supplier with additional new jobs to be created in 2003.

Other Economic Factors

In late 2001, the County became aware that two major Thumb industries would be discontinuing operations: Tower Industries of Sebewing and Lear Industries of Marlette. Although neither of these industries is located in Tuscola County, a significant number of employees working at these plants are from Tuscola County and this has affected the local employment base.

Economic Infrastructure Support Systems

One of the primary roles of the County related to economic development has been to maintain and upgrade the drainage, airport, road/bridge, recycling,

housing, and other infrastructure support systems. The following is a summary of the support system activities during 2002.

Drainage

The Board of Commissioners has made assessing and financing changes in attempting to manage increasing county drain-at-large costs. In 2002, the method of assessing drainage was changed from a universal 25% to degree of benefit. Under this new method, the County Road Commission will be required to pay one-half of future drain-at-large costs based on benefit to roads using what is called 14A calculations. It should be noted that it would likely take several years before this new method provides significant expenditure reduction to county drain-at-large costs.

Maintaining the large drainage system of the County is integral to the economy and especially to agriculture. Without the extensive drainage system, significant amounts of agricultural land would be unproductive. Tuscola County has more than 550 drains to be maintained. In the year 2002, over \$1,845,000 was spent in the County on drainage projects. The County's share of this cost was \$465,887. Other amounts of drainage work were paid as follows: townships and villages \$427,682, property owners \$949,475, Michigan Department of Transportation \$962 and railroads \$1,202. For the past several years, County drainage costs have been increasing to the point these costs are impacting the ability to provide other county services. Significant amounts of the drainage work are financed over time. As of December 31, 2002, there was approximately \$10.5 million dollars in outstanding drain bonds or notes.

Airport

The Tuscola Area Airport Authority continued to make improvements in 2002 to the airport near Caro. The Authority paved the partial taxiway up to the hangars. The runway was extended to 4,300 feet in 2002, and the new ramp was paved with 1 inch of top coat. In the fall of 2002, a 10,000 gallon jet fuel tank and pad were installed at the airport with the aviation fuel tank moved to a more strategic midfield location.

The new administration building's construction was finished in early 2003. This project was completed with a combination of federal, state and local funding. Many manufacturing firms, including Michigan Ethanol, continue to use the Tuscola Area Airport on a regular basis. The Tuscola Area Airport Authority Board works closely with the Tuscola County Economic Development Corporation and markets the airport as an economic development tool.

Roads/Bridges

During the year 2002, the Tuscola County Road Commission resurfaced 46 miles of county primary roads and 42 miles of local roads with a combined cost of approximately 4.75 million dollars. Also integral to the transportation system, the

Road Commission spent approximately \$674,000 on bridges and culverts for the primary and local road systems. Significant resurfacing work to the State Trunkline System scheduled in Tuscola County for 2003 by the Michigan Department of Transportation includes: Five miles of asphalt paving on M-15 from the north city limits of Vassar to M-46, two blocks of asphalt paving on M-15 in downtown Vassar, addition of center left turn lane on M-81 in front of the ethanol plant, and new bridge railings on M-15 bridge over the Cass River in Vassar.

Recycling/Solid Waste

In 2002, the county voters approved .15 mills to maintain and expand certain county recycling operations. The Recycling Committee and staff are accomplishing recycling improvements enabled by the public millage approval. A new paper shredder has been purchased and is in full use. The used oil-recycling program is anticipated to be started soon. A part-time Recycling Educator will be hired to work on explaining the importance and value of recycling to students and others. Expansion of the used tire-recycling program is underway. Also, the household hazardous waste program will be continued. In mid-year 2003, an electronics hazardous waste program will be initiated.

Housing Programs

For approximately 10 years Tuscola County has been the recipient of Michigan State Housing Development Authority Grants. These funds have been used for housing rehabilitation in the County. Loans and grants have been provided with the funds for individuals who meet income levels. The Human Development Commission has administered the program for the County.

New Economic Development Initiatives

Renaissance Zone Designations

In 2000, the Tuscola County Board of Commissioners in conjunction with the State of Michigan designated the Caro and Cass City Industrial Parks as tax-free Renaissance Zones through December of 2009. The Renaissance Zone designation allows most property taxes at the local and County level to be waived over a multi-year period. This is intended to be a tool to encourage manufacturing firms to locate in these industrial parks. The Caro Renaissance Zone designation has been extended through 2016 by the Michigan Economic Development Corporation.

Countywide Brownfield Redevelopment Authority

In 2000, Tuscola County implemented a Brownfield Redevelopment Authority. The purpose of this Authority is to encourage the development of abandoned, undeveloped, or under-utilized property because of environmental contamination (called a brownfield). Increases in taxable value as a result of improvements

made to these properties can be captured for a certain period of time to repay the costs of making the original improvements. Also, taxable value increases can be captured for up to five years after project completion to create a revolving loan fund for new projects. Ultimately, these properties are put back on the tax rolls.

COUNTY INITIATIVES

County Court System

Significant changes occurred with the County court system in 2002. These changes included reorganization, staffing and wages. The court was reorganized into a Unified Court for improved efficiency. A Court Administrator and a Law Clerk were hired as part of the overall court reorganization. Costs of these positions were financed through increases in fines and not filling certain vacant positions. All three judges had previously stressed the need for a Court Administrator and Law Clerk. A wage study was completed and wage adjustments were made where appropriate.

Office Space Planning

The deficiency of office space to efficiently conduct operations prompted the Board of Commissioners to approve an architectural study in 2002 to review alternative solutions to the county's office space problems. The architectural firm developed specifications to construct a 13,000 square foot building connected to the current Courthouse by a vestibule to house District Court and Prosecutor operations. Because of mounting overall financial problems, the Board decided to indefinitely postpone the start of construction on this project.

The County Board of Commissioners has a capital projects fund. When possible, monies are contributed annually to provide funds to solve office space, equipment, and facility needs of the County. This is a disciplined financial approach accepting that, as with any business, the county needs to incorporate a certain level of funding as part of the annual budgeting process for major equipment and facility needs.

Medical Care Facility

In 2002, voters approved one mill to make major improvements to the current Medical Care Facility, build 20 beds for Alzheimer's patients and 16 assisted living apartments. In total over 40,000 square feet will be added to the current facility. It is estimated that an additional 23 jobs will be added as a result of the expansion. In early 2003 a bond sale was held with a 15-year average interest rate of approximately 3.97%. Architectural construction costs are being refined, but are currently estimated at \$12,800,000. Debt will be paid over 15 years. Construction will begin mid-year 2003 and is anticipated to take two years to complete.

County Computer Technology

The county continues to be a leader in computer technology. Virtually all County operations utilize computers for daily work and are dependent upon the computer operations department for support. Departments strive to fully utilize computer technology in order to keep pace with new office demands. Departmental efficiency studies conducted by independent auditing firms have explained the need for increased computerization, emphasizing the need for optical imaging technologies.

Optical imaging in the Register of Deeds became fully operational in 2002. This system enables the Register of Deeds office to record and electronically retrieve data from that office to provide faster service to the public. The county contracts with American Computer Systems for all imaging services. The goal is to eventually image historical data from early years so all data is available in an electronic format. In late 2002, the State passed a law that will provide funding to help achieve this goal.

Vital records in the County Clerk's Office are also utilizing the ACS optical imaging system.

The County Dispatch operation completed the implementation of the new Computer Aided Dispatch (CAD) system. This new computer software/hardware system was purchased from LOGsys Corporation for an approximate cost of \$200,000. This system has the important capabilities of reducing response times and is more user friendly to the dispatchers.

A new computer hardware/software system was implemented in 2002 in the County Prosecutors Office. This system was developed by the State. The County cost was approximately \$55,000. Capabilities with this new system include: child support enforcement, electronic warrant generating, and adult case tracking for criminal history.

The County implemented a tax database that can be accessed through the Internet. For a minimal cost this system gives users a wealth of tax data accessible at any time. The response from this system has been excellent.

The 2003 County Budget has limited funding for new computer hardware or software. This year will concentrate on maintaining and evaluating future year needs to keep Tuscola County in the forefront of computer capabilities.

The Tuscola County website is available at www.tuscolacounty.org.

Labor Negotiations

The Police Officers Labor Council (Sheriff Command Unit) contract was not able to be settled in 2001 or 2002 and may go to binding arbitration in 2003. All five county labor contracts expire at the end of 2003. It is anticipated that negotiations will begin in the spring of 2003 for these contracts. Management will likely negotiate reductions in health insurance costs by requiring a portion of costs beyond a capped amount to be paid by the employee.

Building Codes

In 2002, the County operated Building Codes department was discontinued. The County entered into a contract with South Central Michigan Construction Code Inc. (SCMCCI) to perform building code services in Tuscola County. To date, building code work conducted by this organization has been well received by contractors and the public. There is still some limited work to complete the change from a county-based building code operation to SCMCCI.

Other County Activities

1. The County Health Department legally restructured into an associated department with Huron County for Health Officer services and with Huron and Sanilac Counties for Medical Director services.
2. The Chief Accountant and Building and Grounds Director positions were both filled in 2002. These are two key positions related to county government operations.
3. The final bond payment was made on the County Health Building in 2001. The final bond payment on the Family Independence Building will be made in 2002.
4. The County began major accounting changes that will have to be completed in 2003 to gain compliance with new Government Accounting Standards Board Statement No. 34.
5. In 2002, the County Planning Commission completed a comprehensive update to the 1974 County Master plan.
6. An additional tower/transmitter was installed by SBC to strengthen paging deficiencies in the northern portion of the County. The previous paging problems appear to have been solved during 2002.
7. A study was completed in 2002 by the National Institute of Corrections that stated the County has an insufficient amount of jail space.
8. In 2002, the County Board of Commissioners restructured the accounting of certain county funds to more accurately reflect obligations including transferring delinquent tax funds to: establish a reasonable unreserved General Fund

balance, provide sufficient reserves to pay sick time payout obligations, provide sufficient reserves to pay worker compensation obligations, and provide sufficient reserves to pay health insurance obligations.

9. In 2002, the county began receiving grant funds for homeland security. These funds have been used to purchase suits to deal with biological or other hazardous material situations.

10. Other countywide projects of significance completed or initiated in 2002 included: Caro Hospital expansion/renovation, Unionville-Sebewaing Elementary School, Kingston Elementary School, Mayville Ambulance Facility, Curtis Auto Dealership addition, and a new Tuscola Township Hall.

FINANCIAL INFORMATION

Accounting System

The County's financial statements for the governmental fund types, expendable trust fund type, and agency funds have been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt, which is generally recognized when due.

The proprietary funds and the nonexpendable trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned with their expenses being recognized as they are incurred. The proprietary funds and the nonexpendable trust fund are accounted for on a cost of services measurement focus. This means that all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

In developing and evaluating the County's accounting control structure, consideration is given to the adequacy of internal accounting controls. Accounting controls are comprised of the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records, and consequently is designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or other criteria, such as finance related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any differences.

Budgetary Control

In addition to accounting controls, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. The County budgets for the general fund, special revenue funds, and debt service funds on the modified accrual basis consistent with generally accepted accounting principles. Budgetary control is exercised at the fund, activity and line item basis, subject to all County policies regarding the expenditures of funds and the conditions set forth in the General Appropriations Act. Unencumbered appropriations lapse at year-end.

General, All Governmental and Expendable Trust Fund Revenues by Source

The following tables provide a summary of the County's general and governmental revenues by source for 2002, and are presented in relation to December 31, 2001.

GENERAL FUND REVENUE BY SOURCE					
Revenue and Other Financing Sources	2001 Amount	2002 Amount	Percent of 2002 Total	2001-2002 Dollar Change	2001-2002 Percent Change
Taxes	\$3,940,509	\$4,171,311	37.4%	\$230,802	5.9 %
Licenses and Permits	\$508,522	\$506,129	4.5%	(\$2,393)	(.05%)
Inter-Governmental	\$2,372,474	\$2,246,248	20.2%	\$126,226)	(5.3 %)
Charges for Services	\$1,930,706	\$2,095,567	18.8%	\$164,861	8.5%
Fines and Forfeits	\$103,993	\$112,483	1.0%	\$8,490	8.2%
Interest and Rents	\$285,751	\$216,140	1.9 %	(\$69,611)	(24%)
Reimbursements/Refunds	\$688,341	\$422,031	3.8 %	(\$266,310)	(38.7%)
Operating Transfer In	\$847,174	\$1,374,393	12.4 %	\$527,219	62%
Totals	\$10,544,108	\$11,144,302	100%	\$600,194	5.7%

Total General Fund revenue increased by 5.7% or \$600,194 from 2001 to 2002. This is a considerably larger increase when compared to the 3.4% or \$347,209 General Fund revenue increase from 2000 to 2001. However, it is essential to stress, this large increase in revenue is not due to an increase in earned revenue, but to a \$500,000 operating transfer in from the delinquent tax fund in order to increase the unreserved fund balance to a level recommended by the County auditors. Without this transfer, the total increase in General Fund revenue would only have been \$100,194, or less than 1 %.

Property tax is the largest single source of revenue to the General Fund, accounting for 37.4% of total General Fund revenue in 2002. Between 2001 and 2002 the rate of growth in property tax was 5.9% compared to approximately 3.7% from 2000 to 2001. Intergovernmental revenue is the second largest category of revenue to the General Fund at 20.2% of total revenue. The Charges for Services category 2001 amount has been adjusted to reflect a prior period adjustment of \$133,362. Licenses and permits, inter-governmental, Interest, rent, and reimbursement revenue to the General Fund all declined a total of \$464,540, or 68 %, between 2001 and 2002.

**ALL GOVERNMENTAL FUNDS AND EXPENDABLE
TRUST FUND REVENUES BY SOURCE**

Revenue and Other Financing Sources	2001 Amount	2002 Amount	Percent of 2002 Total	2001-2002 Dollar Change	2001-2002 Percent Change
Taxes	\$5,890,251	\$6,231,090	21%	\$340,839	5.78%
Licenses and Permits	\$670,772	\$659,999	2.2%	(\$10,773)	(1.6%)
Inter-Governmental	\$6,192,056	\$6,202,869	20.5%	\$10,813	.17%
Charges for Services	\$10,113,586	\$10,358,359	34.2%	\$244,773	2.4%
Fines and Forfeits	\$115,190	\$121,327	.40%	\$6,137	5.3%
Interest and Rents	\$437,181	\$347,549	1.1%	(\$89,632)	(20.5%)
Reimbursements/Refunds	\$696,647	\$430,955	1.4%	(\$265,692)	(38%)
Other Revenue	\$354,195	\$1,577,953	5.2%	\$1,223,758	345%
Operating Transfer In	\$4,630,545	\$4,308,841	14%	(\$294,704)	6.36%
Totals	\$29,100,423	\$30,238,942	100%	\$1,138,519	3.9%

When the General fund along with all Governmental and Expendable Trust Fund revenues are considered together, total revenue growth from 2001 to 2002 was 3.9% or \$1,138,519. This rate of revenue growth, as last year, continues to decline. The revenue growth rate for 2001 was 5.5%, and 10.3% for 2000.

Charges for service is the largest category of revenue for all Governmental and Expendable Trust Funds. This category accounts for 34.2% of total revenues, and grew by 2.4% from 2001 to 2002. The categories of licenses, interest, reimbursements and operating transfers in all encountered revenue declines over this period. The other revenue category had an enormous increase of \$1,223,758, partly due to a bond issuance for the Medical Care Facility.

General, All Governmental and Expendable Trust Fund Expenditures by Function

The following tables present a summary of the County's general fund governmental expenditures and other financial uses for the year ending December 31, 2002. The amounts and percentages of increases and decreases are in relation to December 31, 2001.

GENERAL FUND EXPENDITURES BY FUNCTION					
Expenditures and Other Financing Uses	2001 Amount	2002 Amount	Percent of 2002 Total	2001-2002 Dollar Change	2001-2002 Percent Change
Legislative	\$125,353	\$ 121,977	1.2%	(\$ 3,376)	(2.7%)
Judicial	\$1,849,626	\$ 1,979,769	18.4%	\$ 130,143	7.0%
General Government	\$2,919,482	\$ 3,178,063	29.5%	\$ 258,581	8.9%
Public Safety	\$1,661,200	\$ 1,916,792	17.8%	\$ 255,592	15.4%
Public Works	\$839,525	\$ 939,697	8.7%	\$ 100,172	11.9%
Health and Welfare	\$443,308	\$ 440,895	4.1%	(\$2,413)	(.5%)
Other	\$200,881	\$ 261,232	2.4%	\$ 60,351	30%
Operating Transfers Out	\$2,454,743	\$ 1,920,729	17.9%	(\$534,014)	(21.8%)
Totals	\$10,494,118	\$10,759,154	100%	\$ 265,036	2.5%

Total General Fund expenditures increased by 2.5% or \$265,036 from 2001 to 2002. This is a slightly smaller increase when compared to the 3.1% or \$315,905 General Fund expenditure increase from 2000 to 2001.

General Government is the largest expenditure category in the General Fund, accounting for 29.5% of total General Fund expenditures in 2002. Expenditures grew by 8.9% or approximately \$258,581 in this category. The Public Safety category had the largest one-year percentage increase of 15.4%. This is a monumental increase in this category, compared to the 4.9% increase in the previous year. The Public Works category also had a significant increase of 11.9%, compared to the 1% increase in the prior year. Operating transfers out were reduced by \$534,014 or 21.8% from 2001 to 2002. The reduction in this category had a significant impact in holding overall expenditure increases to 2.5%.

ALL GOVERNMENTAL FUNDS AND EXPENDABLE TRUST FUND EXPENDITURES BY FUNCTION					
Expenditures and Other Financing Uses	2001 Amount	2002 Amount	Percent of 2002 Total	2001-2002 Dollar Change	2001-2002 Percent Change
Legislative	\$125,353	\$121,977	.4%	(\$3,376)	(2.7%)
Judicial	\$2,874,276	\$3,106,158	10.6%	\$231,882	8%
General Government	\$3,750,600	\$4,079,340	13.85%	\$328,740	8.76%
Public Safety	\$3,736,635	\$4,111,730	13.97%	\$375,095	10%

Public Works	\$972,601	\$1,022,741	3.5%	\$50,140	5%
Health and Welfare	\$10,736,943	\$11,314,506	38.4%	\$577,563	5%
Recreation and Culture	\$15,080	\$9,862	.03%	(\$6,118)	(40%)
Other	\$266,751	\$1,616,192	5.5%	\$1,349,441	500%
Capital Outlay	\$1,226,096	\$728,508	2.5%	(\$497,588)	(40%)
Debt Service	\$1,082,779	\$1,008,964	3.4%	(\$73,815)	(6.8%)
Operating Transfers Out	\$4,030,250	\$2,312,567	7.85%	(\$1,717,683)	(42.6%)
Totals	\$28,817,364	\$29,432,545	100%	\$615,181	2.13%

Total Governmental and Expendable Trust expenditures increased a modest 2.13% or \$615,181 from 2001 to 2002.

Health and Welfare is the largest expenditure category in the Governmental and Expendable Trust Funds accounting for 38.4% of total Governmental and Expendable Trust Funds expenditures in 2002. Expenditures grew by 5% or approximately \$577,563 in this category. Capital outlay and Operating Transfers Out experienced significant expenditure declines from 2001 to 2002. Operating transfers out decreased by \$1,717,683 or 42.6% from 2001 to 2002.

Proprietary Operations

The County Delinquent Tax Internal Service Fund is significant in meeting the annual County operational costs and providing a balanced budget. The County has established a policy to assure the continuation of self-funding the delinquent tax process. The Health Insurance Internal Service Fund was established to pay the premiums that provide coverage to employees of the County.

Fiduciary Funds

The Trust and Agency Fund sets aside monies to be distributed to other units of government. The Library Penal Fines Fund was established to collect penal fines and distribute them to various Libraries within the County on a quarterly basis. The Employee Vacation and Sick Time Fund was established to fulfill the obligations of the County to pay employees who qualify for payment of earned sick and vacation time. The Cemetery Trust Fund disburses yearly interest earnings to specific townships for the care of cemetery lots.

Cash Management

Cash balances are invested according to the Investment Policy adopted by the Board of Commissioners. The County Treasurer is authorized to invest funds of the County in accordance with investments permitted by Public Act 20 of 1943 as amended, MCL 129.91.

Debt

Capital Leases exist for the purchase of a computer data system and the purchase of phone system upgrades and are both due in monthly installments. The Health Department entered into a lease with the County for office space.

The Building Authority Debt along with the DPW Bonds for sewer projects total \$6,069,000. Under the current state statutes, the County's maximum legal debt limit is 10 percent of the state equalized value. The County's debt margin is as follows:

Debt Limit	\$ 152,007,508
Debt Margin	146,041,840

The County's gross long-term debt was \$6,090,598 at December 31, 2002, which is equivalent to \$104 per capita.

Risk Management

The County is exposed to risks of loss related to theft, damage to, and the destruction of assets; injuries to employees and natural disasters. The County carries both commercial insurance and self insurance to cover all risks and losses.

Independent Audit

Michigan law requires that an audit of the County's financial statements be performed annually. The Tuscola County Board of Commissioners has engaged Rehmann Robson, Independent Auditors to complete this requirement. The Independent Audit is included in this report.

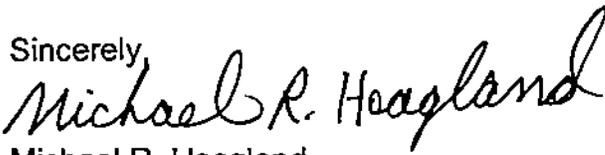
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Tuscola County, Michigan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2001. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

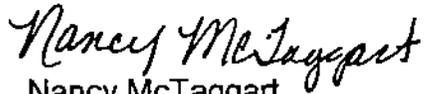
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Programs requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report was prepared through the dedication and support of the staff of the Tuscola County Controller's Office. We would like to express our appreciation to various County departments for their cooperation and assistance. We would like to sincerely thank the Board of Commissioners who have supported the interest and planning of this financial operation. We respect the decisions that are made to ensure that the County may operate in a fiscally responsible and progressive manner.

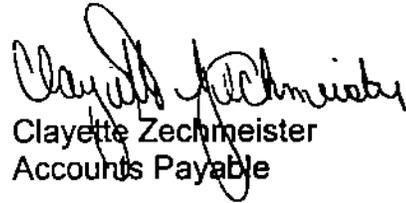
Sincerely,



Michael R. Hoagland
Controller/Administrator



Nancy McTaggart
Chief Accountant



Clayette Zechmeister
Accounts Payable

The Board of Commissioners

Norma Bates
District 4
Chairperson

District 1 James Schafer
District 2 Edward Scollon
District 3 Kenneth Hess

District 5 Donald McLane
District 6 Gerald Peterson
District 7 Roy Petzold

Administration

County Controller/Administrator

Michael Hoagland

Elected Officials

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

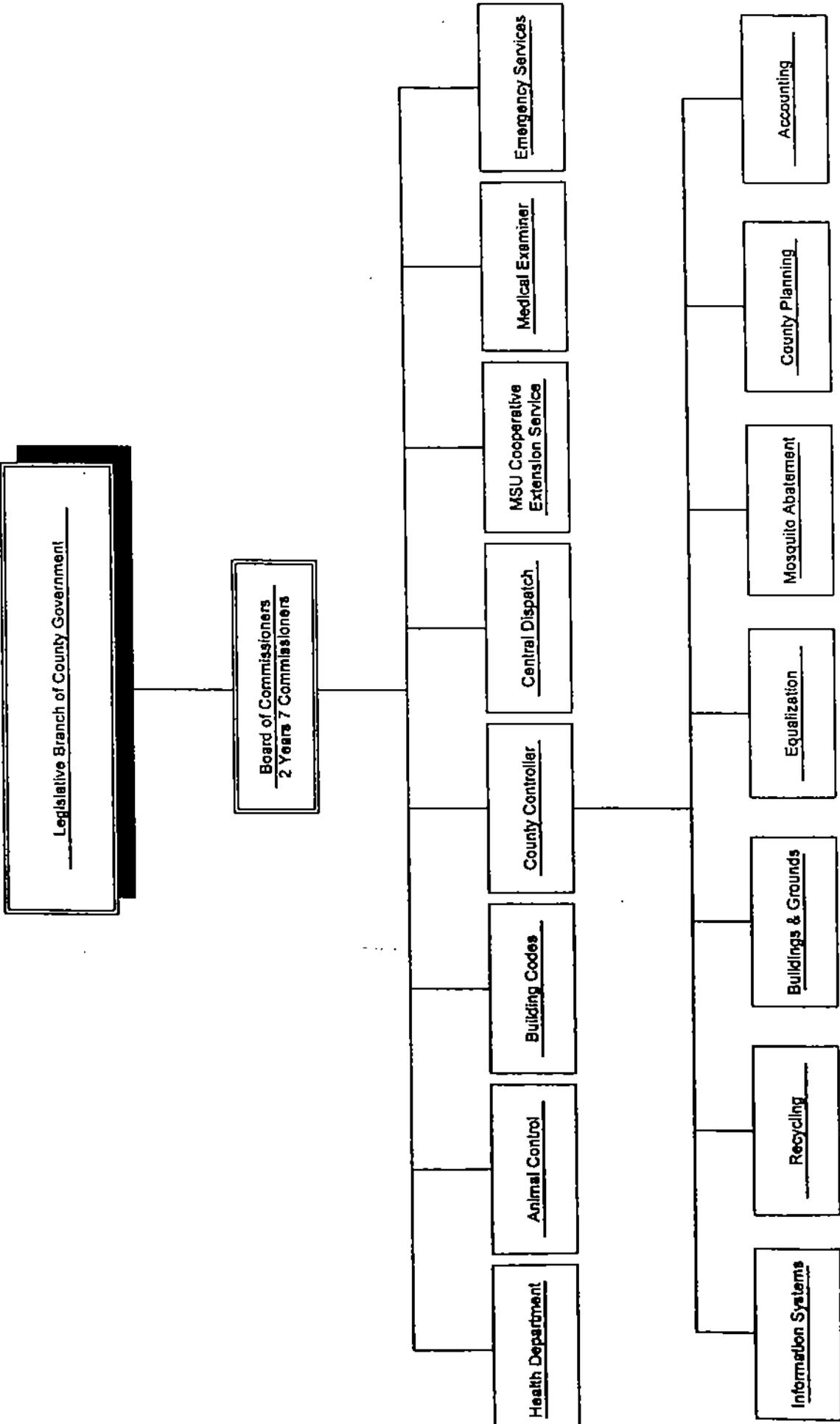
Patrick Joslyn
Kim Glaspie
William Kent
Mark Reene
Thomas Kern
Margie White-Cormier
Virginia McLaren
Sarah Pistro
Patricia Donovan

Appointed Officials

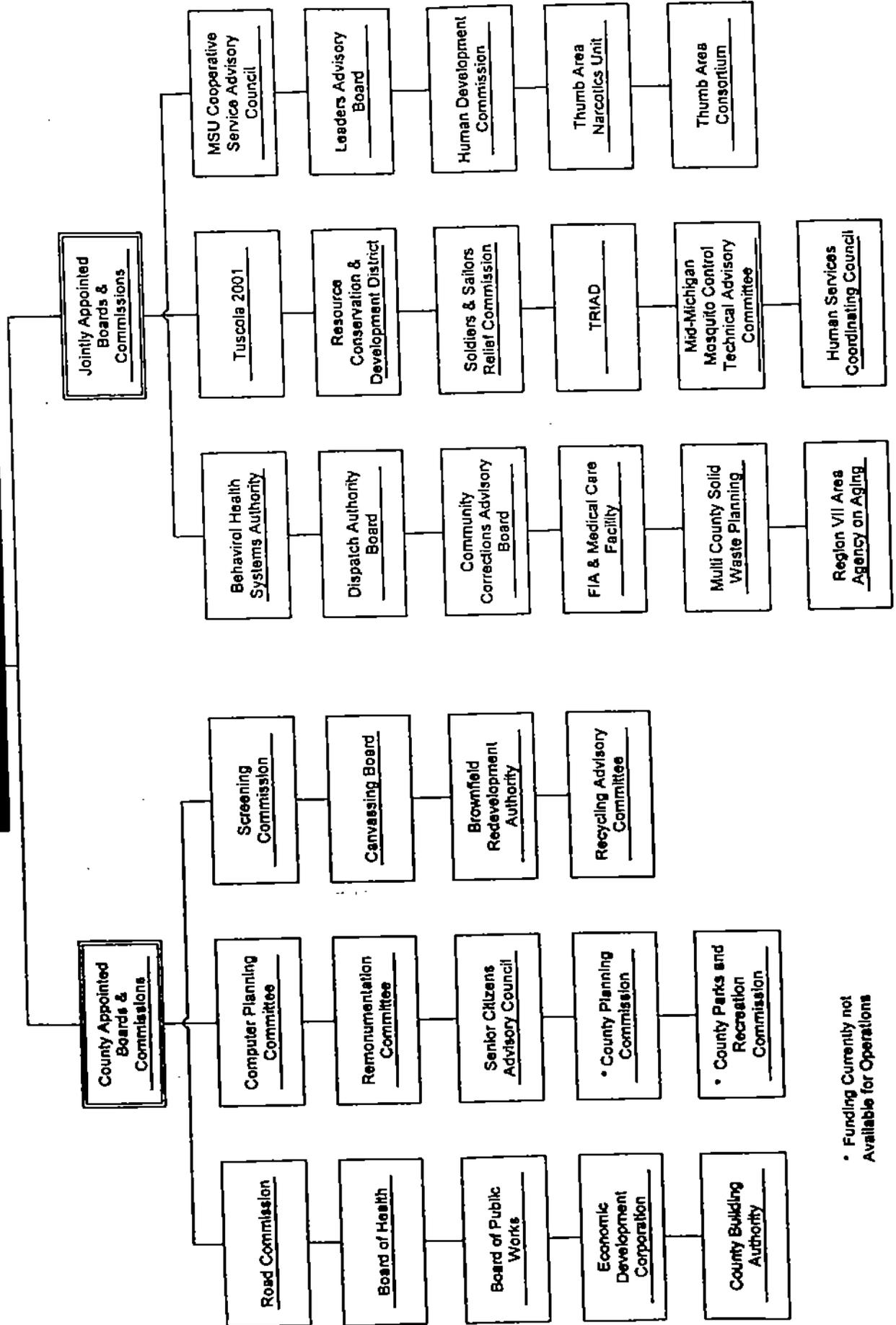
Director of Facilities & Buildings and Codes
Dispatch Director
Equalization Director
Friend of the Court
Mosquito Abatement Director
Animal Control Officer
Juvenile Director
Undersheriff
Director of Information Systems
Magistrate II
MSU/Co-Op Director
Recycling Coordinator
Health Officer

Kenneth Labelle
Robert Klenk
Walter Schlichting
Mary Lou Burns
William Wallace
Geoffrey Quinn
Robert Popielarz
James Jashinske
Ramon Enriquez
Steven Sattler
James Zook
Jerry Snider
Gretchen Tenbusch

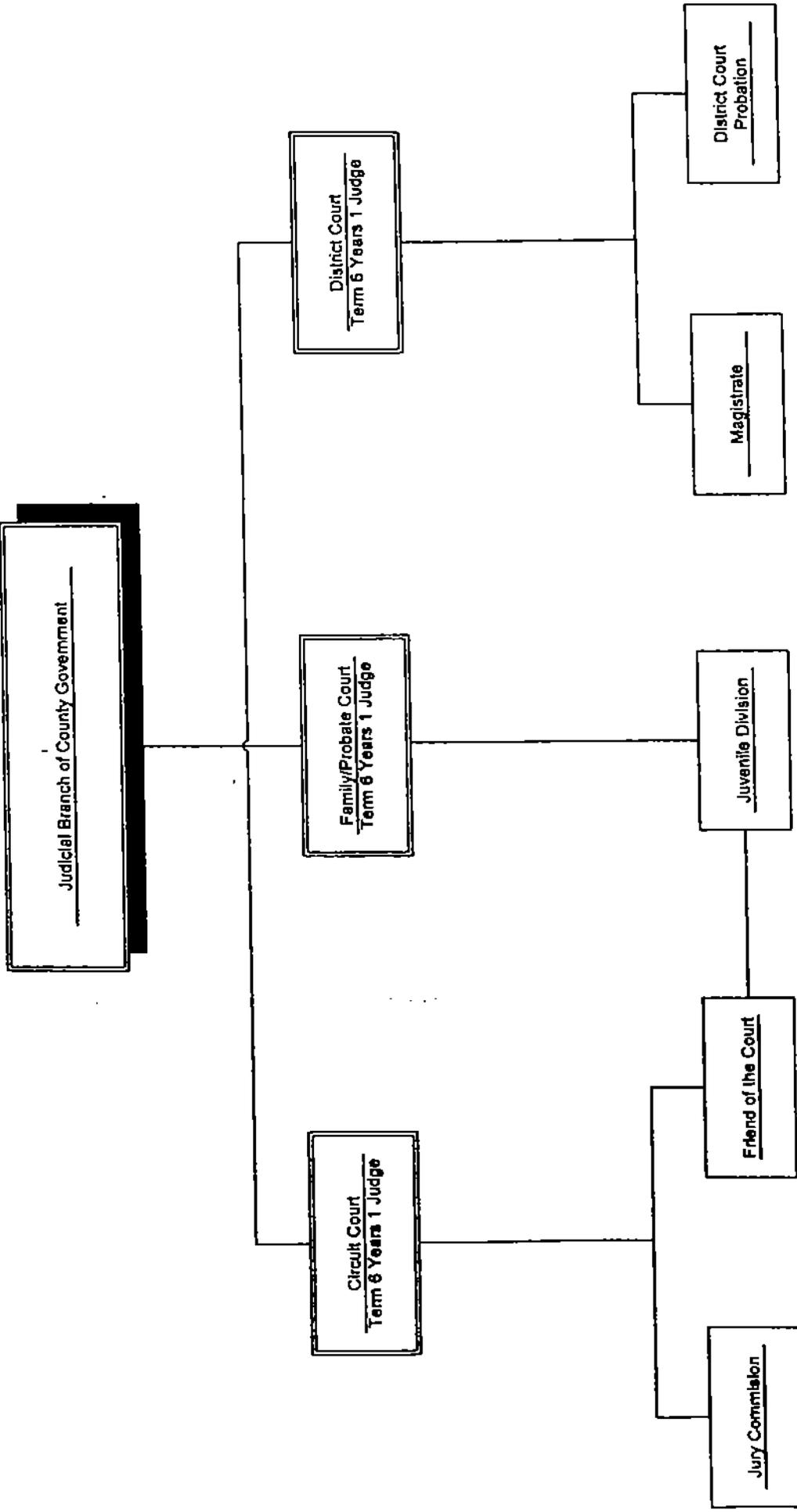


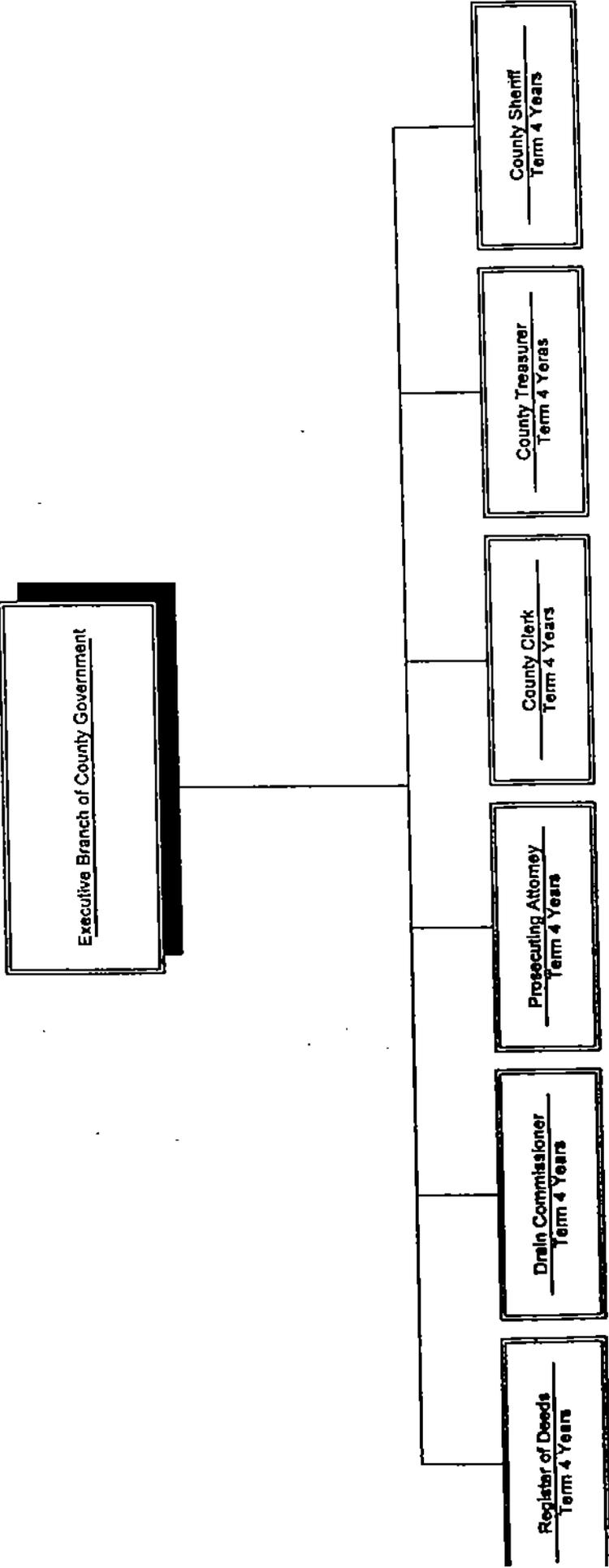


County Boards and Commissions



• Funding Currently not Available for Operations





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, 2001

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



William Patrick Pate

President

Jeffrey R. Enos

Executive Director





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

March 19, 2003

Board of Commissioners
County of Tuscola
Tuscola, Michigan

We have audited the accompanying general purpose financial statements of *Tuscola County, Michigan* as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of *Tuscola County, Michigan's* management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Tuscola County Health Department, which represents 8% of total assets and 13% of total revenues of the Special Revenue Fund type, and we did not audit the financial statements of the Tuscola County Road Commission, which represents 17% of total assets and 83% of total revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of *Tuscola County, Michigan*, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2003, on our consideration of *Tuscola County, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of *Tuscola County, Michigan*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of *Tuscola County, Michigan*. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion and based on the reports of other auditors, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of *Tuscola County, Michigan*. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

Rehmann Lohman





**TUSCOLA COUNTY
COMBINED BALANCE SHEET - ALL FUND TYPES,
ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002**

*New
Governmentals*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 7,000	\$ 2,817,864	\$ 101,781	\$ 868,405
Investments	366,694	1,174,704	22,800	716,729
Taxes receivable	4,415,724	2,362,245	1,108,272	-
Special assessments receivable	-	-	-	-
Accounts receivable	71,743	1,798,076	31	-
Allowance for uncollectible accounts	-	(321,384)	-	-
Accrued interest receivable	15,163	5,892	318	1,888
Due from other funds	801,354	954	-	74,101
Due from component units	-	1,000	-	-
Due from State	522,424	485,981	-	-
Due from other governmental units	-	28,049	-	-
Inventory	-	-	-	-
Prepaid expenditures/expenses	-	21,708	-	-
Advances to other funds	-	-	-	-
Advances to component unit	610,000	-	-	-
Restricted assets:				
Cash and cash equivalents	-	21,255	-	-
Investments	-	944,397	-	-
Taxes receivable	-	-	-	-
Property, plant and equipment-net of accumulated depreciation	-	-	-	-
Amount available for retirement of general long term debt	-	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-	-
TOTAL ASSETS	\$ 6,810,102	\$ 9,340,741	\$ 1,233,202	\$ 1,661,123

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

Same only

Proprietary Fund Type		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)
Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Primary Government	Component Units	Reporting Entity	
\$ 5,017,459	\$ 2,247,204	\$ -	\$ -	\$ 11,059,713	\$ 2,840,257	\$ 13,899,970	
1,726,615	6,857	-	-	4,014,399	2,591,086	6,605,485	
1,611,832	-	-	-	9,498,073	-	9,498,073	
-	-	-	-	-	10,585,966	10,585,966	
8,080	-	-	-	1,877,930	1,390,538	3,268,468	
-	-	-	-	(321,384)	-	(321,384)	
3,035	400	-	-	26,696	8,733	35,429	
-	855,662	-	-	1,732,071	599,611	2,331,682	
-	-	-	-	1,000	-	1,000	
-	-	-	-	1,008,405	-	1,008,405	
19,883	-	-	-	47,932	115,443	163,375	
-	-	-	-	-	277,149	277,149	
-	-	-	-	21,708	136,681	158,389	
1,606,267	-	-	-	1,606,267	-	1,606,267	
-	-	-	-	610,000	-	610,000	
-	-	-	-	21,255	507,879	529,134	
-	-	-	-	944,397	-	944,397	
-	-	-	-	-	1,226,194	1,226,194	
-	-	15,127,554	-	15,127,554	2,088,389	17,215,943	
-	-	-	124,930	124,930	2,008,194	2,133,124	
-	-	-	6,646,336	6,646,336	9,976,105	16,622,441	
\$ 9,993,171	\$ 3,110,123	\$ 15,127,554	\$ 6,771,266	\$ 54,047,282	\$ 34,352,225	\$ 88,399,507	

(Continued)

TUSCOLA COUNTY
COMBINED BALANCE SHEET (Continued)
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 123,430	\$ 609,934	\$ -	\$ -
Accrued liabilities	62,434	324,211	-	-
Due to other funds	528,014	404,664	-	-
Due to primary government	-	-	-	-
Due to other governmental units	-	-	-	-
Patient trust fund	-	13,395	-	-
Bonds and deposits	-	23,200	-	-
Undistributed receipts	-	-	-	-
Undistributed taxes	-	-	-	-
Deferred revenue	4,417,724	3,505,902	1,108,272	-
Advances from other funds	-	10,083	-	-
Advances from primary government	-	-	-	-
Advances - State	-	40,000	-	-
Capital leases payable	-	-	-	-
General obligation bonds and notes	-	-	-	-
Accrued compensated absences	-	-	-	-
TOTAL LIABILITIES	5,131,602	4,931,389	1,108,272	-
FUND EQUITY				
Investment in general fixed assets	-	-	-	-
Retained Earnings				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance				
Reserved	610,000	983,972	124,930	1,661,123
Unreserved:				
Designated	-	-	-	-
Undesignated	1,068,500	3,425,380	-	-
TOTAL FUND EQUITY	1,678,500	4,409,352	124,930	1,661,123
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,810,102	\$ 9,340,741	\$ 1,233,202	\$ 1,661,123

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
		General Fixed Assets	General Long Term Debt	Primary Government	Component Units	Reporting Entity
\$ 667,856	\$ -	\$ -	\$ -	\$ 1,401,220	\$ 185,913	\$ 1,587,133
384,742	869,706	-	-	1,641,093	53,425	1,694,518
799,393	-	-	-	1,732,071	599,611	2,331,682
-	-	-	-	-	1,000	1,000
24,666	646,094	-	-	670,760	-	670,760
-	-	-	-	13,395	-	13,395
-	-	-	-	23,200	-	23,200
-	124,252	-	-	124,252	-	124,252
-	853,044	-	-	853,044	-	853,044
-	-	-	-	9,031,898	11,812,160	20,844,058
1,596,184	-	-	-	1,606,267	-	1,606,267
-	-	-	-	-	610,000	610,000
-	-	-	-	40,000	259,549	299,549
-	-	-	21,598	21,598	-	21,598
-	-	-	6,069,000	6,069,000	11,961,563	18,030,563
-	-	-	680,668	680,668	-	680,668
3,472,841	2,493,096	-	6,771,266	23,908,466	25,483,221	49,391,687
-	-	15,127,554	-	15,127,554	2,088,389	17,215,943
4,996,524	-	-	-	4,996,524	-	4,996,524
1,523,806	-	-	-	1,523,806	-	1,523,806
-	6,800	-	-	3,386,825	4,772,450	8,159,275
-	-	-	-	-	507,878	507,878
-	610,227	-	-	5,104,107	1,500,287	6,604,394
6,520,330	617,027	15,127,554	-	30,138,816	8,869,004	39,007,820
\$ 9,993,171	\$ 3,110,123	\$ 15,127,554	\$ 6,771,266	\$ 54,047,282	\$ 34,352,225	\$ 88,399,507

TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND AND DISCRETELY
PRESENTED COMPONENTS UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
REVENUES					
Taxes	\$ 4,171,311	\$ 2,059,779	\$ -	\$ -	\$ -
Licenses and permits	506,129	153,870	-	-	-
Intergovernmental					
Federal	78,814	1,248,085	-	-	-
State	2,142,935	1,902,067	265,984	-	-
Local	24,499	114,016	426,469	-	-
Charges for services	2,095,567	8,262,792	-	-	-
Fines and forfeits	112,483	8,844	-	-	-
Interest and rents	216,140	103,592	1,849	25,968	-
Reimbursements and refunds	422,031	8,924	-	-	-
Recovery of bad debt expense	-	51,809	-	-	-
Other	-	285,845	-	299	-
TOTAL REVENUES	9,769,909	14,199,623	694,302	26,267	-
EXPENDITURES					
Current:					
Legislative	121,977	-	-	-	-
Judicial	1,979,769	1,126,389	-	-	-
General government	3,178,063	901,277	-	-	-
Public safety	1,916,792	2,194,938	-	-	-
Public works	939,697	-	-	83,044	-
Health and welfare	440,895	10,873,611	-	-	-
Recreational and cultural	-	9,862	-	-	-
Other	261,232	-	-	-	114,960
Capital outlay	-	728,508	-	-	-
Debt service	-	22,861	986,103	-	-
TOTAL EXPENDITURES	8,838,425	15,857,446	986,103	83,044	114,960
REVENUES OVER (UNDER) EXPENDITURES	931,484	(1,657,823)	(291,801)	(56,777)	(114,960)
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	-	1,240,000	-	-
Note proceeds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(1,182,592)	-	-
Bond issuance costs	-	-	(57,408)	-	-
Operating transfer in	1,374,393	1,861,919	277,428	74,101	721,000
Operating transfer out	(1,920,729)	(391,838)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(546,336)	1,470,081	277,428	74,101	721,000
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	385,148	(187,742)	(14,373)	17,324	606,040
FUND BALANCE, BEGINNING OF YEAR - AS RESTATED	1,293,352	4,597,094	139,303	1,643,799	4,130
FUND BALANCE, END OF YEAR	\$ 1,678,500	\$ 4,409,352	\$ 124,930	\$ 1,661,123	\$ 610,170

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

Totals (Memorandum Only)		Component Units	Totals (Memorandum Only)		
Primary Government			Reporting Entity		
\$	6,231,090	\$	3,178,125	\$	9,409,215
	659,999		-		659,999
	1,326,899		372,453		1,699,352
	4,310,986		6,375,410		10,686,396
	564,984		2,245,579		2,810,563
	10,358,359		-		10,358,359
	121,327		-		121,327
	347,549		135,938		483,487
	430,955		-		430,955
	51,809		-		51,809
	286,144		6,285		292,429
	<u>24,690,101</u>		<u>12,313,790</u>		<u>37,003,891</u>
	121,977		-		121,977
	3,106,158		-		3,106,158
	4,079,340		-		4,079,340
	4,111,730		-		4,111,730
	1,022,741		9,640,340		10,663,081
	11,314,506		-		11,314,506
	9,862		-		9,862
	376,192		-		376,192
	728,508		664,104		1,392,612
	1,008,964		1,663,726		2,672,690
	<u>25,879,978</u>		<u>11,968,170</u>		<u>37,848,148</u>
	<u>(1,189,877)</u>		<u>345,620</u>		<u>(844,257)</u>
	1,240,000		-		1,240,000
	-		536,000		536,000
	(1,182,592)		-		(1,182,592)
	(57,408)		-		(57,408)
	4,308,841		20,053		4,328,894
	<u>(2,312,567)</u>		<u>(20,053)</u>		<u>(2,332,620)</u>
	<u>1,996,274</u>		<u>536,000</u>		<u>2,532,274</u>
	806,397		881,620		1,688,017
	<u>7,677,678</u>		<u>5,898,995</u>		<u>13,576,673</u>
\$	<u>8,484,075</u>	\$	<u>6,780,615</u>	\$	<u>15,264,690</u>

TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund		
	Amended Budget	Actual	Variance
REVENUES			
Taxes	\$ 4,187,000	\$ 4,171,311	\$ (15,689)
Licenses and permits	507,712	506,129	(1,583)
Intergovernmental			
Federal	55,000	78,814	23,814
State	2,130,580	2,142,935	12,355
Local	27,000	24,499	(2,501)
Charges for services	2,046,162	2,095,567	49,405
Fines and forfeits	117,300	112,483	(4,817)
Interest and rents	315,776	216,140	(99,636)
Reimbursements and refunds	375,642	422,031	46,389
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	9,762,172	9,769,909	7,737
EXPENDITURES			
Current:			
Legislative	128,562	121,977	6,585
Judicial	2,018,181	1,979,769	38,412
General government	3,201,159	3,178,063	23,096
Public safety	1,922,091	1,916,792	5,299
Public works	909,703	939,697	(29,994)
Health and welfare	446,529	440,895	5,634
Recreational and cultural	-	-	-
Other	244,000	261,232	(17,232)
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	8,870,225	8,838,425	31,800
REVENUES OVER (UNDER) EXPENDITURES	891,947	931,484	39,537
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Payment to escrow agent	-	-	-
Bond issuance costs	-	-	-
Operating transfer in	966,737	1,374,393	407,656
Operating transfer out	(1,848,590)	(1,920,729)	(72,139)
TOTAL OTHER FINANCING SOURCES (USES)	(881,853)	(546,336)	335,517
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	10,094	385,148	375,054
FUND BALANCE, BEGINNING OF YEAR - AS RESTATED	1,293,352	1,293,352	-
FUND BALANCE, END OF YEAR	\$ 1,303,446	\$ 1,678,500	\$ 375,054

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

Special Revenue Funds			Debt Service Funds		
Amended Budget	Actual	Variance	Amended Budget	Actual	Variance
\$ 1,821,000	\$ 2,059,779	\$ 238,779	\$ -	\$ -	\$ -
147,648	153,870	6,222	-	-	-
1,240,757	1,248,085	7,328	-	-	-
1,912,810	1,902,067	(10,743)	265,984	265,984	-
92,358	114,016	21,658	447,581	426,469	(21,112)
8,633,244	8,262,792	(370,452)	-	-	-
6,500	8,844	2,344	-	-	-
19,000	103,592	84,592	279,051	1,849	(277,202)
8,000	8,924	924	-	-	-
-	51,809	51,809	-	-	-
228,888	285,845	56,957	-	-	-
14,110,205	14,199,623	89,418	992,616	694,302	(298,314)
-	-	-	-	-	-
1,161,626	1,126,389	35,237	-	-	-
932,081	901,277	30,804	-	-	-
2,291,374	2,194,938	96,436	-	-	-
-	-	-	-	-	-
10,494,882	10,873,611	(378,729)	-	-	-
14,837	9,862	4,975	-	-	-
-	-	-	-	-	-
869,940	728,508	141,432	-	-	-
22,860	22,861	(1)	986,103	986,103	-
15,787,600	15,857,446	(69,846)	986,103	986,103	-
(1,677,395)	(1,657,823)	19,572	6,513	(291,801)	(298,314)
-	-	-	-	1,240,000	1,240,000
-	-	-	-	(1,182,592)	(1,182,592)
-	-	-	-	(57,408)	(57,408)
1,749,224	1,861,919	112,695	-	277,428	277,428
(277,428)	(391,838)	(114,410)	-	-	-
1,471,796	1,470,081	(1,715)	-	277,428	277,428
(205,599)	(187,742)	17,857	6,513	(14,373)	(20,886)
4,595,455	4,597,094	1,639	139,303	139,303	-
\$ 4,389,856	\$ 4,409,352	\$ 19,496	\$ 145,816	\$ 124,930	\$ (20,886)

TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Internal Service	Non- Expendable Trust	
OPERATING REVENUE			
Charges for services	\$ 1,730,929	\$ -	\$ 1,730,929
Interest earned on taxes	428,705	-	428,705
Interest on investments	-	105	105
Other operating revenue	1,710	-	1,710
TOTAL OPERATING REVENUES	2,161,344	105	2,161,449
OPERATING EXPENSES			
Administrative fees	1,554,634	-	1,554,634
Settlements, claims and benefits	(8,079)	-	(8,079)
Other	1,844	173	2,017
TOTAL OPERATING EXPENSES	1,548,399	173	1,548,572
OPERATING INCOME (LOSS)	612,945	(68)	612,877
NON-OPERATING REVENUE			
Interest on investments	110,357	-	110,357
INCOME (LOSS) BEFORE OPERATING TRANSFERS	723,302	(68)	723,234
OPERATING TRANSFERS			
Operating transfer in	395,000	-	395,000
Operating transfer out	(2,357,393)	-	(2,357,393)
NET OPERATING TRANSFERS	(1,962,393)	-	(1,962,393)
NET (LOSS)	(1,239,091)	(68)	(1,239,159)
RETAINED EARNINGS/FUND BALANCE, BEGINNING OF YEAR	7,759,421	6,925	7,766,346
RETAINED EARNINGS/FUND BALANCE, END OF YEAR	\$ 6,520,330	\$ 6,857	\$ 6,527,187

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

**TUSCOLA COUNTY
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Internal Service	Non- Expendable Trust	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 612,945	\$ (68)	\$ 612,877
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Interest reported as operating income	-	(105)	(105)
(Increase) decrease in current assets			
Taxes receivables	401,050	-	401,050
Accounts receivables	6,231	-	6,231
Accrued interest receivable	1,428	-	1,428
Due from other funds	157,664	-	157,664
Due from other governmental units	4,129	-	4,129
Prepaid expenses	6,261	-	6,261
Increase (decrease) in current liabilities			
Accounts payable	(4,704)	-	(4,704)
Accrued liabilities	52,416	-	52,416
Due to other funds	(47,781)	-	(47,781)
Due to other governmental units	17,159	-	17,159
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,206,798	(173)	1,206,625
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other funds	(205,181)	-	(205,181)
Advances from other funds	205,181	-	205,181
Operating transfer in	395,000	-	395,000
Operating transfer out	(2,357,393)	-	(2,357,393)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,962,393)	-	(1,962,393)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	-	68	68
Purchase of investments	1,311,978	-	1,311,978
Interest received	110,357	105	110,462
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,422,335	173	1,422,508
NET INCREASE IN CASH AND CASH EQUIVALENTS	666,740	-	666,740
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,350,719	-	4,350,719
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,017,459	\$ -	\$ 5,017,459
RECONCILIATION TO COMBINED BALANCE SHEET:			
Cash and cash equivalents			
Nonexpendable Trust Fund		\$ -	
Expendable Trust Fund		625,470	
Agency Funds		1,621,734	
Total per Combined Balance Sheet		\$ 2,247,204	

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

TUSCOLA COUNTY
COMBINING BALANCE SHEET
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002

	Drain Commission	Road Commission	Totals
ASSETS			
Cash and cash equivalents	\$ 2,753,728	\$ 86,529	\$ 2,840,257
Investments	2,591,086	-	2,591,086
Special assessments receivable	10,585,966	-	10,585,966
Accounts receivable	-	1,390,538	1,390,538
Accrued interest receivable	8,733	-	8,733
Inventory	-	277,149	277,149
Due from other funds	599,611	-	599,611
Due from other governmental units	115,443	-	115,443
Prepaid expenditures	-	136,681	136,681
Fixed assets	-	7,001,110	7,001,110
Less: accumulated depreciation	-	(4,912,721)	(4,912,721)
Restricted assets:			
Cash	-	507,879	507,879
Taxes receivable	-	1,226,194	1,226,194
Amount available for retirement of general long term debt	2,008,194	-	2,008,194
Amount to be provided for retirement of general long term debt	9,953,369	22,736	9,976,105
TOTAL ASSETS	\$ 28,616,130	\$ 5,736,095	\$ 34,352,225
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 86,540	\$ 99,373	\$ 185,913
Accrued liabilities	-	53,425	53,425
Due to other funds	599,611	-	599,611
Due to primary government	-	1,000	1,000
Deferred revenue	10,585,966	1,226,194	11,812,160
Advance from primary government	610,000	-	610,000
Advance - State of Michigan	-	259,549	259,549
Drain bond payable	10,481,320	-	10,481,320
Drain notes payable	1,480,243	-	1,480,243
TOTAL LIABILITIES	23,843,680	1,639,541	25,483,221
FUND EQUITY			
Investment in general fixed assets	-	2,088,389	2,088,389
Fund balance			
Reserved for debt service	2,008,194	-	2,008,194
Reserved for drain projects	2,764,256	-	2,764,256
Unreserved			
Designated for bridge/road construction	-	507,878	507,878
Undesignated	-	1,500,287	1,500,287
TOTAL FUND EQUITY	4,772,450	4,096,554	8,869,004
TOTAL LIABILITIES AND FUND EQUITY	\$ 28,616,130	\$ 5,736,095	\$ 34,352,225

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

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL DISCRETELY PRESENTED COMPONENTS UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Drain Commission	Road Commission	Totals
REVENUES			
Taxes	\$ 2,018,008	\$ 1,160,117	\$ 3,178,125
Intergovernmental			
Federal	-	372,453	372,453
State	-	6,375,410	6,375,410
Local	-	2,245,579	2,245,579
Interest and rents	106,621	29,317	135,938
Other	3,758	2,527	6,285
TOTAL REVENUES	2,128,387	10,185,403	12,313,790
EXPENDITURES			
Public works	-	9,640,340	9,640,340
Capital outlay	954,570	(290,466)	664,104
Debt service	1,663,726	-	1,663,726
TOTAL EXPENDITURES	2,618,296	9,349,874	11,968,170
REVENUES OVER (UNDER) EXPENDITURES	(489,909)	835,529	345,620
OTHER FINANCING SOURCES (USES)			
Note proceeds	536,000	-	536,000
Operating transfers in	20,053	-	20,053
Operating transfers out	(20,053)	-	(20,053)
TOTAL OTHER FINANCING SOURCES (USES)	536,000	-	536,000
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	46,091	835,529	881,620
FUND BALANCE, BEGINNING OF YEAR - AS RESTATED	4,726,359	1,172,636	5,898,995
FUND BALANCE, END OF YEAR	\$ 4,772,450	\$ 2,008,165	\$ 6,780,615

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



TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

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:

REPORTING ENTITY

The accompanying financial statements are for the reporting entity of *Tuscola County*, and include the financial data of the component units of the County, as required by generally accepted accounting principles. The component units discussed below are considered to be part of the County's reporting entity because of the significance of their operational or financial relationship with the County.

Following is a description of the component units of the County, which have been included in the accompanying financial statements.

Blended Component Unit

Building Authority – The five-member authority is appointed by the Tuscola County Board of Commissioners and its activity is dependent upon Board actions. 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. The Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County's public buildings. The Building Authority's activity is recorded in various Debt Service and Capital Projects funds.

Discrete Component Units

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

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

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 consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 440 N. State St., Caro, Michigan 48723.

Other Year Ends

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

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types, broad fund categories and account groups as follows:

GOVERNMENTAL FUNDS:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Proprietary Fund).

PROPRIETARY FUND:

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by the County to other departments and funds, or to other governmental units on a cost reimbursement basis.

FIDUCIARY FUNDS:

Trust and Agency Funds - Trust and Agency funds are used to account for assets held by the County in a trustee or agency capacity for individuals, private organizations, other governmentals and/or other funds. These include agency funds, an expendable trust fund and a nonexpendable trust fund

ACCOUNT GROUPS:

General Fixed Asset Account Group -- This account group is used to account for the County's fixed assets (other than those accounted for in the Proprietary Funds).

General Long Term Debt Account Group - This account group is used to account for all long-term obligations of the County (except those accounted for in the Proprietary Funds).

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

BASIS OF ACCOUNTING

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, the expendable trust fund, and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Significant revenues susceptible to accrual include property taxes, reimbursement type grants and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt, which is generally recognized when due.

All governmental funds and the expendable trust fund are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The proprietary funds and the nonexpendable trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The proprietary funds and the nonexpendable trust fund are accounted for on a cost of services or "economic resources" measurement focus. This means that all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

BUDGETARY DATA

The County budgeted for the General Fund, Special Revenue Funds and Debt Service Funds on the modified accrual basis consistent with generally accepted accounting principles (GAAP). Budgetary control is exercised at the line item level by activity in the General, Special Revenue, and Debt Service funds. Any revisions to the adopted budget (i.e. budget amendments) require approval by the Board of Commissioners.

A separate budgetary report is prepared which demonstrates compliance at the legal level of control and is available from the County Controller's Accounting Office. Budgeted amounts are as originally adopted or as amended by the Board of Commissioners. Individual budget amendments that were material relative to the original adopted budget were made during the year in various funds. All appropriations lapse at year end.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County because it is not currently considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CASH AND CASH EQUIVALENTS

Amounts reported as cash and cash equivalents include cash, certificates of deposit, mutual funds, and short-term investments with maturity periods of less than three months.

INVESTMENTS

Investments are stated at fair value.

RECEIVABLES

All receivables are reported at their gross value. Where appropriate, the estimated portion that is expected to be uncollectible is represented as an allowance for doubtful accounts.

PREPAID ITEMS

Payments made to vendors for services that will benefit future periods are recorded as prepaid items.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Funds which have a deficit equity in the County's pooled cash account, have this deficit presented as an amount due to other funds.

ADVANCES TO OTHER FUNDS

Noncurrent portions of long-term interfund receivables are reported as advances. In governmental fund types, these advances are included in reserved fund balance, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

INVENTORY

Inventory of the Road Commission component unit is stated on the basis of average cost. The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Fixed assets used in government fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Tuscola and the Road Commission have been historically excluded from the General Fixed Assets Account Group and the Road Commission's general fixed assets. Fixed assets are stated at cost, except for general fixed assets for which an original cost could not be obtained which are recorded at estimated original cost. Donated fixed assets are valued at their fair value on the date donated. No depreciation has been provided on the general fixed assets, except for the Tuscola County Road Commission.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

The Tuscola County Road Commission uses the sum-of-the-years'-digits method for computing depreciation on road equipment and the straight-line method for all other fixed assets.

In accordance with State Act 51 reporting requirements, the Road Commission's depreciation expenditure is charged to the various categories of expenditures within the Road Commission Operating Fund. The corresponding addition to accumulated depreciation is credited against current year expenditures. This has no effect upon total expenditures, as it is a memorandum transaction only and, accordingly, expenditures continue to be reported in conformity with generally accepted accounting principles.

DEFERRED REVENUE

Under the modified accrual basis of accounting, amounts that are measurable but not available to pay liabilities of the current period are classified as deferred revenues. Material deferred revenues in governmental funds represent property taxes and special assessments that will be received in subsequent years and grant money received that has not been properly matched with expenditures.

LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

FUND EQUITY

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

PROPERTY TAXES

Real and personal property taxes are recorded as revenue in the year for which they are levied. Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition have not been met. The County has included \$4,415,724 in deferred revenue in the general fund and \$2,097,598 in the special revenue funds for property taxes, which were levied on December 1, 2002, to fund operations for the year ending December 31, 2003.

GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

PENSION PLANS

The provision for pension cost is recorded on accrual basis. The County funds pension costs as they accrue in accordance with actuarial requirements.

INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, except as noted below. Operating subsidies are also recorded as operating transfers. The amounts recorded as subsidies, advances, or equity contributions are determined by County management.

Internal service funds are used to record charges for services to all County departments and funds and are recorded as operating revenue. All affected County funds record these payments to the Internal Service Funds as operating expenditures or expenses.

The general fund provides administrative services to various funds. Amounts charged to the other funds for these services are based on the County's cost allocation plan and are treated as miscellaneous revenue in the general fund and as operating expenses in the other funds.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

COMPENSATED ABSENCES

County employees are granted vacation and sick pay in varying amounts based on length of service and union contracts. Vacation days are accrued annually upon the employment anniversary date and must be taken during the year in which the vacation days are accrued.

Employees may accumulate sick leave until termination of employment, up to a maximum of 900 hours. Employees who retire are compensated for 100 percent of their total accumulated sick leave if they have at least 20 years of service at retirement. Employees who retire with at least 10 years but less than 20 years of service are compensated for 50 percent of their accumulated sick leave. All other employees who terminate are compensated for 25 percent of their accumulated sick leave.

The current portion of any compensated absence liability can not be reasonably estimated, therefore no accrual for any estimate of the current portion of the liability has been provided in the applicable funds. The entire amount of the liability has been recorded in the general long-term debt account group.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 20

In accordance with Governmental Accounting Standards Board (GASB) Statement 20, the County has elected not to apply the Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 to its proprietary fund.

2. VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

Michigan Public Act 621 of 1978 as amended, requires that a local unit shall not incur expenditures in excess of the amounts appropriated. During 2002, the County incurred expenditures in certain budgeted funds, which were in excess of the appropriated amounts, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
SPECIAL REVENUE FUNDS			
Medical Care Facility			
Health and welfare	\$ 6,838,183	\$ 7,258,462	\$ (420,279)

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by essentially all County funds. The portion of this pool attributable to each separate fund type is shown on the combined balance sheet as "Cash and Cash Equivalents". In addition, various interest bearing savings and checking accounts, certificates of deposit and investments are separately held by several of the County's funds.

Financial Statements Total:

Primary Government:

Cash and cash equivalents	\$11,059,713
Investments	4,014,399
Restricted:	
Cash and cash equivalents	21,255
Investments	<u>944,397</u>

16,039,764

Component Units:

Cash and cash equivalents	2,840,257
Investments	2,591,086
Restricted assets:	
Cash and cash equivalents	<u>507,879</u>

5,939,222

\$21,978,986

<u>Footnote</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Deposits	\$ 11,747,554	\$3,348,136	\$15,095,690
Investments	<u>4,292,210</u>	<u>2,591,086</u>	<u>6,883,296</u>
Total	<u>\$ 16,039,764</u>	<u>\$5,939,222</u>	<u>\$21,978,986</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Deposits

At year-end, the carrying amount and bank balance of the County's deposits were classified as to risk as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 432,664	\$ 475,722
Uninsured - uncollateralized	<u>11,314,890</u>	<u>11,445,217</u>
	<u>\$11,747,554</u>	<u>\$11,920,939</u>

At year-end, the carrying amount and bank balance of the component unit's deposits were classified as to risk as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 386,529	\$ 386,529
Uninsured - uncollateralized	<u>2,961,607</u>	<u>2,961,607</u>
	<u>\$ 3,348,136</u>	<u>\$ 3,348,136</u>

Investments

In May of 1998 the County Board of Commissioners adopted a comprehensive investment policy describing the types of investments in which the County Treasurer may invest. Management believes that the guidelines of this policy are in accordance with State of Michigan statutory guidelines as disclosed below.

Statutes authorize the County to invest in the following:

- Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corp. or a Savings and Loan Association which is a member of the Federal Savings & Loan Insurance Corporation, or a Credit Union which is insured by the National Credit Union Administration.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than two standard rating services.
- In United States government or federal agency obligation repurchase agreements.
- In bankers acceptance of United States banks.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

- In mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The County's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. The County has no category 2 or 3 investments. The securities held by the County are reported at fair value.

The County's investments are in accordance with statutory authority as follows:

	Category			Fair Value
	1	2	3	
Government securities	\$ 1,423,575	\$ -	\$ -	\$ 1,423,575
Commercial paper	<u>785,536</u>	-	-	<u>785,536</u>
	<u>\$ 2,209,111</u>	<u>\$ -</u>	<u>\$ -</u>	2,209,111
Uncategorized as to risk:				
Municipal/government mutual funds				375,042
Mutual funds				<u>1,708,057</u>
Total investments				<u>\$ 4,292,210</u>

The Component Unit's investments are in accordance with statutory authority as follows:

	Category			Fair Value
	1	2	3	
Uncategorized as to risk:				
Municipal/government mutual funds				\$ 8,349
Mutual funds				<u>2,582,737</u>
				<u>\$ 2,591,086</u>

The County's and component unit's investments in mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

During the year ended December 31, 2002, the County did not hold any derivative financial instruments.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

5. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 1. The County levies property taxes on December 1 to fund operations for the following year; such taxes are due without penalty on or before February 14, with the final collection date of February 28, before they are added to the County's delinquent tax rolls.

6. FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>1/1/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/02</u>
Land	\$ 590,810	\$ -	\$ -	\$ 590,810
Buildings and improvements	9,701,606	120,539	-	9,822,145
Equipment	3,123,566	330,157	(17,483)	3,436,240
Vehicles	<u>1,189,290</u>	<u>145,202</u>	<u>(56,133)</u>	<u>1,278,359</u>
Total	<u>\$14,605,272</u>	<u>\$ 595,898</u>	<u>\$ (73,616)</u>	<u>\$ 15,127,554</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

A summary of the changes in general fixed assets of the Road Commission component unit are as follows:

	<u>Balance</u> <u>1/1/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/02</u>
General Fixed Assets				
Land and improvements	\$ 97,120	\$ -	\$ -	\$ 97,120
Buildings	2,163,639	3,735	-	2,167,374
Equipment – roads	4,011,967	137,459	-	4,149,426
Equipment – shop	134,154	-	-	134,154
Equipment – heating	78,298	-	-	78,298
Equipment – radio	109,247	-	-	109,247
Equipment – office	124,565	3,436	-	128,001
Equipment – engineer	48,653	-	-	48,653
Depletable assets	82,738	-	-	82,738
Weightmaster equipment	<u>6,099</u>	<u>-</u>	<u>-</u>	<u>6,099</u>
	6,856,480	<u>\$ 144,630</u>	<u>\$ -</u>	7,001,110
Less accumulated depreciation and depletion	<u>4,475,743</u>	<u>\$ 436,978</u>	<u>\$ -</u>	<u>4,912,721</u>
Plant and equipment equity	<u>\$2,380,737</u>			<u>\$ 2,088,389</u>

7. DEFINED BENEFIT PENSION PLANS

MERS

Plan Description. The General County, Medical Care Facility, Health Department, and Road Commission defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County, Medical Care Facility, Health Department, and Road Commission participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Funding Policy. The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are 2%-13% of annual covered payroll. The Medical Care Facility is required to contribute at an actuarially determined rate; however, they were not required to contribute to the plan for the current year. Employees are required to contribute 0%-10% of their annual covered payroll. The contribution requirements of the County, Medical Care Facility, Health Department, and Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, Medical Care Facility, Health Department, and Road Commission Boards depending on the MERS contribution program adopted by the appropriate Board.

Annual Pension Cost. For the year ended December 31, 2002, the annual pension cost of \$166,127 for the County, \$0 for the Health Department, and \$97,204 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had no annual pension cost which equaled their required amount but elected to contribute an additional \$55,500 for MERS contributions. The required contribution was determined as part of the December 31, 2001, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2001, the date of the latest actuarial valuation, was 30 years.

General County Plan

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/00	\$118,948	100%	\$0
12/31/01	23,474	100	0
12/31/02	166,127	100	0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/99	\$13,285,840	\$11,585,794	\$(1,700,046)	115%	\$4,991,091	(34.1)%
12/31/00	14,497,338	13,654,393	(842,945)	106	5,164,956	(16.3)
12/31/01	15,307,036	15,434,219	127,183	99	5,519,139	2.00

Medical Care Facility Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/00	\$21,873	100%	\$ 0
12/31/01	37,015	100	0
12/31/02	0	100	55,000

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/99	\$6,606,930	\$4,844,156	\$(1,762,774)	136%	\$3,107,696	(56.7)%
12/31/00	7,171,400	5,497,227	(1,674,173)	130	3,100,982	(54.0)
12/31/01	7,640,695	6,338,278	(1,302,417)	121	3,681,733	(35.4)

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Health Department Plan

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/00	\$38,151	100%	\$ 0
9/30/01	11,307	100	0
9/30/02	0	0	0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/99	\$3,142,129	\$2,776,707	\$(365,422)	113%	\$ 895,056	\$ 0
12/31/00	3,496,353	3,063,375	(432,978)	114	1,006,312	0
12/31/01	3,774,946	3,625,691	(149,255)	104	1,076,341	0

Road Commission Plan

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/99	\$89,784	100%	\$0
12/31/00	84,253	100	0
12/31/01	97,204	100	0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/99	\$ 993,733	\$1,543,617	\$549,884	64.4	\$614,710	89.5%
12/31/00	1,232,245	1,919,073	686,828	64.2	689,117	99.7
12/31/01	1,404,772	2,107,410	702,638	66.7	777,814	90.3

Road Commission Massachusetts Mutual Plan

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

Funding Policy. The Road Commission is required to contribute at actuarially determined rates; the current rates are 12.28% of annual covered payroll. Employees are required to contribute \$.03 per hour, per month, excluding overtime. The contribution requirements of the Road Commission are established and may be amended by the Board of County Road Commissioners. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

Annual Pension Cost. For the year ended December 31, 2002, the Road Commission's annual pension cost of \$13,202 for the Massachusetts Mutual Plan was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the April 1, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% and (b) projected salary increases of 4% per year compounded annually, attributable to inflation. The actuarial value of Massachusetts Mutual Plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
04/01/00	\$12,869	100%	None
04/01/01	27,388	100	None
04/01/02	13,202	100	None

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
April 1, 2000	\$340,060	\$429,245	\$89,185	79.2%	\$1,977,974	4.5%
April 1, 2001	266,134	394,005	127,871	67.5	1,879,075	6.8
April 1, 2002	243,862	399,286	196,456	61.1	2,038,660	9.6

8. RISK MANAGEMENT

GENERAL AND AUTO 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, 2002, 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.

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 exceed commercial insurance coverage in any of the past three fiscal years.

WORKERS' COMPENSATION BENEFITS

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

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

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

Interfund premiums are treated as quasi-external transactions, meaning that interfund premiums are recognized as expenditures in the contributing funds and interfund revenue is recognized in the Workers' Compensation Insurance Fund as earned.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

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 (IBNRs). Claims liabilities are estimated based on actual claims filed subsequent to year end. A summary of the claims liability as reported on the Workers' Compensation Insurance Internal Service Fund Balance Sheet is as follows:

Accrued liabilities	\$ 129,962
Provision for IBNR Claims	<u> -</u>
Total Claims Liabilities	<u>\$ 129,962</u>

The provision is based upon historical trends.

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

	<u>2002</u>	<u>2001</u>
Unpaid Claims, beginning of year	\$ 174,662	\$ -
Incurred Claims (including IBNR)	(8,079)	273,024
Claims Paid	<u>(36,621)</u>	<u>(98,362)</u>
Unpaid Claims	<u>\$ 129,962</u>	<u>\$ 174,662</u>

EMPLOYEE HEALTH BENEFITS

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

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$75,000 per occurrence. The co-insurance arrangements are renegotiated annually with Blue Cross and Blue Shield of Michigan.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

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 (IBNRs). Claims liabilities are estimated based on actual claims filed subsequent to year end. A summary of the claims liability as reported on the Health Insurance Internal Service Fund Balance Sheet is as follows:

Accrued liabilities	\$	1,788
Provision for IBNR Claims		<u>252,992</u>
 Total Claims Liabilities		 <u>\$ 254,780</u>

The provision is based upon historical trends.

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

	<u>2002</u>	<u>2001</u>
Unpaid Claims, beginning of year	\$ 157,664	\$ 81,495
Incurred Claims (including IBNR)	1,541,299	1,247,841
Claims Paid	<u>(1,444,183)</u>	<u>(1,171,672)</u>
 Unpaid Claims	 <u>\$ 254,780</u>	 <u>\$ 157,664</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

9. CAPITAL LEASES

Capital leases outstanding at December 31, 2002, are as follows:

Capital lease for purchase of computer data system, due in monthly installments of \$1,475, including interest at approximately 7% through July 2003.	\$ 14,291
Capital lease for purchase of phone system upgrade, due in monthly installments of \$430, including interest of 6.8%, through February 2004.	<u>7,307</u>
	<u>\$ 21,598</u>

Details of the minimum lease payment requirements for the above capital leases are as follows:

Health Department Capital Leases:

Fiscal Year <u>Ending</u>	<u>Payments</u>
9/30/03	\$ 19,910
9/30/04	<u>2,151</u>
	22,061
Less: amounts representing interest	<u>(463)</u>
Present value of net minimum lease payments	<u>\$ 21,598</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

10. OPERATING LEASES

The Health Department has entered into an operating lease with the County of Tuscola for office space. The lease provides for monthly payments to the County to partially finance the County Building Authority's debt service requirement on bonds issued to finance construction of the Health Department Building. The total rental expense under this operating lease for the year ended September 30, 2002 was \$85,756.

The Road Commission has entered into various operating lease agreements for road equipment. The total rental expense under these operating leases for the year ended December 31, 2002 was \$297,150. Future payments due under these leases are as follows:

Fiscal Year <u>Ending</u>	<u>Principal</u>
12/31/03	\$ 252,690
12/31/04	182,405
12/31/05	<u>46,110</u>
Total	<u>\$ 481,205</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

11. LONG-TERM DEBT

General obligation bonds and other long-term debt are summarized as follows:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance 1/1/02</u>	<u>Additions (Deductions)</u>	<u>Balance 12/31/02</u>
Primary Government						
Building Authority:						
Tuscola County Series 1996	\$2,200,000	4.00%-4.75%	11/96-11/06	\$1,240,000	\$ (225,000)	\$1,015,000
Tuscola County Series 1987	1,200,000	4.75%-7.20%	5/87-5/02	100,000	(100,000)	-
Tuscola County Series 1999	1,615,000	5.10%-5.125%	3/01- 3/15	1,540,000	(80,000)	1,460,000
DPW Bonds:						
Akron-Fairgrove Sewage Disposal System						
	1,370,000	6.60%-6.70%	11/78-11/02	65,000	(65,000)	-
Caro Area Sanitary Sewer System						
	1,995,000	5.20%-6.625%	5/92-3/13	1,320,000	(100,000) (1,120,000)	100,000
Mayville Storm Sewer System	1,350,000	5.00%-5.125%	4/97-4/36	1,288,000	(14,000)	1,274,000
Richville Storm Sewer System	1,280,000	4.60%-7.60%	5/98-11/17	1,040,000	(60,000)	980,000
Caro Area Sanitary Sewer System (Refunding)						
	1,240,000	2.50%-3.70%	3/03-3/13	-	1,240,000	1,240,000
Total bonds payable				<u>6,593,000</u>	<u>(524,000)</u>	<u>6,069,000</u>
Capital Leases:						
Health Department Leases						
Phone system upgrade	25,787	6.80%	3/99-2/04	12,464	(5,157)	7,307
Computer data system	73,911	7.00%	8/98-7/03	30,377	(16,086)	14,291
Total Capital Leases				<u>42,841</u>	<u>(21,243)</u>	<u>21,598</u>
Total Long-Term Debt				<u>6,635,841</u>	<u>(545,243)</u>	<u>6,090,598</u>
Accrued Compensated Absences						
County						
				638,972	(36,118)	602,854
Health Department						
				66,800	11,014	77,814
Total accrued compensated absences				<u>705,772</u>	<u>(25,104)</u>	<u>680,668</u>
Total Primary Government				<u>7,341,613</u>	<u>(570,347)</u>	<u>6,771,266</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

During 2002, the County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140.

<u>Issue</u>	<u>Amount of Issue</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance 1/1/02</u>	<u>Additions (Deductions)</u>	<u>Balance 12/31/02</u>
Drain Commission						
Special Assessments Bonds Payable (with County commitment)						
Northwest	\$6,730,000	4.00%-6.00%	6/00-6/19	\$6,130,000	\$ (300,000)	\$5,830,000
Reese I/C	540,000	4.00%-6.00%	6/02-6/16	540,000	(25,000)	515,000
Southgate	1,170,000	4.75%-5.10%	12/96-6/06	625,000	(125,000)	500,000
S.O.	515,000	4.60%-5.10%	6/97-6/07	310,000	(50,000)	260,000
Sucker Creek	915,000	4.10%-5.00%	6/97-6/07	650,000	(100,000)	550,000
Alder Creek	1,490,000	4.75%-5.30%	6/00-6/15	1,400,000	(100,000)	1,300,000
Shebeon I/C	93,280	5.10%-5.50%	6/00-6/10	84,800	(8,480)	76,320
State and Colling	1,715,000	4.30%-4.70%	10/00-6/10	<u>1,600,000</u>	<u>(150,000)</u>	<u>1,450,000</u>
Total bonds payable				<u>11,339,800</u>	<u>(858,480)</u>	<u>10,481,320</u>
Notes Payable						
Section 434 Notes						
under the Drain Code	varies	3.75%-6.50%	6/94-6/16	<u>1,150,947</u>	536,000	<u>1,480,243</u>
					<u>(206,704)</u>	
Total Drain Commission				<u>12,490,747</u>	<u>(529,184)</u>	<u>11,961,563</u>
Road Commission						
Accrued compensated absences				<u>27,654</u>	<u>(4,918)</u>	<u>22,736</u>
Total Component Units				<u>12,518,401</u>	<u>(534,102)</u>	<u>11,984,299</u>
Total General Long-Term Debt						
Primary Government and						
Component Units				<u>\$19,860,014</u>	<u>\$ (1,104,449)</u>	<u>\$18,755,565</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Maturities of primary government long-term debt, excluding accrued compensated absences and including interest of \$2,695,358 are as follows:

	General Obligation Bonds	Capital Leases	Total
2003	\$ 783,491	\$ 19,910	\$ 803,401
2004	775,216	2,151	777,367
2005	747,636	-	747,636
2006	746,158	-	746,158
2007	472,898	-	472,898
2008 and thereafter	<u>5,238,496</u>	<u>-</u>	<u>5,238,496</u>
Total	<u>\$ 8,763,895</u>	<u>\$ 22,061</u>	<u>\$ 8,785,956</u>

Maturities of discrete component unit long-term debt, excluding accrued compensated absences and including interest of \$3,735,056 are as follows:

	Special Assessment Bonds	Notes Payable	Total
2003	\$ 1,362,240	\$ 694,184	\$ 2,056,424
2004	1,346,643	279,939	1,626,582
2005	1,327,129	245,794	1,572,923
2006	1,313,706	138,260	1,451,966
2007	1,161,777	105,530	1,267,307
2008 and thereafter	<u>7,526,397</u>	<u>195,020</u>	<u>7,721,417</u>
Total	<u>\$ 14,037,892</u>	<u>\$ 1,658,727</u>	<u>\$ 15,696,619</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

12. INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables at December 31, 2002, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
GENERAL FUND	<u>\$ 801,354</u>	<u>\$ 528,014</u>
SPECIAL REVENUE FUNDS		
Local Government Police Contract	-	5,317
Friend of the Court	-	288,907
Vassar Township Police Contract	-	16,008
Building Strong Families	954	-
Victim Services	-	22,091
Early On Grant	-	954
State Survey Grant	-	45,668
State Survey Grant (Due from component units)	1,000	-
Victim of Crime Act Grant	-	21,044
Community Corrections Grant	-	4,203
JAIB Block Grant	-	472
	<u>1,954</u>	<u>404,664</u>
CAPITAL PROJECT FUNDS		
Office Space Projects	<u>74,101</u>	<u>-</u>
INTERNAL SERVICE FUNDS		
Delinquent Tax Revolving	<u>-</u>	<u>799,393</u>
FIDUCIARY FUNDS		
Trust and Agency	<u>855,662</u>	<u>-</u>
COMPONENT UNITS		
Capital Project Drain	-	599,611
Revolving Drain	599,611	-
Road Commission (Due to primary government)	<u>-</u>	<u>1,000</u>
	<u>599,611</u>	<u>600,611</u>
TOTAL	<u>\$ 2,332,682</u>	<u>\$ 2,332,682</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

13. LONG-TERM ADVANCES

The following is a summary of the long-term advances as of December 31, 2002:

	<u>Advances To</u>	<u>Advances From</u>
GENERAL FUND		
(Advance to Component Unit)	\$ 610,000	\$ -
SPECIAL REVENUE FUNDS		
Recycling	-	10,083
INTERNAL SERVICE FUNDS		
Combined Revolving Tax	1,606,267	-
2001 Delinquent Tax	-	1,274,890
2002 Delinquent Tax	-	321,294
Subtotal	<u>1,606,267</u>	<u>1,596,184</u>
COMPONENT UNITS		
Drain Revolving (Advance from Primary Government)	-	610,000
TOTAL	<u>\$2,216,267</u>	<u>\$2,216,267</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

14. INTERFUND TRANSFERS IN AND TRANSFERS OUT

Following is a summary of transfers of the County for 2002. These transfers are part of the normal budgetary process and are necessary to provide resources in appropriate funds as designated by the Board of Commissioners.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,374,393	\$ 1,920,729
Special Revenue Funds	1,861,919	391,838
Debt Service Funds	277,428	-
Capital Projects Funds	74,101	-
Internal Service Funds	395,000	2,357,393
Trust And Agency Funds	721,000	-
Discrete Component Units	<u>20,053</u>	<u>20,053</u>
Subtotal	4,723,894	4,690,013
Effect of presenting Health Department Special Revenue Funds as of September 30, 2002.	<u>(33,881)</u>	<u>-</u>
TOTAL	<u>\$ 4,690,013</u>	<u>\$ 4,690,013</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

15. DESIGNATIONS FOR FUND BALANCES

ROAD COMMISSION COMPONENT UNIT:

Designated for bridge/road construction \$ 507,878

16. RESERVED FOR FUND BALANCES/RETAINED EARNINGS

The following fund balances/retained earnings have been reserved:

GENERAL FUND

Reserved for advances to component unit \$ 610,000

SPECIAL REVENUE FUND

Health Department (reserved for restricted contributions) \$ 32

Health Department (reserved for prepaid expenditures) 21,708

Victim of Crime Act Grant (reserved for restricted contributions) 1,327

Medical Care Facility (reserved for restricted contributions) 960,905

\$ 983,972

DEBT SERVICE FUNDS

State Police Post Building Authority (reserved for debt retirement) \$ 92,067

F.I.A. Building Authority (reserved for debt retirement) 32,863

\$ 124,930

CAPITAL PROJECT FUNDS

Health Department Building Authority (reserved for construction) \$ 4

F.I.A. Building Authority (reserved for construction) 35,050

Dispatch Building Construction and Equipment (reserved
for construction) 40,838

State Police Post Building Authority (reserved for construction) 20,133

Office Space Projects 1,565,098

\$1,661,123

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

1997 Delinquent Tax (reserved for self-funding)	\$ 571,220
1998 Delinquent Tax (reserved for self-funding)	572,069
1999 Delinquent Tax (reserved for self-funding)	484,941
2000 Delinquent Tax (reserved for self-funding)	114,708
Combined Revolving Tax	
(reserved for debt retirement)	1,996,524
(reserved for self-funding)	<u>1,257,062</u>
	<u>\$4,996,524</u>

TRUST AND AGENCY FUNDS

Non-expendable Cemetery Trust Fund	
(reserved for cemetery maintenance)	<u>\$ 6,800</u>

DISCRETE COMPONENT UNITS

Drain Commission (reserved for debt service)	\$2,008,194
Drain Commission (reserved for drain projects)	<u>2,764,256</u>
	<u>\$4,772,450</u>

17. PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended December 31, 2002, the County has made corrections to properly reflect activities related to prior fiscal years. As a result, the fund balances in the funds affected by the changes were restated to reflect adjustments to prior periods. The effect of those changes is as follows:

	Special Revenue <u>Funds</u>
	<u>Health Department</u>
Beginning Fund Balance	\$ 478,418
Correction of:	
Prior year receivable	<u>1,639</u>
Beginning Fund Balance – As Restated	<u>\$ 480,057</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

The Michigan Department of Treasury issued new guidelines on recognition of Michigan Transportation Funds. Revenue recognition under GASB 34 require road commissions to report an additional accrual of the difference between modified and full accrual of MTF distributions. Even though 2002 was not the year of GASB 34 implementation for the Tuscola County Road Commission, the Road Commission chose to accrue the amount earlier than the GASB 34 implementation date. The effect on the Road Commission fund balance was as follows:

Beginning Fund Balance	\$ 761,053
Correction of:	
Prior period revenue	<u>411,583</u>
Beginning Fund Balance - As restated	<u>\$ 1,172,636</u>

18. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

In the normal course of operations, the County becomes a party to various claims and lawsuits. In the opinion of the legal council and County management the ultimate resolution of such matters will not have a material effect on the financial position of the County.

19. SUBSEQUENT EVENTS

During 2002, the voters of Tuscola County approved an ad valorem tax of .2355 mills for the purpose of funding debt service on bonds issued for the expansion and refurbishment of the Tuscola County Medical Care Facility. The bonds were issued on March 25, 2003, in the name of Tuscola County for the amount of \$12.8 million and will be retired over the next 15 years.

* * * *



**TUSCOLA COUNTY
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2002**

ASSETS

Cash and cash equivalents	\$	7,000
Investments		366,694
Property tax receivable		4,382,550
Delinquent personal property taxes		33,174
Accounts receivable		71,743
Accrued interest receivable		15,163
Due from other funds		801,354
Due from State		522,424
Advances to component units		610,000
		<u>610,000</u>

TOTAL ASSETS

\$ 6,810,102

LIABILITIES AND FUND BALANCE

LIABILITIES

Account payable	\$	123,430
Accrued liabilities		62,434
Due to other funds		528,014
Deferred revenue - property taxes		4,417,724
		<u>4,417,724</u>

TOTAL LIABILITIES

5,131,602

FUND BALANCE

Reserved for advances		610,000
Unreserved - undesignated		1,068,500
		<u>1,068,500</u>

TOTAL FUND BALANCE

1,678,500

TOTAL LIABILITIES AND FUND BALANCE

\$ 6,810,102

TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ 4,187,000	\$ 4,171,311	\$ (15,689)
Licenses and permits	507,712	506,129	(1,583)
Intergovernmental			
Federal	55,000	78,814	23,814
State	2,130,580	2,142,935	12,355
Local	27,000	24,499	(2,501)
Charges for services	2,046,162	2,095,567	49,405
Fines and forfeits	117,300	112,483	(4,817)
Interest and rent	315,776	216,140	(99,636)
Reimbursements and refunds	375,642	422,031	46,389
TOTAL REVENUES	9,762,172	9,769,909	7,737
EXPENDITURES			
Legislative			
Board of Commissioners	128,562	121,977	6,585
Total Legislative	128,562	121,977	6,585
Judicial			
Circuit Court	379,859	375,838	4,021
District Court	511,146	482,764	28,382
Magistrate	222,672	219,312	3,360
Jury Commission	4,600	3,348	1,252
Probate Court	470,415	497,474	(27,059)
Juvenile Division	220,483	196,464	24,019
Adult probation	14,800	13,240	1,560
District Court - probation	194,206	191,329	2,877
Total Judicial	2,018,181	1,979,769	38,412
General Government			
Elections	49,650	67,576	(17,926)
Legal	55,000	60,533	(5,533)
County Clerk	321,440	313,980	7,460
Controller	318,444	295,989	22,455
Equalization	161,807	151,782	10,025
Prosecuting Attorney	391,307	369,222	22,085
Cooperative Reimbursement-Prosecutor	138,856	142,300	(3,444)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Amended Budget	Actual	Favorable (Unfavorable) Variance
General Government - Continued			
Register of Deeds	\$ 224,995	\$ 231,631	\$ (6,636)
Treasurer	271,463	266,426	5,037
Cooperative Extension	165,865	163,194	2,671
Computer operations	329,514	339,342	(9,828)
Building and grounds	613,366	621,950	(8,584)
Drain Commission	153,452	148,626	4,826
Soil Conservation	5,000	5,000	-
Livestock claims	1,000	512	488
Total General Government	3,201,159	3,178,063	23,096
Public Safety			
Courthouse security	97,164	102,027	(4,863)
Sheriff's department	1,349,152	1,344,373	4,779
Liquor law enforcement	-	6,699	(6,699)
Marine safety	31,566	30,988	578
Secondary road patrol	119,769	116,988	2,781
Thumb Area Narcotics Group	72,000	71,288	712
Planning Commission	43,283	41,932	1,351
Emergency services	71,806	70,886	920
Animal shelter	137,351	131,611	5,740
Total Public Safety	1,922,091	1,916,792	5,299
Public Works			
Building codes	416,107	446,102	(29,995)
Drain at large	493,596	493,595	1
Total Public Works	909,703	939,697	(29,994)
Health and Welfare			
Substance abuse	48,122	48,122	-
Medical Examiner	26,617	27,171	(554)
Veteran's burial	18,000	9,865	8,135
Economic Development Corp.	32,000	32,000	-
Mental Health Appropriation	288,243	288,243	-
Cigarette Tax	33,547	35,494	(1,947)
Total Health and Welfare	446,529	440,895	5,634

(Continued)

TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Amended Budget	Actual	Favorable (Unfavorable) Variance
Other			
Insurance and bonds	\$ 166,000	\$ 157,137	\$ 8,863
Other	78,000	104,095	(26,095)
Total Other	244,000	261,232	(17,232)
TOTAL EXPENDITURES	8,870,225	8,838,425	31,800
REVENUES OVER (UNDER) EXPENDITURES	891,947	931,484	39,537
OTHER FINANCING SOURCES (USES)			
Operating transfers in	966,737	1,374,393	407,656
Operating transfers out	(1,848,590)	(1,920,729)	(72,139)
TOTAL OTHER FINANCING SOURCES (USES)	(881,853)	(546,336)	335,517
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	10,094	385,148	375,054
FUND BALANCE, BEGINNING OF YEAR	1,293,352	1,293,352	-
FUND BALANCE, END OF YEAR	\$ 1,303,446	\$ 1,678,500	\$ 375,054

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2002

REVENUES

Taxes

Property taxes	\$ 4,158,434
Payment in lieu of taxes	7,130
Trailer park taxes	<u>5,747</u>

Total Taxes 4,171,311

Licenses and Permits

Marriage licenses	2,315
Building code licenses	427,993
Dog licenses	40,927
Animal shelter licenses	2,060
District court licenses	14,486
Other	<u>18,348</u>

Total Licenses and Permits 506,129

Intergovernmental

Federal

Co-op Reimbursement - Prosecutor	54,915
Civil defense	23,899

State

Co-op Reimbursement - Prosecutor	39,444
Marine safety	15,699
SCAAP	3,570
Judges	238,194
Juvenile officer	27,317
State Payment Courts	330,460
Secondary Road Patrol	119,300
SSI Incentive	2,400
State sales tax	1,080,158
Liquor licenses	8,961
Single business tax	87,529
Hotel liquor tax	96,244
DSS Building Payment	43,375
Cigarette tax	<u>50,284</u>

Total Intergovernmental - Federal/State 2,221,749

Local

4-H youth - MSU	5,900
Secretarial support	49
Local Contributions T.N.U.	<u>18,550</u>

Total Intergovernmental - Local 24,499

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Charges for Services		
District Court costs	\$	491,169
District Court - Probation		294,710
County Clerk costs		87,854
Friend of the Court costs		27,745
Bond costs		10,088
Fees		
District Court		
Screening assessment		41,579
Probate Court		45,063
Civil		143,462
Warrant fees		39,214
Friend of the Court		6,298
Child Care		16,964
Circuit Court		
Court		629
Searches and motion fees		17,036
Jury, entry and forensic fees		9,971
Other		5,255
Animal shelter		3,340
County Clerk		
DBA/Co-partnership		7,010
Certified		36,013
Copies		5,954
Other		8,877
Equalization		247
Register of Deeds		
Transfer		103,933
Recordings		201,370
Copies		72,620
Other		558
County Treasurer		72,754
Sheriff		56,835
Jail		237,331
Building code		38
Other		1,109
Sales		
Sheriff		
Canteen		1,905
Auction		14,691
Other		20,744
Film		7,051
Animal shelter		6,150
Total Charges for Services		<u>2,095,567</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Fines and Forfeits	
District Court	
Bond forfeitures	\$ 19,716
Ordinance fines and warrant fees	56,681
County Treasurer	19,443
Sheriff	2,350
DPW	<u>14,293</u>
Total Fines and Forfeits	<u>112,483</u>
Interests and Rents	
Interests	112,866
Rentals	<u>103,274</u>
Total Interest and Rent	<u>216,140</u>
Other Revenue	
Reimbursements and Refunds	<u>422,031</u>
TOTAL REVENUES	<u>9,769,909</u>
OPERATING TRANSFERS IN	
Revolving Tax	1,299,393
County Retirement	<u>75,000</u>
TOTAL OPERATING TRANSFER IN	<u>1,374,393</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 11,144,302</u></u>

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

LEGISLATIVE

Board of Commissioners	
Salaries and fringes	\$ 99,712
Supplies, printing and postage	2,869
Memberships and subscription	10,510
Travel	3,280
Advertising	1,809
Employee training	3,797

TOTAL LEGISLATIVE 121,977

JUDICIAL

Circuit Court	
Salaries and fringes	182,778
Supplies, printing and postage	1,360
Contracted services	1,503
Court appointed counsel	141,313
Court appointed appeal of right	11,560
Steno transcript	4,940
Steno appeal transcript	2,491
Jury fees, meals and travel	17,158
Witness fees and travel	1,956
Memberships and subscriptions	1,329
Visiting judge	4,736
Travel	579
Telephone	997
Advertising	733
Employee training	1,111
Books	1,294

Total Circuit Court 375,838

District Court	
Salaries and fringes	360,035
Supplies, printing and postage	19,641
Screening assessment	2,640
Court appointed counsel	61,301
Sub Steno service	66
Jury fees, meals and travel	21,016
Witness fees and travel	5,563
Memberships and subscriptions	1,139
Visiting judge	6,837
Travel	415
Repairs and maintenance	769
Employee training	1,111
Books	2,231

Total District Court 482,764

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Magistrate	
Salaries and fringes	\$ 209,328
Supplies, printing and postage	7,591
Memberships and subscriptions	905
Travel	169
Repair and maintainance	706
Employee training	299
Books	314
	<hr/>
Total Magistrate	219,312
Jury Commission	
Salaries and fringes	1,015
Supplies, printing and postage	2,169
Travel	164
	<hr/>
Total Jury Commission	3,348
Probate Court	
Salaries and fringes	285,045
Supplies, printing and postage	7,010
Court appointed counsel	192,215
Guardianship services	2,072
Steno transcripts	155
Jury fees, meals and travel	3,110
Witness fees and travel	351
Memberships and subscriptions	2,129
Travel	2,600
Advertising	14
Employee training	400
Repairs and maintainance	1,366
Books	1,007
	<hr/>
Total Probate Court	497,474
Juvenile Division	
Salaries and fringes	191,977
Supplies, printing and postage	1,956
Memberships and subscription	563
Travel	1,535
Employee training	433
	<hr/>
Total Juvenile Division	196,464

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Adult Probation	
Supplies, printing and postage	\$ 5,256
Utilities	1,984
Lease payments	6,000
	<hr/>
Total Adult Probation	13,240
District Court Probation	
Salaries and fringes	187,360
Supplies, printing and postage	2,413
Travel	454
Repairs and maintenance	405
Employee training	697
	<hr/>
Total District Court Probation	191,329
	<hr/>
TOTAL JUDICIAL	1,979,769
	<hr/>
GENERAL GOVERNMENT	
Elections	
Salaries and fringes	2,603
Supplies, printing and postage	64,348
Travel	385
Employee training	240
	<hr/>
Total Elections	67,576
	<hr/>
Legal	60,533
	<hr/>
County Clerk	
Salaries and fringes	294,239
Supplies, printing and postage	15,790
Memberships and subscription	570
Employee training	2,940
Travel	394
Other	47
	<hr/>
Total County Clerk	313,980
	<hr/>
Controller	
Salaries and fringes	284,694
Supplies, printing and postage	2,840
Memberships and subscription	1,012
Health services	1,608
Travel	727
Employee training	5,108
	<hr/>
Total Controller	295,989
	<hr/>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Equalizations	
Salaries and fringes	\$ 148,733
Supplies, printing and postage	866
Memberships and subscription	755
Travel	1,038
Employee training	390
	<hr/>
Total Equalization	151,782
Prosecuting Attorney	
Salaries and fringes	347,503
Supplies, printing and postage	5,883
Contracted services	853
Steno transcript	966
Steno appeal transcript	67
Memberships and subscription	5,987
Travel	277
Employee training	1,606
Books	6,080
	<hr/>
Total Prosecuting Attorney	369,222
Cooperative reimbursement - Prosecutor	
Salaries and fringes	136,548
Supplies, printing and postage	2,138
Contracted services	1,733
Memberships and subscription	338
Telephone	619
Travel	349
Employee training	575
	<hr/>
Total Cooperative Reimbursement - Prosecutor	142,300
Register of Deeds	
Salaries and fringes	222,552
Supplies, printing and postage	5,451
Memberships and subscription	370
Travel	1,249
Employee training	2,009
	<hr/>
Total Register of Deeds	231,631

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002

Treasurer	
Salaries and fringes	\$ 235,788
Supplies, printing and postage	27,946
Memberships and subscription	270
Travel	698
Employee training	1,724
	<hr/>
Total Treasurer	266,426
Cooperative Extension	
Salaries and fringes	97,323
Supplies, printing and postage	11,019
Contractual services	39,060
Memberships and subscription	847
Travel	6,836
Repairs and maintainance	3,097
Employee training	4,752
	260
	<hr/>
Total Cooperative Extension	163,194
Computer Operations	
Salaries and fringes	107,997
Supplies, printing and postage	11,589
Microfilm contractual service	8,079
Memberships and subscription	50
Travel	576
Employee training	1,763
Computer service contract	176,722
Computer repairs and maintainance	29,088
Computer contractual	3,478
	<hr/>
Total Computer Operations	339,342
Building and Grounds	
Salaries and fringes	228,837
Supplies, printing and postage	12,646
Uniforms and accessories	2,897
Gas, oil and grease	6,013
Janitorial supplies	13,582
Janitorial services	33,425
Telephone	65,995
Utilities	173,336
Repairs and maintainance	78,341
Grounds care and maintainance	6,878
	<hr/>
Total Building and Grounds	621,950

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Drain Commission	
Salaries and fringes	\$ 135,923
Supplies, printing and postage	7,173
Memberships and subscription	626
Travel	2,225
Employee training	2,679
	<hr/>
Total Drain Commission	148,626
	<hr/>
Soil Conservation	5,000
	<hr/>
Livestock Claims	
Trustee fees	21
Dog damages	491
	<hr/>
Total Livestock Claims	512
	<hr/>
TOTAL GENERAL GOVERNMENT	3,178,063
	<hr/>
PUBLIC SAFETY	
Courthouse Security	
Salaries and fringes	100,238
Supplies, printing and postage	250
Laundry - employees	639
Employee training	900
	<hr/>
Total Courthouse Security	102,027
	<hr/>
Sheriff's Department	
Salaries and fringes	1,086,361
Supplies, printing and postage	9,699
Food	75,461
Vehicle operating supplies	1,185
Kitchen supplies	1,300
Other supplies	566
Clothing and bedding	5,833
Uniforms and accessories	4,216
Gas, oil and grease	3,968
Drugs and prescriptions	15,947
Janitorial supplies	11,748
Contractual services	35,731
Memberships and subscription	1,188
Laundry - employees	4,740
Laundry - inmates	4,190
Health services	31,311
Telephone	29,819

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Sheriff - Continued	
Travel	\$ 954
Advertising (help bids)	233
Insurance and bonds	8,945
Repairs and maintainance	4,209
Equipment rental	239
Employee training	6,530
	<hr/>
Total Sheriff's Department	1,344,373
	<hr/>
Liquor Law Enforcement	
Salaries and fringes	6,699
	<hr/>
Marine Safety	
Salaries and fringes	19,917
Supplies, printing and postage	78
Uniforms and accessories	874
Gas, oil and grease	1,165
Equipment maintainance and supplies	244
Insurance	2,140
Repairs and maintainance	744
Rentals	2,935
Employee training	489
Equipment	2,402
	<hr/>
Total Marine Safety	30,988
	<hr/>
Secondary Road Patrol	
Salaries and fringes	105,220
Uniforms and accessories	112
Gas, oil and grease	3,257
Laundry	430
Liability and blanket bond	4,955
Equipment	3,014
	<hr/>
Total Secondary Road Patrol	116,988
	<hr/>
Thumb Area Narcotics Group	
Salaries and fringes	69,086
Uniforms and accessories	300
Insurance	1,902
	<hr/>
Total Thumb Area Narcotics Group	71,288
	<hr/>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Planning Commission	
Salaries and fringes	\$ 1,674
Supplies, printing and postage	4,673
Contractual services	30,851
Memberships and subscription	4,175
Travel	559
	<hr/>
Total Planning Commission	41,932
Emergency Services	
Salaries and fringes	57,267
Supplies, printing and postage	2,977
Uniforms and accessories	579
Gas, oil and grease	646
Memberships and subscription	347
Telephone	1,225
Travel	255
Vehicle Insurance	3,054
Repairs and maintainance	3,703
Employee training	833
	<hr/>
Total Emergency Services	70,886
Animal Shelter	
Salaries and fringes	120,355
Supplies, printing and postage	1,651
Food	826
Uniforms and accessories	140
Gas, oil and grease	3,276
Janitorial services	335
Dog license and collection fees	404
Dog handling	3,575
Telephone	740
Repairs and maintainance	309
	<hr/>
Total Animal Shelter	131,611
TOTAL PUBLIC SAFETY	1,916,792

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

PUBLIC WORKS	
Building Codes	
Salaries and fringes	\$ 228,696
Supplies, printing and postage	3,339
Contractual services	202,809
Uniforms and accessories	998
Memberships and subscription	865
Telephone	1,886
Travel	4,663
Employee training	1,793
Refund and rebates	988
Books	65
	<hr/>
Total Building Codes	446,102
	<hr/>
Drains at Large	493,595
	<hr/>
TOTAL PUBLIC WORKS	939,697
	<hr/>
HEALTH AND WELFARE	
Substance abuse	48,122
	<hr/>
Medical Examiner	
Salaries and fringes	3,336
Supplies, printing and postage	864
Body Transport	1,209
Autopsies	14,785
Contractual services	6,977
	<hr/>
Total Medical Examiner	27,171
	<hr/>
Veterans' Burial	9,865
	<hr/>
Economic Development	32,000
	<hr/>
Mental Health Appropriations	288,243
	<hr/>
Cigarette tax	35,494
	<hr/>
TOTAL HEALTH AND WELFARE	440,895
	<hr/>
OTHER	
Insurance and bonds	157,137
Tax refunds and rebates	21,852
Appropriations	15,579
Audit	22,500
Accounting services	44,164
	<hr/>
TOTAL OTHER	261,232
	<hr/>
TOTAL EXPENDITURES	8,838,425
	<hr/>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED DECEMBER 31, 2002**

OPERATING TRANSFERS OUT

Road Patrol	\$ 174,955
County Parks	12,000
Friend of the Court	296,651
Health Department	289,000
Medical Examiner	7,658
Veterans Counsel	48,736
Recycling	58,247
Equipment/Capital Improvement	136,000
State Survey Grant	4,538
Leaders	25,000
Child Care - Family Independence Agency	68,000
JAIB Block Grant	1,093
Family Independence Agency	21,500
Probate Child Care	558,250
Soldiers' Relief	12,000
Building Projects	74,101
Worker's compensation	45,000
Employee Vacation and Sick Time	88,000

TOTAL OPERATING TRANSFERS OUT

1,920,729

TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 10,759,154



Special Revenue Funds

Road Patrol (207) is used to account for revenues received from a County millage and the County's general fund. This is the only countywide 24-hour police service.

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

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

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

Access/Visitation (217) This grant is a state grant that provides revenue to assist non-custodial parents with visitation.

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.

Health Department (221) This fund provides for the activities classified as both environmental and public health operations. Portion of veterans counseling and medical examiner expenses are administered here. The revenue sources are federal and state, along with an appropriation coming from the General Fund. Fees collected by the Health Department for services are a revenue source also.

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

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

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

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

Early On Grant (237) The Early on Grant is a state grant that sets aside monies to educate the community at the early stages of learning similar to the Building Strong Families Grant.

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

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

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.

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.

Criminal Forfeiture (263) This fund allows for a separate accounting for monies that have been confiscated by the County when it has been determined to be used in a criminal act. The money forfeited allows the Sheriff and Prosecutor to purchase equipment to fight crime in Tuscola County.

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.

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

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

LEADERS (276) The revenue source for this fund is generated by the collections of fees on all drug and alcohol related crimes through the District Court of the County. The fund sets aside monies to be used to provide drug education and how to prevent violence to students of Tuscola County. A full-time sworn officer provides the education.

Spotlight Grant (277) The Spotlight Grant is a state grant providing overtime to the sheriff and other police agencies to enforce laws involving operating under the influence of liquor.

Computer Tech Grant Phase II (281) The revenue source for this fund consists of grant monies and township reimbursements used to purchase workstations, printers and monitors, including software for police agencies within Tuscola County.

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

Child Care FIA (288) The revenue sources for this fund are State reimbursements, FIA 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.

JAIB Grant (289) This is a federal grant used in programs to assist in dealing with juvenile crime.

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

Medical Care Facility (291) Revenue from Federal and State sources in addition to charges for services provide the monies to offer medical treatment and 24 hour nursing care to persons requiring long-term care who meet the requirements of the facility.

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

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

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

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

Building and Site (369) The revenue source for this fund is the transfer of net income on delinquent tax funds that are not set aside for operations and rent on County owned land used for farming. The fund was established to provide for the capital needs of the County including but not limited to repair, replacement, demolition and acquisition of County facilities.



**TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

ASSETS	Road Patrol	Parks and Recreation	County Disaster	Local Government Police Contract	Friend of the the Court Act 294
Cash and cash equivalents	\$ 126,690	\$ 7,984	\$ 2,692	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	985,919	-	-	-	-
Taxes receivable - delinquent	11,126	-	-	-	-
Accounts receivable	-	-	-	6,685	725
Allowance for uncollectible accounts	-	-	-	-	-
Accrued interest receivable	901	-	-	-	-
Due from other funds	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from State	-	-	-	-	303,915
Due from other governmental units	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
TOTAL ASSETS	\$ 1,124,636	\$ 7,984	\$ 2,692	\$ 6,685	\$ 304,640
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Account payable	\$ 10,955	\$ 123	\$ -	\$ 61	\$ 2,524
Accrued liabilities	21,986	-	-	1,207	9,122
Due to other funds	-	-	-	5,317	288,907
Patient trust funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advances - State	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	997,045	-	-	-	-
TOTAL LIABILITIES	1,029,986	123	-	6,585	300,553
FUND BALANCE					
Reserved for restricted contributions	-	-	-	-	-
Reserved for prepaid expenditures	-	-	-	-	-
Unreserved	-	-	-	-	-
Designated for subsequent year's expenditures	11,134	-	-	-	-
Undesignated	83,516	7,861	2,692	100	4,087
TOTAL FUND BALANCE	94,650	7,861	2,692	100	4,087
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,124,636	\$ 7,984	\$ 2,692	\$ 6,685	\$ 304,640

Family Counseling	Dispatch/ 911	Health Department (F.Y.E 9-30-02)	Vassar Township Police Contract	Recycling
\$ 35,350	\$ 229,393	\$ 604,592	\$ -	\$ 14,066
-	-	-	-	-
-	-	-	-	166,241
-	71	-	-	-
334	79,315	84,063	17,708	-
-	-	-	-	-
-	791	-	-	-
-	-	-	-	-
-	27,168	11,786	-	-
-	-	28,049	-	-
-	-	21,708	-	-
-	-	-	-	-
-	-	-	-	-
\$ 35,684	\$ 336,738	\$ 750,198	\$ 17,708	\$ 180,307

\$ 83	\$ 3,242	\$ 118,118	\$ 190	\$ 371
-	15,829	56,808	1,510	1,414
-	-	-	16,008	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	10,083
-	71	34,304	-	166,241
83	19,142	209,230	17,708	178,109
-	-	32	-	-
-	-	21,708	-	-
-	-	-	-	-
35,601	317,596	519,228	-	2,198
35,601	317,596	540,968	-	2,198
\$ 35,684	\$ 336,738	\$ 750,198	\$ 17,708	\$ 180,307

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
DECEMBER 31, 2002

ASSETS	Building Strong Families	Victim Services	Early On Grant	Access/ Visitation	Voted Mosquito
Cash and cash equivalents	\$ 191	\$ -	\$ 954	\$ 38	\$ 239,040
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	707,410
Taxes receivable - delinquent	-	-	-	-	5,469
Accounts receivable	-	-	-	-	-
Allowance for uncollectible accounts	-	-	-	-	-
Accrued interest receivable	-	-	-	-	1,089
Due from other funds	954	-	-	-	-
Due from component units	-	-	-	-	-
Due from State	6,450	24,713	-	-	-
Due from other governmental units	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
TOTAL ASSETS	\$ 7,595	\$ 24,713	\$ 954	\$ 38	\$ 953,008
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Account payable	\$ 358	\$ 58	\$ -	\$ 1	\$ 561
Accrued liabilities	525	922	-	-	-
Due to other funds	-	22,091	954	-	-
Patient trust funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advances - State	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	712,879
TOTAL LIABILITIES	883	23,071	954	1	713,440
FUND BALANCE					
Reserved for restricted contributions	-	-	-	-	-
Reserved for prepaid expenditures	-	-	-	-	-
Unreserved	-	-	-	-	-
Designated for subsequent year's expenditures	-	-	-	-	-
Undesignated	6,712	1,642	-	37	239,568
TOTAL FUND BALANCE	6,712	1,642	-	37	239,568
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,595	\$ 24,713	\$ 954	\$ 38	\$ 953,008

Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant
\$ 160,271	\$ 42,014	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,000	-
-	-	44,668	25,085
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 160,271</u>	<u>\$ 42,014</u>	<u>\$ 45,668</u>	<u>\$ 25,085</u>

\$ 7,477	\$ 42,014	\$ -	\$ 72
-	-	-	1,070
-	-	45,668	21,044
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>7,477</u>	<u>42,014</u>	<u>45,668</u>	<u>22,186</u>
-	-	-	1,327
-	-	-	-
-	-	-	-
<u>152,794</u>	<u>-</u>	<u>-</u>	<u>1,572</u>
<u>152,794</u>	<u>-</u>	<u>-</u>	<u>2,899</u>
<u>\$ 160,271</u>	<u>\$ 42,014</u>	<u>\$ 45,668</u>	<u>\$ 25,085</u>

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
DECEMBER 31, 2002

ASSETS	Criminal Forfeiture	Community Corrections Services	Drug Enforcement	Law Library	LEADERS
Cash and cash equivalents	\$ 733	\$ -	\$ 13,302	\$ 3,477	\$ 64,238
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	7,490	-	-	-
Allowance for uncollectible accounts	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from State	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
TOTAL ASSETS	\$ 733	\$ 7,490	\$ 13,302	\$ 3,477	\$ 64,238
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Account payable	\$ -	\$ 45	\$ -	\$ -	\$ 175
Accrued liabilities	-	-	-	-	-
Due to other funds	-	4,203	-	-	-
Patient trust funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advances - State	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
TOTAL LIABILITIES	-	4,248	-	-	175
FUND BALANCE					
Reserved for restricted contributions	-	-	-	-	-
Reserved for prepaid expenditures	-	-	-	-	-
Unreserved	-	-	-	-	-
Designated for subsequent year's expenditures	-	-	-	-	4,392
Undesignated	733	3,242	13,302	3,477	59,671
TOTAL FUND BALANCE	733	3,242	13,302	3,477	64,063
TOTAL LIABILITIES AND FUND BALANCE	\$ 733	\$ 7,490	\$ 13,302	\$ 3,477	\$ 64,238

Spotlight Grant	Computer Tech Grant Phase II	Michigan Justice Training	Child Care F.I.A.
\$ 10	\$ 18,327	\$ 7,803	\$ 5,722
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
885	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 895</u>	<u>\$ 18,327</u>	<u>\$ 7,803</u>	<u>\$ 5,722</u>

\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,100	-
895	18,327	6,703	5,722
<u>895</u>	<u>18,327</u>	<u>7,803</u>	<u>5,722</u>
<u>\$ 895</u>	<u>\$ 18,327</u>	<u>\$ 7,803</u>	<u>\$ 5,722</u>

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
DECEMBER 31, 2002

ASSETS	JAIB Block Grant	Family Independence Agency	Medical Care Facility	Probate Child Care	Soldiers' Relief
Cash and cash equivalents	\$ -	\$ 73,927	\$ 913,827	\$ 70,022	\$ 179
Investments	-	-	1,174,704	-	-
Taxes receivable	-	-	260,666	-	-
Taxes receivable - delinquent	-	-	3,981	-	-
Accounts receivable	-	-	1,601,756	-	-
Allowance for uncollectible accounts	-	-	(321,384)	-	-
Accrued interest receivable	-	-	2,676	-	-
Due from other funds	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from State	2,061	31,750	-	7,500	-
Due from other governmental units	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash	-	-	-	-	-
Cash and cash equivalents	-	-	21,255	-	-
Investments	-	-	944,397	-	-
TOTAL ASSETS	\$ 2,061	\$ 105,677	\$ 4,601,878	\$ 77,522	\$ 179
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Account payable	\$ 1,380	\$ 245	\$ 374,329	\$ 38,912	\$ 15
Accrued liabilities	-	-	213,818	-	-
Due to other funds	472	-	-	-	-
Patient trust funds	-	-	13,395	-	-
Deposits payable	-	-	23,200	-	-
Advances - State	-	40,000	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	1,374,000	-	-
TOTAL LIABILITIES	1,852	40,245	1,998,742	38,912	15
FUND BALANCE					
Reserved for restricted contributions	-	-	960,905	-	-
Reserved for prepaid expenditures	-	-	-	-	-
Unreserved	-	-	-	-	-
Designated for subsequent year's expenditures	-	-	-	-	153
Undesignated	209	65,432	1,642,231	38,610	11
TOTAL FUND BALANCE	209	65,432	2,603,136	38,610	164
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,061	\$ 105,677	\$ 4,601,878	\$ 77,522	\$ 179

Veterans' Trust	Voted Senior Citizens	Building and Site	Totals
\$ 5,200	\$ 93,447	\$ 84,375	\$ 2,817,864
-	-	-	1,174,704
-	219,105	-	2,339,341
-	2,257	-	22,904
-	-	-	1,798,076
-	-	-	(321,384)
-	435	-	5,892
-	-	-	954
-	-	-	1,000
-	-	-	485,981
-	-	-	28,049
-	-	-	21,708
-	-	-	21,255
-	-	-	944,397
\$ 5,200	\$ 315,244	\$ 84,375	\$ 9,340,741

\$ 862	\$ 7,713	\$ 50	\$ 609,934
-	-	-	324,211
-	-	-	404,664
-	-	-	13,395
-	-	-	23,200
-	-	-	40,000
-	-	-	10,083
-	221,362	-	3,505,902
862	229,075	50	4,931,389
-	-	-	962,264
-	-	-	21,708
-	-	49,887	66,666
4,338	86,169	34,438	3,358,714
4,338	86,169	84,325	4,409,352
\$ 5,200	\$ 315,244	\$ 84,375	\$ 9,340,741

**TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Road Patrol		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ 940,000	\$ 937,438	\$ (2,562)
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	4,000	7,742	3,742
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	2,010	2,407	397
TOTAL REVENUES	946,010	947,587	1,577
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	1,103,591	1,073,563	30,028
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	74,000	71,847	2,153
Debt service	-	-	-
TOTAL EXPENDITURES	1,177,591	1,145,410	32,181
REVENUES OVER (UNDER) EXPENDITURES	(231,581)	(197,823)	33,758
OTHER FINANCING SOURCES (USES)			
Operating transfer in	174,955	174,955	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	174,955	174,955	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(56,626)	(22,868)	33,758
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	117,518	117,518	-
FUND BALANCE, END OF YEAR	\$ 60,892	\$ 94,650	\$ 33,758

Parks and Recreation			County Disaster		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,000	3,306	1,306	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	3,306	1,306	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,837	9,862	4,975	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,837	9,862	4,975	-	-	-
(12,837)	(6,556)	6,281	-	-	-
12,000	12,000	-	-	-	-
-	-	-	-	-	-
12,000	12,000	-	-	-	-
(837)	5,444	6,281	-	-	-
2,417	2,417	-	2,692	2,692	-
\$ 1,580	\$ 7,861	\$ 6,281	\$ 2,692	\$ 2,692	\$ -

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Local Government Police Contract		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	60,824	56,759	(4,065)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	60,824	56,759	(4,065)
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	60,824	56,759	4,065
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	60,824	56,759	4,065
REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	100	100	-
FUND BALANCE, END OF YEAR	\$ 100	\$ 100	\$ -

Friend of the Court Act 294			Family Counseling		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
446,486	455,271	8,785	-	-	-
339,857	302,491	(37,366)	-	-	-
-	-	-	-	-	-
59,000	63,284	4,284	6,000	6,435	435
-	-	-	-	-	-
-	-	-	8,000	7,101	(899)
-	-	-	-	-	-
11,800	11,349	(451)	-	-	-
857,143	832,395	(24,748)	14,000	13,536	(464)
1,130,294	1,105,000	25,294	11,722	11,722	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,500	19,959	3,541	-	-	-
-	-	-	-	-	-
1,153,794	1,124,959	28,835	11,722	11,722	-
(296,651)	(292,564)	4,087	2,278	1,814	(464)
296,651	296,651	-	-	-	-
-	-	-	-	-	-
296,651	296,651	-	-	-	-
-	4,087	4,087	2,278	1,814	(464)
-	-	-	33,787	33,787	-
\$ -	\$ 4,087	\$ 4,087	\$ 36,065	\$ 35,601	\$ (464)

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Dispatch/911		Favorable (Unfavorable) Variance
	Amended Budget	Actual	
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	76,850	108,608	31,758
Local	-	-	-
Charges for services	1,160,000	1,179,447	19,447
Fines and forfeits	-	-	-
Interest and rent	2,500	2,989	489
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	43,289	22,814	(20,475)
TOTAL REVENUES	1,282,639	1,313,858	31,219
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	840,181	804,511	35,670
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	83,986	117,993	(34,007)
Debt service	-	-	-
TOTAL EXPENDITURES	924,167	922,504	1,663
REVENUES OVER (UNDER) EXPENDITURES	358,472	391,354	32,882
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	(277,428)	(277,428)	-
TOTAL OTHER FINANCING SOURCES (USES)	(277,428)	(277,428)	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	81,044	113,926	32,882
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	203,670	203,670	-
FUND BALANCE, END OF YEAR	\$ 284,714	\$ 317,596	\$ 32,882

Health Department (FYE 9-30-02)			Vassar Township Police Contract		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
147,648	153,870	6,222	-	-	-
578,328	578,328	-	-	-	-
646,516	646,821	305	-	-	-
-	-	-	31,534	57,257	25,723
316,605	331,514	14,909	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
73,670	74,060	390	-	-	-
1,762,767	1,784,593	21,826	31,534	57,257	25,723
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	57,257	57,257	-
2,050,983	2,035,945	15,038	-	-	-
-	-	-	-	-	-
53,204	44,151	9,053	-	-	-
22,860	22,861	(1)	-	-	-
2,127,047	2,102,957	24,090	57,257	57,257	-
(364,280)	(318,364)	45,916	(25,723)	-	25,723
379,028	379,275	247	-	-	-
-	-	-	-	-	-
379,028	379,275	247	-	-	-
14,748	60,911	46,163	(25,723)	-	25,723
478,418	480,057	1,639	-	-	-
\$ 493,166	\$ 540,968	\$ 47,802	\$ (25,723)	\$ -	\$ 25,723

(Continued)

**TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Recycling		Favorable (Unfavorable) Variance
	Amended Budget	Actual	
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	31,000	33,243	2,243
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	5,253	4,975	(278)
TOTAL REVENUES	36,253	38,218	1,965
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	94,267	94,267	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	605	-	605
Debt service	-	-	-
TOTAL EXPENDITURES	94,872	94,267	605
REVENUES OVER (UNDER) EXPENDITURES	(58,619)	(56,049)	2,570
OTHER FINANCING SOURCES (USES)			
Operating transfer in	58,247	58,247	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	58,247	58,247	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(372)	2,198	2,570
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	-	-	-
FUND BALANCE, END OF YEAR	\$ (372)	\$ 2,198	\$ 2,570

Building Strong Families			Victim Services		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
25,000	25,377	377	-	-	-
-	-	-	47,000	48,765	1,765
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,000</u>	<u>25,377</u>	<u>377</u>	<u>47,000</u>	<u>48,765</u>	<u>1,765</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	47,965	47,965	-
25,000	23,506	1,494	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,000</u>	<u>23,506</u>	<u>1,494</u>	<u>47,965</u>	<u>47,965</u>	<u>-</u>
-	1,871	1,871	(965)	800	1,765
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,871	1,871	(965)	800	1,765
4,841	4,841	-	842	842	-
<u>\$ 4,841</u>	<u>\$ 6,712</u>	<u>\$ 1,871</u>	<u>\$ (123)</u>	<u>\$ 1,642</u>	<u>\$ 1,765</u>

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Early On Grant		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	-	-	-
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

Access/Visitation			Voted Mosquito		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ 674,000	\$ 669,504	\$ (4,496)
-	-	-	-	-	-
-	-	-	-	-	-
11,918	2,900	(9,018)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,500	8,285	2,785
-	-	-	-	-	-
1,192	304	(888)	-	-	-
13,110	3,204	(9,906)	679,500	677,789	(1,711)
13,110	3,167	9,943	-	-	-
-	-	-	631,914	601,110	30,804
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	47,586	28,558	19,028
-	-	-	-	-	-
13,110	3,167	9,943	679,500	629,668	49,832
-	37	37	-	48,121	48,121
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	37	37	-	48,121	48,121
-	-	-	191,447	191,447	-
\$ -	\$ 37	\$ 37	\$ 191,447	\$ 239,568	\$ 48,121

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Equipment and Capital Improvement		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	-	-	-
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	237,061	207,562	29,499
Debt service	-	-	-
TOTAL EXPENDITURES	237,061	207,562	29,499
REVENUES OVER (UNDER) EXPENDITURES	(237,061)	(207,562)	29,499
OTHER FINANCING SOURCES (USES)			
Operating transfer in	136,000	136,000	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	136,000	136,000	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(101,061)	(71,562)	29,499
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	224,356	224,356	-
FUND BALANCE, END OF YEAR	\$ 123,295	\$ 152,794	\$ 29,499

CDBG Housing Grant			State Survey Grant		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125,000	127,359	2,359	71,986	71,986	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
125,000	127,359	2,359	71,986	71,986	-
-	-	-	-	-	-
127,359	127,359	-	78,541	78,541	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	-	2,000
-	-	-	-	-	-
127,359	127,359	-	80,541	78,541	2,000
(2,359)	-	2,359	(8,555)	(6,555)	2,000
-	-	-	6,500	4,538	(1,962)
-	-	-	-	-	-
-	-	-	6,500	4,538	(1,962)
(2,359)	-	2,359	(2,055)	(2,017)	38
-	-	-	2,017	2,017	-
\$ (2,359)	\$ -	\$ 2,359	\$ (38)	\$ -	\$ 38

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Victims of Crime Act Grant		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	56,103	53,170	(2,933)
State	-	2,347	2,347
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	56,103	55,517	(586)
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	56,103	52,618	3,485
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	56,103	52,618	3,485
REVENUES OVER (UNDER) EXPENDITURES	-	2,899	2,899
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	2,899	2,899
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 2,899	\$ 2,899

Criminal Forfeiture			Community Corrections Services		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	49,774	49,360	(414)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	158	158	-	-	-
-	158	158	49,774	49,360	(414)
-	-	-	-	-	-
-	-	-	49,774	49,768	6
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	49,774	49,768	6
-	158	158	-	(408)	(408)
-	-	-	-	-	-
-	-	-	-	-	-
-	158	158	-	(408)	(408)
575	575	-	3,650	3,650	-
\$ 575	\$ 733	\$ 158	\$ 3,650	\$ 3,242	\$ (408)

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Drug Enforcement		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	2,344	2,344
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	-	2,344	2,344
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	250	250	-
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	250	250	-
REVENUES OVER (UNDER) EXPENDITURES	(250)	2,094	2,344
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(250)	2,094	2,344
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	11,208	11,208	-
FUND BALANCE, END OF YEAR	\$ 10,958	\$ 13,302	\$ 2,344

Law Library			LEADERS		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,500	6,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	265	265
6,500	6,500	-	-	265	265
6,500	6,500	-	-	-	-
-	-	-	-	-	-
-	-	-	51,315	31,870	19,445
-	-	-	-	-	-
-	-	-	-	-	-
6,500	6,500	-	51,315	31,870	19,445
-	-	-	(51,315)	(31,605)	19,710
-	-	-	25,000	25,000	-
-	-	-	-	-	-
-	-	-	25,000	25,000	-
-	-	-	(26,315)	(6,605)	19,710
3,477	3,477	-	70,668	70,668	-
\$ 3,477	\$ 3,477	\$ -	\$ 44,353	\$ 64,063	\$ 19,710

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Spotlight Grant		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	5,409	4,492	(917)
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	5,409	4,492	(917)
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	5,409	3,597	1,812
Health and Welfare	-	-	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	5,409	3,597	1,812
REVENUES OVER (UNDER) EXPENDITURES	-	895	895
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	895	895
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 895	\$ 895

Computer Tech Grant Phase II			Michigan Justice Training		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	6,000	6,255	255
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,000	6,255	255
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,772	6,571	1,201
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,772	6,571	1,201
-	-	-	(1,772)	(316)	1,456
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(1,772)	(316)	1,456
18,327	18,327	-	8,119	8,119	-
\$ 18,327	\$ 18,327	\$ -	\$ 6,347	\$ 7,803	\$ 1,456

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Child Care F.I.A.		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	87,000	105,329	18,329
Local	-	-	-
Charges for services	64,000	52,324	(11,676)
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	151,000	157,653	6,653
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	258,443	258,443	-
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	258,443	258,443	-
REVENUES OVER (UNDER) EXPENDITURES	(107,443)	(100,790)	6,653
OTHER FINANCING SOURCES (USES)			
Operating transfer in	68,000	68,000	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	68,000	68,000	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(39,443)	(32,790)	6,653
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	38,512	38,512	-
FUND BALANCE, END OF YEAR	\$ (931)	\$ 5,722	\$ 6,653

JAIB Block Grant			Family Independence Agency		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
9,840	8,580	(1,260)	-	-	-
-	-	-	328,500	333,722	5,222
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,840	8,580	(1,260)	328,500	333,722	5,222
-	-	-	-	-	-
-	-	-	-	-	-
10,933	10,209	724	-	-	-
-	-	-	350,000	349,805	195
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,933	10,209	724	350,000	349,805	195
(1,093)	(1,629)	(536)	(21,500)	(16,083)	5,417
1,093	1,093	-	21,500	21,500	-
-	-	-	-	-	-
1,093	1,093	-	21,500	21,500	-
-	(536)	(536)	-	5,417	5,417
745	745	-	60,015	60,015	-
\$ 745	\$ 209	\$ (536)	\$ 60,015	\$ 65,432	\$ 5,417

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Medical Care Facility		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ 247,490	\$ 247,490
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Charges for services	6,959,639	6,582,115	(377,524)
Fines and forfeits	-	-	-
Interest and rent	-	77,780	77,780
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	51,809	51,809
Other	91,674	169,513	77,839
TOTAL REVENUES	7,051,313	7,128,707	77,394
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	6,838,183	7,258,462	(420,279)
Recreational and cultural	-	-	-
Capital outlay	213,130	135,248	77,882
Debt service	-	-	-
TOTAL EXPENDITURES	7,051,313	7,393,710	(342,397)
REVENUES OVER (UNDER) EXPENDITURES	-	(265,003)	(265,003)
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	114,410	114,410
Operating transfer out	-	(114,410)	(114,410)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(265,003)	(265,003)
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	2,868,139	2,868,139	-
FUND BALANCE, END OF YEAR	\$ 2,868,139	\$ 2,603,136	\$ (265,003)

Probate Child Care			Soldiers' Relief		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
215,000	202,109	(12,891)	-	-	-
35,000	11,124	(23,876)	-	-	-
-	-	-	-	-	-
-	230	230	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
250,000	213,463	(36,537)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
733,103	733,103	-	12,000	11,989	11
-	-	-	-	-	-
-	-	-	-	-	-
733,103	733,103	-	12,000	11,989	11
(483,103)	(519,640)	(36,537)	(12,000)	(11,989)	11
558,250	558,250	-	12,000	12,000	-
-	-	-	-	-	-
558,250	558,250	-	12,000	12,000	-
75,147	38,610	(36,537)	-	11	11
-	-	-	153	153	-
\$ 75,147	\$ 38,610	\$ (36,537)	\$ 153	\$ 164	\$ 11

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Veterans Trust		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal	-	-	-
State	27,000	16,882	(10,118)
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Recovery of bad debt expense	-	-	-
Other	-	-	-
TOTAL REVENUES	27,000	16,882	(10,118)
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	27,000	12,544	14,456
Recreational and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	27,000	12,544	14,456
REVENUES OVER (UNDER) EXPENDITURES	-	4,338	4,338
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	4,338	4,338
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 4,338	\$ 4,338

Voted Senior Citizens			Building and Site		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ 207,000	\$ 205,347	\$ (1,653)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	2,673	(327)	4,000	4,123	123
-	-	-	-	1,593	1,593
-	-	-	-	-	-
-	-	-	-	-	-
210,000	208,020	(1,980)	4,000	5,716	1,716
-	-	-	-	-	-
-	-	-	-	-	-
200,170	189,814	10,356	-	-	-
-	-	-	134,868	103,190	31,678
-	-	-	-	-	-
200,170	189,814	10,356	134,868	103,190	31,678
9,830	18,206	8,376	(130,868)	(97,474)	33,394
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,830	18,206	8,376	(130,868)	(97,474)	33,394
67,963	67,963	-	181,799	181,799	-
\$ 77,793	\$ 86,169	\$ 8,376	\$ 50,931	\$ 84,325	\$ 33,394

(Continued)

TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Total		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes	\$ 1,821,000	\$ 2,059,779	\$ 238,779
Licenses and permits	147,648	153,870	6,222
Intergovernmental			
Federal	1,240,757	1,248,085	7,328
State	1,912,810	1,902,067	(10,743)
Local	92,358	114,016	21,658
Charges for services	8,633,244	8,262,792	(370,452)
Fines and forfeits	6,500	8,844	2,344
Interest and rent	19,000	103,592	84,592
Reimbursements and refunds	8,000	8,924	924
Recovery of bad debt expense	-	51,809	51,809
Other	228,888	285,845	56,957
TOTAL REVENUES	14,110,205	14,199,623	89,418
EXPENDITURES			
Current			
Judicial	1,161,626	1,126,389	35,237
General Government	932,081	901,277	30,804
Public Safety	2,291,374	2,194,938	96,436
Health and Welfare	10,494,882	10,873,611	(378,729)
Recreational and cultural	14,837	9,862	4,975
Capital outlay	869,940	728,508	141,432
Debt service	22,860	22,861	(1)
TOTAL EXPENDITURES	15,787,600	15,857,446	(69,846)
REVENUES OVER (UNDER) EXPENDITURES	(1,677,395)	(1,657,823)	19,572
OTHER FINANCING SOURCES (USES)			
Operating transfer in	1,749,224	1,861,919	112,695
Operating transfer out	(277,428)	(391,838)	(114,410)
TOTAL OTHER FINANCING SOURCES (USES)	1,471,796	1,470,081	(1,715)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(205,599)	(187,742)	17,857
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	4,595,455	4,597,094	1,639
FUND BALANCE, END OF YEAR	\$ 4,389,856	\$ 4,409,352	\$ 19,496

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.

Sewage Systems General Obligation Bonds

Akron Fairgrove Sewage Disposal (372)
Caro Sewage Disposal (377)
Mayville Storm Sewer (379)
Richville Water System (380)

Building Authority Bonds

Health Department Building Authority (367)
Dispatch Building and Equipment (378)
State Police Post Building (381)
FIA (Social Service) Building (395)



**TUSCOLA COUNTY
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Akron- Fairgrove Sewage Disposal	Caro Sewage Disposal	Mayville Storm Sewer
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Deferred revenue	\$ -	\$ -	\$ -
FUND BALANCE			
Reserved for debt retirement	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -

Richville Water System	Dispatch Building and Equipment	State Police Post Building	Medical Care Facility Expansion	F.I.A. Building	Total
\$ -	\$ -	\$ 91,788	\$ -	\$ 9,993	\$ 101,781
-	-	-	-	22,800	22,800
-	-	-	1,108,272	-	1,108,272
-	-	-	-	31	31
-	-	279	-	39	318
\$ -	\$ -	\$ 92,067	\$ 1,108,272	\$ 32,863	\$ 1,233,202
\$ -	\$ -	\$ -	\$ 1,108,272	\$ -	\$ 1,108,272
-	-	92,067	-	32,863	124,930
\$ -	\$ -	\$ 92,067	\$ 1,108,272	\$ 32,863	\$ 1,233,202

TUSCOLA COUNTY
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

	Akron-Fairgrove Sewage Disposal		Favorable (Unfavorable) Variance
	Amended Budget	Actual	
REVENUES			
Intergovernmental			
State	\$ -	\$ -	\$ -
Local	69,355	48,269	(21,086)
Interest and rent	-	168	168
TOTAL REVENUES	69,355	48,437	(20,918)
EXPENDITURES			
Debt service			
Principal	65,000	65,000	-
Interest and fiscal charges	4,685	4,685	-
TOTAL EXPENDITURES	69,685	69,685	-
REVENUES OVER (UNDER) EXPENDITURES	(330)	(21,248)	(20,918)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Payment to escrow agent	-	-	-
Bond issuance costs	-	-	-
Operating transfer in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(330)	(21,248)	(20,918)
FUND BALANCE, BEGINNING OF YEAR	21,248	21,248	-
FUND BALANCE, END OF YEAR	\$ 20,918	\$ -	\$ (20,918)

Caro Sewage Disposal			Mayville Storm Sewer		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
183,931	183,931	-	78,400	78,400	-
-	-	-	-	-	-
183,931	183,931	-	78,400	78,400	-
100,000	100,000	-	14,000	14,000	-
83,931	83,931	-	64,400	64,400	-
183,931	183,931	-	78,400	78,400	-
-	-	-	-	-	-
-	1,240,000	1,240,000	-	-	-
-	(1,182,592)	(1,182,592)	-	-	-
-	(57,408)	(57,408)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

TUSCOLA COUNTY
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Richville Water System		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Intergovernmental			
State	\$ -	\$ -	\$ -
Local	115,895	115,869	(26)
Interest and rent	-	11	11
TOTAL REVENUES	115,895	115,880	(15)
EXPENDITURES			
Debt service			
Principal	60,000	60,000	-
Interest and fiscal charges	55,895	55,895	-
TOTAL EXPENDITURES	115,895	115,895	-
REVENUES OVER (UNDER) EXPENDITURES	-	(15)	(15)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Payment to escrow agent	-	-	-
Bond issuance costs	-	-	-
Operating transfer in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(15)	(15)
FUND BALANCE, BEGINNING OF YEAR	15	15	-
FUND BALANCE, END OF YEAR	\$ 15	\$ -	\$ (15)

Dispatch Building and Equipment			State Police Post Building		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ -	\$ -	\$ -	\$ 162,134	\$ 162,134	\$ -
-	-	-	-	-	-
277,351	-	(277,351)	-	1,119	1,119
277,351	-	(277,351)	162,134	163,253	1,119
225,000	225,000	-	80,000	80,000	-
52,428	52,428	-	76,914	76,914	-
277,428	277,428	-	156,914	156,914	-
(77)	(277,428)	(277,351)	5,220	6,339	1,119
-	-	-	-	-	-
-	-	-	-	-	-
-	277,428	277,428	-	-	-
-	277,428	277,428	-	-	-
(77)	-	77	5,220	6,339	1,119
-	-	-	85,728	85,728	-
\$ (77)	\$ -	\$ 77	\$ 90,948	\$ 92,067	\$ 1,119

(Continued)

**TUSCOLA COUNTY
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Medical Care Facility Expansion		
	Amended Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Intergovernmental			
State	\$ -	\$ -	\$ -
Local	-	-	-
Interest and rent	-	-	-
TOTAL REVENUES	-	-	-
EXPENDITURES			
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Payment to escrow agent	-	-	-
Bond issuance costs	-	-	-
Operating transfer in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

F.I.A. Building			Total		
Amended Budget	Actual	Favorable (Unfavorable) Variance	Amended Budget	Actual	Favorable (Unfavorable) Variance
\$ 103,850	\$ 103,850	\$ -	\$ 265,984	\$ 265,984	\$ -
-	-	-	447,581	426,469	(21,112)
1,700	551	(1,149)	279,051	1,849	(277,202)
105,550	104,401	(1,149)	992,616	694,302	(298,314)
100,000	100,000	-	644,000	644,000	-
3,850	3,850	-	342,103	342,103	-
103,850	103,850	-	986,103	986,103	-
1,700	551	(1,149)	6,513	(291,801)	(298,314)
-	-	-	-	1,240,000	(1,240,000)
-	-	-	-	(1,182,592)	1,182,592
-	-	-	-	(57,408)	57,408
-	-	-	-	277,428	277,428
-	-	-	-	277,428	277,428
1,700	551	(1,149)	6,513	(14,373)	(20,886)
32,312	32,312	-	139,303	139,303	-
\$ 34,012	\$ 32,863	\$ (1,149)	\$ 145,816	\$ 124,930	\$ (20,886)



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.

Sewage Disposal

Akron Fairgrove Sewage Disposal (472)
Mayville Storm Sewer (480)
Richville (481)

Building Authority

Health Department Building Authority Construction (467)
FIA Building Authority Construction (469)
Jail Construction (478)
Dispatch Building Construction and Equipment (479)
State Police Post Building Authority (482)

Capital Projects Reserve (403) This fund is related to revenues accumulated for future capital projects. The balance of this fund was moved to the Office Space Project fund in 2001.

Office Space Project (483) This is a construction fund established to build a county office building to meet the increasing office space needs of the county.



**TUSCOLA COUNTY
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Health Dept. Building Authority Construction	F.I.A. Building Authority Construction	Dispatch Building Construction and Equipment
ASSETS			
Cash and cash equivalents	\$ 4	\$ 13,996	\$ 40,679
Investments	-	21,000	-
Accrued interest receivable	-	54	159
Due from other funds	-	-	-
TOTAL ASSETS	\$ 4	\$ 35,050	\$ 40,838
TOTAL FUND BALANCE	\$ 4	\$ 35,050	\$ 40,838

State Police Post Building Authority	Office Space Project	Total
\$ 20,054	\$ 793,672	\$ 868,405
-	695,729	716,729
79	1,596	1,888
-	74,101	74,101
<u>\$ 20,133</u>	<u>\$ 1,565,098</u>	<u>\$ 1,661,123</u>

\$ 20,133 \$ 1,565,098 \$ 1,661,123

**TUSCOLA COUNTY
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Health Dept. Building Authority Construction</u>	<u>F.I.A. Building Authority Construction</u>
REVENUES		
Interest and rent	\$ -	\$ 506
Other	-	-
	<hr/>	<hr/>
TOTAL REVENUES	-	506
	<hr/>	<hr/>
EXPENDITURES		
Consultants	-	-
Miscellaneous	-	10,643
	<hr/>	<hr/>
TOTAL EXPENDITURES	-	10,643
	<hr/>	<hr/>
REVENUE OVER (UNDER) EXPENDITURES	-	(10,137)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfer in	-	-
	<hr/>	<hr/>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(10,137)
	<hr/>	<hr/>
FUND BALANCE, BEGINNING OF YEAR	4	45,187
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 4	\$ 35,050
	<hr/> <hr/>	<hr/> <hr/>

Dispatch Building Construction and Equipment	State Police Post Building Authority	Office Space Project	Total
\$ 699	\$ 345	\$ 24,418	\$ 25,968
-	-	299	299
699	345	24,717	26,267
-	-	72,267	72,267
-	134	-	10,777
-	134	72,267	83,044
699	211	(47,550)	(56,777)
-	-	74,101	74,101
699	211	26,551	17,324
40,139	19,922	1,538,547	1,643,799
\$ 40,838	\$ 20,133	\$ 1,565,098	\$ 1,661,123



INTERNAL SERVICE FUNDS

Delinquent Tax Revolving Funds (616-626) This group of funds are set aside for the collection and distribution of delinquent tax funds. The income generated from this fund provides revenue for the operations within the County.

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

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

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



**TUSCOLA COUNTY
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Delinquent Tax Revolving
ASSETS	
Cash and cash equivalents	\$ 3,723,774
Investments	1,726,615
Taxes receivable	1,611,832
Accounts receivable	-
Accrued interest receivable	3,035
Due from other governmental units	19,883
Advances to other funds	1,606,267
TOTAL ASSETS	\$ 8,691,406
 LIABILITIES AND RETAINED EARNINGS	
LIABILITIES	
Accounts payables	\$ 667,856
Accrued liabilities	-
Due to other funds	799,393
Due to other governmental units	24,666
Advances from other funds	1,596,184
TOTAL CURRENT LIABILITIES	3,088,099
 RETAINED EARNINGS	
Reserved for debt retirement	1,996,524
Reserved for self-funding	3,000,000
Unreserved	
Undesignated	606,783
TOTAL RETAINED EARNINGS	5,603,307
 TOTAL LIABILITIES AND RETAINED EARNINGS	 \$ 8,691,406

Workers' Compensation Insurance	County Retirement	Health Insurance	Total
\$ 451,069	\$ 489,157	\$ 353,459	\$ 5,017,459
-	-	-	1,726,615
-	-	-	1,611,832
8,080	-	-	8,080
-	-	-	3,035
-	-	-	19,883
-	-	-	1,606,267
\$ 459,149	\$ 489,157	\$ 353,459	\$ 9,993,171
\$ -	\$ -	\$ -	\$ 667,856
129,962	-	254,780	384,742
-	-	-	799,393
-	-	-	24,666
-	-	-	1,596,184
129,962	-	254,780	3,472,841
-	-	-	1,996,524
-	-	-	3,000,000
329,187	489,157	98,679	1,523,806
329,187	489,157	98,679	6,520,330
\$ 459,149	\$ 489,157	\$ 353,459	\$ 9,993,171

TUSCOLA COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Delinquent Tax Revolving	Workers' Compensation Insurance
OPERATING REVENUES		
Charges for services	\$ 258,678	\$ 32,273
Interest earned on taxes	428,705	-
Other revenue	1,710	-
TOTAL OPERATING REVENUES	689,093	32,273
OPERATING EXPENSES		
Insurance costs	-	13,335
Settlements and claims	-	(8,079)
Other	57	1,787
TOTAL OPERATING EXPENSES	57	7,043
OPERATING INCOME (LOSS)	689,036	25,230
NONOPERATING REVENUE		
Interest on investments	110,357	-
INCOME (LOSS) BEFORE OPERATING TRANSFER	799,393	25,230
OPERATING TRANSFERS		
Operating transfer in	-	195,000
Operating transfer out	(2,282,393)	-
NET OPERATING TRANSFERS	(2,282,393)	195,000
NET INCOME (LOSS)	(1,483,000)	220,230
RETAINED EARNINGS, BEGINNING OF YEAR	7,086,307	108,957
RETAINED EARNINGS, END OF YEAR	\$ 5,603,307	\$ 329,187

County Retirement	Health Insurance	Total
\$ -	\$ 1,439,978	\$ 1,730,929
-	-	428,705
-	-	1,710
-	1,439,978	2,161,344
-	1,541,299	1,554,634
-	-	(8,079)
-	-	1,844
-	1,541,299	1,548,399
-	(101,321)	612,945
-	-	110,357
-	(101,321)	723,302
-	200,000	395,000
(75,000)	-	(2,357,393)
(75,000)	200,000	(1,962,393)
(75,000)	98,679	(1,239,091)
564,157	-	7,759,421
\$ 489,157	\$ 98,679	\$ 6,520,330

**TUSCOLA COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Delinquent Tax Revolving	Workers' Compensation Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 689,036	\$ 25,230
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
(Increase) decrease in current assets		
Taxes receivables	401,050	-
Accounts receivable	8,274	(2,043)
Accrued interest receivable	1,428	-
Due from other funds	-	-
Due from other governmental units	4,129	-
Prepaid expenses	-	6,261
Increase (decrease) in current liabilities		
Account payables	(4,704)	-
Accrued liabilities	-	(44,700)
Due to other funds	(47,781)	-
Due to other governmental units	17,159	-
	1,068,591	(15,252)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	1,068,591	(15,252)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	(203,181)	-
Advances from other funds	203,181	-
Operating transfer in	-	195,000
Operating transfer out	(2,282,393)	-
	(2,282,393)	195,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
	(2,282,393)	195,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	1,311,978	-
Interest received	110,357	-
	1,422,335	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
	1,422,335	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	208,533	179,748
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,515,241	271,321
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,723,774	\$ 451,069

County Retirement	Health Insurance	Total
\$ -	\$ (101,321)	\$ 612,945
-	-	401,050
-	-	6,231
-	-	1,428
-	157,664	157,664
-	-	4,129
-	-	6,261
-	-	(4,704)
-	97,116	52,416
-	-	(47,781)
-	-	17,159
-	153,459	1,206,798
-	-	(203,181)
-	-	203,181
-	200,000	395,000
(75,000)	-	(2,357,393)
(75,000)	200,000	(1,962,393)
-	-	1,311,978
-	-	110,357
-	-	1,422,335
(75,000)	353,459	666,740
564,157	-	4,350,719
<u>\$ 489,157</u>	<u>\$ 353,459</u>	<u>\$ 5,017,459</u>

TUSCOLA COUNTY
ALL DELINQUENT TAX REVOLVING FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002

	1997 Delinquent Tax Revolving	1998 Delinquent Tax Revolving	1999 Delinquent Tax Revolving
ASSETS			
Cash and cash equivalents	\$ 555,997	\$ 515,907	\$ 447,095
Investments	-	-	-
Taxes receivable	15,241	57,181	36,435
Accrued interest receivable	-	-	-
Due from other governmental units	-	-	1,501
Advances to other funds	-	-	-
TOTAL ASSETS	\$ 571,238	\$ 573,088	\$ 485,031
LIABILITIES AND RETAINED EARNINGS			
LIABILITIES			
Accounts payables	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Due to other governmental units	18	1,019	90
Advances from other funds	-	-	-
TOTAL LIABILITIES	18	1,019	90
RETAINED EARNINGS			
Reserved for debt retirement	-	-	-
Reserved for self-funding	571,220	572,069	484,941
Unreserved	-	-	-
Undesignated	-	-	-
TOTAL RETAINED EARNINGS	571,220	572,069	484,941
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 571,238	\$ 573,088	\$ 485,031

2000 Delinquent Tax Revolving	2001 Delinquent Tax Revolving	2002 Delinquent Tax Revolving	Combined Revolving Tax	Totals
\$ 997,950	\$ 340,693	\$ 116,343	\$ 749,789	\$ 3,723,774
-	-	-	1,726,615	1,726,615
134,030	1,147,767	213,420	7,758	1,611,832
-	-	-	3,035	3,035
-	18,382	-	-	19,883
-	-	-	1,606,267	1,606,267
\$ 1,131,980	\$ 1,506,842	\$ 329,763	\$ 4,093,464	\$ 8,691,406

\$ 628,274	\$ 38	\$ -	\$ 39,544	\$ 667,856
-	-	-	799,393	799,393
22,598	-	-	941	24,666
-	1,274,890	321,294	-	1,596,184
650,872	1,274,928	321,294	839,878	3,088,099
-	-	-	1,996,524	1,996,524
114,708	-	-	1,257,062	3,000,000
366,400	231,914	8,469	-	606,783
481,108	231,914	8,469	3,253,586	5,603,307
\$ 1,131,980	\$ 1,506,842	\$ 329,763	\$ 4,093,464	\$ 8,691,406

TUSCOLA COUNTY
ALL DELINQUENT TAX REVOLVING FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

	1997 Delinquent Tax Revolving	1998 Delinquent Tax Revolving
OPERATING REVENUES		
Charges for services	\$ 27,574	\$ 27,971
Interest earned on taxes	30,164	63,624
Other revenue	140	1,560
TOTAL OPERATING REVENUES	57,878	93,155
OPERATING EXPENSES		
Other	-	-
OPERATING INCOME	57,878	93,155
NONOPERATING REVENUE		
Interest on investments	-	-
INCOME BEFORE OPERATING TRANSFERS	57,878	93,155
OPERATING TRANSFERS		
Operating transfer out	-	-
NET INCOME (LOSS)	57,878	93,155
RETAINED EARNINGS, BEGINNING OF YEAR	513,342	478,914
RETAINED EARNINGS, END OF YEAR	\$ 571,220	\$ 572,069

	1999 Delinquent Tax Revolving	2000 Delinquent Tax Revolving	2001 Delinquent Tax Revolving	2002 Delinquent Tax Revolving	Combined Revolving Tax	Totals
\$	12,089	\$ 71,466	\$ 110,791	\$ 5,208	\$ 3,579	\$ 258,678
	31,459	184,468	114,684	3,261	1,045	428,705
	-	-	-	-	10	1,710
	43,548	255,934	225,475	8,469	4,634	689,093
	7	-	50	-	-	57
	43,541	255,934	225,425	8,469	4,634	689,036
	-	-	-	-	110,357	110,357
	43,541	255,934	225,425	8,469	114,991	799,393
	-	-	-	-	(2,282,393)	(2,282,393)
	43,541	255,934	225,425	8,469	(2,167,402)	(1,483,000)
	441,400	225,174	6,489	-	5,420,988	7,086,307
\$	484,941	\$ 481,108	\$ 231,914	\$ 8,469	\$ 3,253,586	\$ 5,603,307

TUSCOLA COUNTY
ALL DELINQUENT TAX REVOLVING FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>1997</u>	<u>1998</u>
	<u>Delinquent</u>	<u>Delinquent</u>
	<u>Tax Revolving</u>	<u>Tax Revolving</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 57,878	\$ 93,155
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
(Increase) decrease in current assets		
Taxes receivables	(10,397)	247,289
Accounts receivable	357	1,085
Accrued interest receivable	-	-
Due from other governmental units	-	4
Increase (decrease) in current liabilities		
Account payables	-	-
Due to other funds	-	-
Due to other governmental units	(1,517)	1,019
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	46,321	342,552
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	-	-
Advances from other funds	-	-
Operating transfer out	-	-
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	-
Interest received	-	-
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,321	342,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	509,676	173,355
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 555,997	\$ 515,907
	<hr/>	<hr/>

	1999 Delinquent Tax Revolving	2000 Delinquent Tax Revolving	2001 Delinquent Tax Revolving	2002 Delinquent Tax Revolving	Combined Revolving Tax	Totals
\$	43,541	\$ 255,934	\$ 225,425	\$ 8,469	\$ 4,634	\$ 689,036
	91,621	1,214,760	(928,892)	(213,420)	89	401,050
	2,117	4,393	322	-	-	8,274
	-	-	-	-	1,428	1,428
	(215)	22,722	(18,382)	-	-	4,129
	-	(38)	38	-	(4,704)	(4,704)
	-	-	-	-	(47,781)	(47,781)
	(4,941)	22,598	-	-	-	17,159
	<u>132,123</u>	<u>1,520,369</u>	<u>(721,489)</u>	<u>(204,951)</u>	<u>(46,334)</u>	<u>1,068,591</u>
	-	-	-	-	(203,181)	(203,181)
	-	(1,108,113)	990,000	321,294	-	203,181
	-	-	-	-	(2,282,393)	(2,282,393)
	-	(1,108,113)	990,000	321,294	(2,485,574)	(2,282,393)
	-	-	-	-	1,311,978	1,311,978
	-	-	-	-	110,357	110,357
	-	-	-	-	1,422,335	1,422,335
	<u>132,123</u>	<u>412,256</u>	<u>268,511</u>	<u>116,343</u>	<u>(1,109,573)</u>	<u>208,533</u>
	<u>314,972</u>	<u>585,694</u>	<u>72,182</u>	<u>-</u>	<u>1,859,362</u>	<u>3,515,241</u>
\$	<u>447,095</u>	\$ <u>997,950</u>	\$ <u>340,693</u>	\$ <u>116,343</u>	\$ <u>749,789</u>	\$ <u>3,723,774</u>



FIDUCIARY FUNDS

Trust Funds

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.

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

Agency 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.

Health Department Flex Benefit Plan The revenue for this fund is employee contributions and the expenses are the reimbursement for qualified services.

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
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Trust Funds	
	Non- Expendable Cemetery	Expendable Employee Vacation and Sick Time
ASSETS		
Cash and cash equivalents	\$ -	\$ 625,470
Investments at fair value	6,857	-
Accrued interest receivable	-	-
Due from other funds	-	-
TOTAL ASSETS	\$ 6,857	\$ 625,470
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued liabilities	\$ -	\$ 15,300
Due to other funds	-	-
Due to other governmental units	-	-
Undistributed receipts	-	-
Undistributed taxes	-	-
Due to employees	-	-
TOTAL LIABILITIES	-	15,300
FUND BALANCE		
Reserved for cemetery maintenance	6,800	-
Unreserved	57	610,170
TOTAL FUND BALANCE	6,857	610,170
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,857	\$ 625,470

Agency Funds		
Trust and Agency	Library Penal Fines	Total
\$ 1,504,884	\$ 116,850	\$ 2,247,204
-	-	6,857
-	400	400
855,662	-	855,662
<u>\$ 2,360,546</u>	<u>\$ 117,250</u>	<u>\$ 3,110,123</u>

\$ 854,406	\$ -	\$ 869,706
-	-	-
646,094	-	646,094
7,002	117,250	124,252
853,044	-	853,044
-	-	-

<u>2,360,546</u>	<u>117,250</u>	<u>2,493,096</u>
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-	-	6,800
-	-	610,227

-	-	617,027
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<u>\$ 2,360,546</u>	<u>\$ 117,250</u>	<u>\$ 3,110,123</u>
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**TUSCOLA COUNTY
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSET AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

TRUST AND AGENCY	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
ASSETS				
Cash and cash equivalents	\$ 1,399,310	\$ 18,459,645	\$ 18,354,071	\$ 1,504,884
Due from other funds	912,238	853,452	910,028	855,662
TOTAL ASSETS	\$ 2,311,548	\$ 19,313,097	\$ 19,264,099	\$ 2,360,546
LIABILITIES				
Accrued liabilities	\$ 1,003,120	\$ 10,640,305	\$ 10,789,019	\$ 854,406
Due to other funds	1,042	8,238,945	8,239,987	-
Due to other governmental units	620,339	7,471,642	7,445,887	646,094
Undistributed receipts	3,607	3,772	377	7,002
Undistributed taxes	683,440	8,655,957	8,486,353	853,044
TOTAL LIABILITIES	\$ 2,311,548	\$ 35,010,621	\$ 34,961,623	\$ 2,360,546
LIBRARY PENAL FINES				
ASSETS				
Cash and cash equivalents	\$ 151,006	\$ 541,457	\$ 575,613	\$ 116,850
Accrued interest receivable	559	400	559	400
TOTAL ASSETS	151,565	541,857	576,172	117,250
LIABILITIES				
Undistributed receipts	\$ 151,566	\$ 1,110,134	\$ 1,144,450	\$ 117,250
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,550,316	\$ 19,001,102	\$ 18,929,684	\$ 1,621,734
Accrued interest receivable	559	400	559	400
Due from other funds	912,238	853,452	910,028	855,662
TOTAL ASSETS	\$ 2,463,113	\$ 19,854,954	\$ 19,840,271	\$ 2,477,796
LIABILITIES				
Accrued liabilities	\$ 1,003,120	\$ 10,640,305	\$ 10,789,019	\$ 854,406
Due to other funds	1,042	8,238,945	8,239,987	-
Due to other governmental units	620,339	7,471,642	7,445,887	646,094
Undistributed receipts	155,173	1,113,906	1,144,827	124,252
Undistributed tax collections	683,440	8,655,957	8,486,353	853,044
TOTAL LIABILITIES	\$ 2,463,114	\$ 36,120,755	\$ 36,106,073	\$ 2,477,796

TUSCOLA COUNTY
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
DECEMBER 31, 2002

GENERAL FIXED ASSETS

Land	\$ 590,810
Buildings and improvements	9,822,145
Equipment	3,436,240
Vehicles	<u>1,278,359</u>

INVESTMENT IN GENERAL FIXED ASSETS

\$ 15,127,554

SOURCE OF GENERAL FIXED ASSETS

General County Government	\$ 10,165,888
State and Federal Grants	173,408
Building Authority Bonds	<u>4,788,258</u>

TOTAL

\$ 15,127,554

TUSCOLA COUNTY
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
General Government	\$ 590,810	\$ 3,332,273	\$ 2,324,431	\$ 211,782	\$ 6,459,296
Public Safety	-	3,095,235	713,442	667,935	4,476,612
Health and Welfare	-	3,241,044	318,635	385,642	3,945,321
Recreation and Culture	-	153,593	79,732	13,000	246,325
TOTAL	<u>\$ 590,810</u>	<u>\$ 9,822,145</u>	<u>\$ 3,436,240</u>	<u>\$ 1,278,359</u>	<u>\$ 15,127,554</u>

TUSCOLA COUNTY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2002</u>
General Government	\$ 6,128,527	\$ 330,769	\$ -	\$ 6,459,296
Public Safety	4,342,965	189,780	(56,133)	4,476,612
Health and Welfare	3,887,455	75,349	(17,483)	3,945,321
Recreation and Culture	246,325	-	-	246,325
TOTAL	<u>\$ 14,605,272</u>	<u>\$ 595,898</u>	<u>\$ (73,616)</u>	<u>\$ 15,127,554</u>



TUSCOLA COUNTY
STATEMENT OF GENERAL LONG TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2002

AMOUNTS AVAILABLE AND TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG TERM DEBT

SEWER SYSTEM GENERAL OBLIGATION BONDS	
Amount to be provided by Townships and Villages	<u>\$ 3,594,000</u>
BUILDING AUTHORITY BONDS	
Amount available in the Debt service Fund	124,930
Amount to be provided by lease payments	<u>2,350,070</u>
TOTAL	<u>2,475,000</u>
CAPITAL LEASES	
Amount to be provided by Health Department lease payments	<u>21,598</u>
ACCRUED LEAVE	
Amount to be provided by Health Department	77,814
Amount to be provided by County	<u>602,854</u>
TOTAL	<u>680,668</u>
TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG TERM DEBT	<u>\$ 6,771,266</u>

GENERAL LONG-TERM DEBT PAYABLE

SEWER SYSTEM GENERAL OBLIGATION BONDS	
Caro Area Sanitary Sewer System	\$ 100,000
Mayville Storm Sewer System	1,274,000
Richville Storm Sewer System	980,000
Caro Area Sanitary Sewer System (Refunded)	<u>1,240,000</u>
TOTAL SEWER SYSTEM GENERAL OBLIGATION BONDS	<u>3,594,000</u>
BUILDING AUTHORITY BONDS	
Dispatch Building and equipment	1,015,000
State Police Post	<u>1,460,000</u>
TOTAL BUILDING AUTHORITY BONDS	<u>2,475,000</u>
CAPITAL LEASE PAYABLE	<u>21,598</u>
ACCRUED LEAVE LIABILITY	<u>680,668</u>
TOTAL GENERAL LONG TERM DEBT PAYABLE	<u>\$ 6,771,266</u>





**TUSCOLA COUNTY
DRAIN COMMISSION DISCRETE COMPONENT UNIT
COMBINING BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUP
DECEMBER 31, 2002**

	Debt Service	Capital Project
ASSETS		
Cash and cash equivalents	\$ 914,957	\$ 1,825,403
Investments	1,092,210	1,498,876
Special assessments receivable	9,495,793	1,090,173
Accrued interest receivable	1,110	7,623
Due from other component units	-	-
Due from other governmental units	-	115,443
Amount available for retirement of general long term debt	-	-
Amount to be provided for retirement of general long term debt	-	-
TOTAL ASSETS	\$ 11,504,070	\$ 4,537,518
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Account payable	\$ 83	\$ 83,478
Due to other component units	-	599,611
Deferred revenue	9,495,793	1,090,173
Drain bond payable	-	-
Drain notes payable	-	-
Advance from primary government	-	-
TOTAL LIABILITIES	9,495,876	1,773,262
FUND EQUITY		
Fund balance		
Reserved for debt service	2,008,194	-
Reserved for drain projects	-	2,764,256
TOTAL FUND EQUITY	2,008,194	2,764,256
TOTAL LIABILITIES AND FUND EQUITY	\$ 11,504,070	\$ 4,537,518

Trust and Agency	Account Group	Totals
Revolving Drain	General Long-Term Debt	
\$ 13,368	\$ -	\$ 2,753,728
-	-	2,591,086
-	-	10,585,966
-	-	8,733
599,611	-	599,611
-	-	115,443
-	2,008,194	2,008,194
-	9,953,369	9,953,369
\$ 612,979	\$ 11,961,563	\$ 28,616,130

\$ 2,979	\$ -	\$ 86,540
-	-	599,611
-	-	10,585,966
-	10,481,320	10,481,320
-	1,480,243	1,480,243
610,000	-	610,000
612,979	11,961,563	23,843,680

-	-	2,008,194
-	-	2,764,256
-	-	4,772,450
\$ 612,979	\$ 11,961,563	\$ 28,616,130

TUSCOLA COUNTY
DRAIN COMMISSION DISCRETE COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Debt Service	Capital Project	Total
REVENUES			
Taxes	\$ 1,572,210	\$ 445,798	\$ 2,018,008
Interest and rents	48,599	58,022	106,621
Other	-	3,758	3,758
TOTAL REVENUE	1,620,809	507,578	2,128,387
EXPENDITURES			
Capital outlay	-	954,570	954,570
Debt service			
Principal	858,480	206,704	1,065,184
Interest and charges	544,265	54,277	598,542
TOTAL EXPENDITURES	1,402,745	1,215,551	2,618,296
REVENUES OVER (UNDER) EXPENDITURES	218,064	(707,973)	(489,909)
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	536,000	536,000
Operating transfers in	-	20,053	20,053
Operating transfers out	-	(20,053)	(20,053)
TOTAL OTHER FINANCING SOURCES	-	536,000	536,000
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	218,064	(171,973)	46,091
FUND BALANCE, BEGINNING OF YEAR	1,790,130	2,936,229	4,726,359
FUND BALANCE, END OF YEAR	\$ 2,008,194	\$ 2,764,256	\$ 4,772,450

Table 1

Tuscola County
General Governmental Revenue by Source(1)
Last Ten Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Interest and Rents	Reimbursement and Refunds	Other Revenue	Transfer-in	Total
1993	\$ 5,000,695	\$ 349,943	\$ 8,249,157	\$ 8,459,320	\$ 72,796	\$ 352,161	(2)	\$ 702,103	\$ 2,306,344	\$ 25,492,519
1994	4,958,983	368,358	8,510,853	10,191,899	101,910	288,205	(2)	375,280	2,682,692	27,488,180
1995	5,103,266	439,696	7,653,953	12,370,949	104,200	416,836	(2)	646,128	2,915,556	29,650,586
1996	5,301,391	472,832	4,124,723	6,963,159	108,051	430,676	(2)	614,351	3,134,991	21,150,174
1997	4,862,183	533,747	5,330,005	7,590,226	112,436	471,609	460,403	627,353	3,450,578	23,438,540
1998	5,201,209	579,438	5,380,197	7,985,643	135,923	379,371	384,219	316,472	3,397,604	23,760,076
1999	5,407,348	596,285	5,430,817	8,736,860	157,770	364,174	477,484	220,471	3,625,650	25,018,859
2000	5,881,758	646,749	5,628,771	9,826,327	194,680	502,405	725,482	373,092	3,914,943	27,594,187
2001	5,890,251	670,772	6,182,058	10,113,586	115,190	437,181	696,647	354,195	4,630,545	29,100,423
2002	6,231,090	658,999	6,202,869	10,358,359	121,327	347,549	430,955	1,577,953	4,308,841	30,238,942

(1) Includes general, special revenue, debt service and capital project funds, and expendable trust funds.

(2) Reimbursement and Refunds classified with Other Revenue.

Table 1a

Tuscola County
General Fund Revenue
Last Ten Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Interest and Rents	Reimbursement and Refunds	Other Revenue	Transfer In	Total
1993	\$ 2,804,074	\$ 260,272	\$ 1,465,012	\$ 988,889	\$ 60,264	\$ 192,421	(1)	\$ 119,343	\$ 433,580	\$ 6,324,335
1994	2,948,690	261,520	1,482,757	1,056,544	95,410	138,760	(1)	208,822	572,489	6,762,992
1995	3,026,548	305,508	1,483,138	1,083,315	97,700	196,213	(1)	162,568	728,731	7,043,719
1996	3,145,067	337,841	1,588,655	1,319,360	98,527	207,171	(1)	210,162	981,477	7,898,380
1997	3,276,679	393,567	1,941,595	1,338,483	63,678	257,393	430,688	(2)	787,245	8,489,328
1998	3,509,200	435,882	1,978,517	1,483,759	83,309	228,710	366,429	(2)	811,468	8,695,074
1999	3,620,668	441,988	2,035,232	1,640,684	100,816	277,433	425,541	(2)	982,845	9,525,215
2000	3,800,582	490,838	2,108,672	1,698,184	129,057	357,235	711,485	(2)	900,848	10,196,889
2001	3,840,509	508,522	2,372,474	1,797,344	103,993	285,751	888,341	(2)	847,174	10,544,108
2002	4,171,311	506,129	2,246,248	2,095,567	112,483	218,140	422,031	(2)	1,374,393	11,144,299

(1) Reimbursement and Refunds classified as Other Revenue.

(2) Other Revenue classified as Reimbursement and Refunds.

(3) This amount includes \$633,362 not reflected in our budgetary status report

Table 2

Tuscola County
General Governmental Expenditures by Function(1)
Last Ten Fiscal Years

Fiscal Year	Legislative	Judicial	General Government	Public Safety	Public Works	Health and Welfare	Recreation and Culture	Other	Capital Outlay	Debt Service	Transfer Out	Total
1993	\$ 150,235	\$ 1,575,523	\$ 1,481,472	\$ 1,979,886	\$ 545,442	\$ 14,386,798	\$ 5,403	\$ 728,673	\$ 1,120,891	\$ 599,782	\$ 2,750,693	\$ 25,322,698
1994	197,756	1,266,531	1,812,178	2,203,458	553,012	17,035,326	7,004	167,094	550,153	569,719	2,053,103	26,414,332
1995	162,001	2,010,215	2,067,217	2,353,961	621,798	17,506,529	8,238	156,065	698,346	574,251	2,234,410	28,391,031
1996	215,029	2,170,254	2,385,632	2,559,116	841,602	7,964,670	9,355	114,033	866,265	565,432	2,559,579	20,250,967
1997	147,263	2,305,741	2,782,717	3,107,537	3,975,925	8,880,906	9,567	198,380	1,822,483	837,901	2,639,837	26,688,257
1998	144,675	2,383,216	2,896,603	3,254,787	978,672	8,563,045	9,623	189,166	1,723,028	1,134,626	2,567,965	24,855,408
1999	145,713	2,480,538	3,120,608	3,337,502	1,038,929	9,357,896	10,664	215,659	1,332,980	962,573	2,648,428	24,655,490
2000	118,747	2,636,042	3,549,453	3,853,770	2,130,551	10,040,349	10,104	213,891	1,746,790	1,016,085	2,941,636	28,057,418
2001	125,953	2,874,276	3,750,600	3,736,835	972,601	10,736,943	15,080	266,751	1,226,096	1,082,779	4,030,250	28,817,384
2002	121,977	3,108,158	4,079,340	4,111,730	1,022,741	11,314,505	8,882	1,616,192	728,508	1,008,964	2,312,567	28,432,545

(1) Includes general, special revenue, debt service and capital project funds, and expendable trust funds.

Table 2a

Tuscola County
 General Fund Expenditures
 Last Ten Fiscal Years

Fiscal Year	Legislative	Judicial	General Government	Public Safety	Public Works	Health and Welfare	Other	Transfer Out	Total
1993	\$ 150,235	\$ 1,079,823	\$ 1,412,962	\$ 869,399	\$ 224,142	\$ 81,906	\$ 725,921	\$ 1,662,658	\$ 6,208,846
1994	197,756	1,257,783	1,812,178	1,016,403	288,902	88,407	167,094	1,787,827	6,628,150
1995	182,001	1,278,028	1,854,323	1,166,078	359,153	89,951	155,305	1,984,545	7,056,284
1996	215,029	1,418,879	2,108,068	1,177,045	417,203	390,915	114,033	2,027,880	7,870,053
1997	147,263	1,481,249	2,148,608	1,331,780	555,731	417,864	198,380	2,147,609	8,438,462
1998	144,675	1,519,577	2,380,079	1,405,010	638,575	432,554	189,166	2,195,438	8,895,074
1999	145,713	1,593,509	2,447,510	1,481,483	699,472	449,258	215,659	2,210,875	9,213,479
2000	119,747	1,684,120	2,698,353	1,583,749	847,584	440,373	213,891	2,580,396	10,178,213
2001	125,353	1,849,628	2,919,482	1,681,200	639,525	443,308	200,881	2,454,743	10,494,118
2002	121,977	1,879,789	3,178,063	1,918,782	939,897	440,895	261,232	1,820,729	10,759,154

Table 3

Tuscola County
Property Tax Levies and Collections
Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>Total Operating Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>
1993	\$ 2,920,330	\$ 2,526,220	86.5%
1994	3,011,093	2,655,253	88.2%
1995	3,192,662	2,757,367	86.4%
1996	3,264,935	2,870,401	87.9%
1997	3,434,126	3,022,426	88.0%
1998	3,612,864	3,176,541	87.9%
1999	3,760,718	3,344,632	88.9%
2000	3,929,991	3,500,476	89.1%
2001	4,147,075	3,715,115	89.6%
2002	4,371,367	3,927,603	89.8%

Table 4

Tuscola County
 Assessed and Estimated Actual Value of Property-Unaudited
 Last Ten Fiscal Years

Fiscal Year (1)	Real Property		Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$ 663,695,988	\$ 1,327,391,986	\$ 61,635,528	\$ 123,271,056	\$ 725,331,526	\$ 1,450,663,052	50.00%
1994	684,856,759	1,369,713,518	62,982,071	125,924,142	747,818,830	1,495,637,660	50.00%
1995	728,586,250	1,457,172,500	64,326,157	128,652,314	792,912,407	1,585,824,814	50.00%
1996	781,321,944	1,562,643,888	68,726,420	137,452,840	850,048,364	1,700,096,728	50.00%
1997	860,248,123	1,720,496,248	72,316,843	144,633,686	932,564,966	1,865,128,932	50.00%
1998	953,821,672	1,907,643,344	74,810,981	148,821,962	1,028,732,653	2,057,465,306	50.00%
1999	1,042,233,232	2,084,466,464	78,840,341	157,680,682	1,121,073,573	2,242,147,146	50.00%
2000	1,170,727,525	2,341,455,050	75,475,801	150,951,802	1,246,203,426	2,492,406,852	50.00%
2001	1,319,193,617	2,638,387,234	77,851,222	155,302,444	1,396,844,839	2,793,689,678	50.00%
2002	1,444,894,322	2,889,788,644	75,303,706	150,607,412	1,520,188,028	3,040,376,056	50.00%

(1) Represents the year in which property taxes are levied, collections of which will be received in subsequent year.

Tuscola County
 Tax Rates per \$1,000
 All Overlapping Governments - Unaudited
 Last Ten Fiscal Years

Assessment Jurisdiction	1993		1994 (2)		1995 (2)	
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
Township of: (1)						
Akron	52.8581	42.3001	42.3001	42.3001	24.7001	42.7001
Almer	47.3838	20.8777	20.8777	38.8777	20.8194	38.8194
Arbela	48.6585	23.8898	23.8898	40.5999	23.0060	41.0060
Columbia	52.2871	23.6806	23.6806	41.6806	23.7885	41.7885
Dayton	48.3195	21.2598	21.2598	39.2598	21.5274	39.5274
Denmark	43.1381	20.9248	20.9248	38.6249	20.4582	38.4582
Elkland	51.8663	22.3706	22.3706	40.3706	22.2732	40.2732
Ellington	49.5470	22.8020	22.8020	40.8020	23.4708	41.4708
Elmwood	54.4213	24.8248	24.8248	42.8248	24.4828	42.4828
Fairgrove	48.9364	21.8109	21.8109	39.8109	21.8171	39.8171
Fremont	48.8520	20.8298	20.8298	38.8298	20.4322	38.4322
Gilford	48.3510	21.3651	21.3651	39.3651	21.3651	39.3651
Indianfields	50.1261	22.5080	22.5080	40.5080	22.8346	40.8346
Juniata	47.6828	22.1089	22.1089	40.1089	21.8119	39.8119
Kingston	46.3398	19.8372	19.8372	37.8372	20.0548	38.0548
Koylton	47.2673	20.4740	20.4740	38.4740	20.7217	38.7217
Millington	54.5217	23.5884	23.5884	41.5884	25.1393	43.1393
Novesta	44.8638	19.3236	19.3236	37.3236	19.3767	37.3767
Tuscola	44.9125	21.1106	21.1106	38.8107	21.2581	39.2581
Vassar	48.8734	22.0776	22.0776	40.0776	22.0610	40.0610
Wetertown	48.8534	21.0432	21.0432	39.0432	21.6864	39.6864
Wells	46.2539	20.5006	20.5006	38.5006	20.6839	38.6839
Wisner	50.7885	22.5450	22.5450	40.5450	24.9450	42.9450
Village of:						
Akron	59.2884	35.4676	35.4676	53.4676	35.2102	53.2102
Fairgrove	58.0868	34.4984	34.4984	52.4984	34.2472	52.2472
Caro	66.5216	38.8881	38.8881	56.8881	38.8298	56.8298
Indianfields	67.2491	39.0917	39.0917	57.0917	38.4183	57.4183
Cass City	81.2794	35.5826	35.5826	53.5826	38.0377	56.0377
Fairgrove	57.8904	31.6828	31.6828	49.6828	31.4549	49.4549
Gagetown	76.2319	42.4646	42.4646	60.4646	41.8300	59.8300
Kingston	65.0204	39.8965	39.8965	57.8965	40.5041	58.5041
Koylton	64.8554	39.8453	39.8453	57.8453	40.5005	58.5005
Mayville	81.7233	32.7808	32.7808	50.7808	32.3330	50.3330
Millington	89.4813	38.5480	38.5480	56.5480	40.0989	58.0989
Reese	57.7396	31.5578	31.5578	49.5576	33.5277	51.5277
Unionville	70.1677	41.2133	41.2133	59.2133	42.0463	60.0463
City of:						
Vassar	62.9208	43.3684	43.3684	61.3684	42.1884	60.1884

(1) The individual township rates above are an average of the various rates for taxing districts (principally school districts) contained within the townships.
 (2) Homestead, Non-Homestead and specific school districts rates reflected are the result of Proposal A

(continued)

Tuscola County
Tax Rates per \$1,000
All Overlapping Governments - Unaudited
Last Ten Fiscal Years

Assessment Jurisdiction	1996 (2)		1997 (2)		1998 (2)		1999 (2)	
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
Township of: (1)								
Akron			25.3278	43.3276			27.4625	45.4625
Almer	25.3475	43.3475	23.3668	41.3668	23.3050	43.3050	24.8890	42.8890
Arbela	22.9788	40.9788	22.6325	40.6325	22.5554	40.6554	23.0802	41.0802
Columbia	22.7645	40.7645	24.8955	42.8955	26.2980	44.2973	27.5458	45.5055
Dayton	24.8986	42.8986	22.9638	40.9638	22.8619	40.8619	23.2249	41.1115
Donmark	22.9974	40.9974	21.3282	39.3282	21.3170	39.3170	22.7411	40.7411
Elkland	21.4633	39.4633	24.1013	42.1013	23.9162	41.9144	24.5775	42.4767
Ellington	24.0736	42.0736	28.4748	44.4748	27.1750	45.1750	28.9468	44.9468
Elmwood	28.4201	44.4201	25.8769	43.8769	25.7481	43.7489	26.1094	44.0422
Fairgrove	25.8997	43.8997	22.8552	40.8552	22.9256	40.9256	25.7932	43.7932
Fremont	22.9671	40.9671	20.5581	38.5581	20.4730	38.4730	20.2259	38.2259
Gifford	20.5763	38.5763	22.9032	40.9032	23.8534	41.8534	27.1362	45.1362
Indianfields	22.7651	40.7651	22.5286	40.5286	23.5055	41.5055	23.4167	41.4167
Junietta	23.0346	41.0346	24.8325	42.8325	25.0623	43.0623	26.6793	44.6793
Kingston	24.8524	42.8524	22.3559	40.3559	24.2042	42.2042	24.3701	42.2609
Koylton	22.8003	40.8003	23.4745	41.4745	23.1713	41.1713	23.4942	41.3304
Millington	21.6333	39.6333	24.5336	42.5336	24.5775	42.5775	23.8127	41.8127
Novesta	23.7903	41.7903	25.7105	43.7105	25.7192	43.7192	25.6161	43.6161
Tuscola	25.7887	43.7887	22.6891	40.6891	21.7086	39.7086	22.6678	40.6678
Vassar	22.4807	40.4807	23.0963	41.0963	22.0355	40.0355	21.6459	39.6459
Watertown	23.1369	41.1369	21.5348	39.5348	21.4825	39.4825	20.8714	38.8714
Wells	21.4829	39.4829	25.0806	43.0806	25.3730	43.7083	25.6537	43.5781
Wisner	23.1320	41.1320	25.5620	43.5620	25.5355	43.5355	27.6820	45.6820
Village of:								
Akron			36.0951	54.0951	36.0191	54.0191	40.3187	58.3187
Fairgrove	35.5345	53.5345	35.0427	53.0427	35.0597	53.0597	40.0772	58.0772
Almer	34.5741	52.5741	39.8001	57.8001	40.3157	58.3157	40.0517	58.0517
Indianfields	39.3886	57.3886	39.0986	57.0986	39.7055	57.7055	39.5955	57.5955
Cass City	39.8046	57.8046	43.4178	61.4178	43.4174	61.4174	43.3369	61.3369
Fairgrove	46.2301	64.2301	32.8857	50.8857	32.7845	50.7845	37.8704	55.8704
Gagetown	31.8561	49.8561	38.6080	56.6080	39.0208	57.0208	40.1482	58.1482
Kingston	39.9011	57.9011	41.3851	59.3851	43.6266	61.6266	44.5786	62.5786
Mayville	41.7880	59.7880	43.3276	61.3276	43.5443	61.5443	44.5179	62.5179
Millington	41.7887	59.7887	34.4569	52.4569	34.1848	52.1848	33.5418	51.5418
Reese	38.7498	56.7498	39.4057	57.4057	39.3118	57.3118	38.4597	56.4597
Unionville	35.7628	53.7628	35.7429	53.7429	34.7232	52.7232	36.8652	54.8652
			42.6863	60.6863	42.6741	60.6741	45.0378	63.0378
City of:								
Vassar	46.0864	64.0864	45.7885	63.7885	44.2492	62.2492	42.7187	60.7187

(continued)

(1) The individual township rates above are an average of the various rates for taxing districts (principally school districts) contained within the township.

(2) Homestead, Non-Homestead and specific school districts rates reflected are the result of Proposal A.

Tuscola County
 Tax Rates per \$1,000
 All Overlapping Governments - Unaudited
 Last Ten Fiscal Years

Assessment Jurisdiction	2000 (2)		2001 (2)		2002 (2)	
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
Township of: (1)						
Akron	27.7125	45.7125	27.8724	45.8724	28.0106	46.0106
Almer	25.0556	43.0556	25.2205	43.2205	25.6809	43.6809
Arbela	23.0802	41.0802	22.9179	40.9179	23.0028	40.9770
Columbia	27.6458	45.6055	27.4148	45.3745	27.3557	45.3154
Dayton	23.1704	41.0570	23.1505	40.9740	23.6044	41.3604
Denmark	22.7411	40.7411	22.6197	40.6197	22.6880	40.6922
Eikland	24.5775	42.4767	23.8940	41.7932	23.5335	41.4327
Ellington	26.9466	44.9466	26.6265	44.6265	26.8062	44.8062
Elmwood	26.1094	44.0422	25.6668	43.5986	25.4660	43.3988
Fairgrove	25.8589	43.9589	25.8774	43.8774	26.0056	44.0058
Fremont	42.1938	38.2138	20.1680	36.1644	20.2915	38.2204
Gifford	27.3862	45.3862	27.3407	45.3407	27.1625	45.1625
Indianfields	23.4167	41.4167	23.3914	41.3914	24.0332	42.0332
Junata	27.1080	45.1080	26.9485	44.9485	27.1676	45.1676
Kingston	24.3351	42.2259	23.9947	42.1558	24.6882	42.5160
Koylton	23.4942	41.3304	23.4810	41.2227	23.9223	41.6640
Millington	23.8127	41.8127	23.7460	41.7460	23.8642	41.8642
Novesia	25.5962	43.5962	25.3295	43.3295	25.3762	43.3762
Tuscola	23.1632	41.1632	23.0492	41.0492	23.1386	41.1128
Vassar	22.1413	40.1413	21.9835	39.9811	22.1022	40.0548
Waterlown	20.8714	38.8714	20.8217	38.8181	20.9483	38.8772
Wells	25.6537	43.5761	25.5614	43.4461	26.0280	43.9127
Wisner	27.9320	45.9320	28.0849	46.0849	28.9767	46.9767
Village of:						
Akron	40.6519	58.6519	40.6825	58.6825	40.6135	58.6135
Fairgrove	40.4104	58.4104	40.4186	58.4186	40.3532	58.3532
Caro	40.0517	58.0517	40.2354	58.2354	41.0291	59.0291
Indianfields	38.5955	57.5955	39.5557	57.5557	40.1975	58.1975
Caas City	43.3369	61.3369	43.2034	61.2034	42.8073	60.8073
Fairgrove	37.9991	55.9991	38.4025	56.4025	38.4181	56.4181
Gagetown	40.1482	57.8468	38.7751	56.5735	46.5237	64.3221
Kingston	44.7584	62.5288	44.4264	62.0805	45.0796	62.7337
Koylton	44.7307	62.5038	44.3329	61.9870	44.9531	62.6072
Mayville	33.3368	51.3368	33.2910	51.2838	33.3520	51.2098
Millington	38.4597	56.4597	38.3832	56.3832	38.5014	56.5014
Reese	36.8652	54.8652	36.7692	54.7692	37.3678	55.3678
Unionville	45.0378	63.0378	45.1473	63.1473	45.2784	63.2784
City of:						
Vassar	42.0141	60.0141	41.7796	59.7796	39.2770	57.2770

(1) The individual taxable rates above are an average of the various rates for taxing districts (principally school districts) contained within the townships
 (2) Homestead, Non-Homestead and specific school districts rates reflected are the result of Proposal A

TUSCOLA COUNTY

Principal Taxpayers - (1)
Unaudited

December 31, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Equalized Value</u>	<u>Percent of Total Equalized Value</u>
Detroit Edison Company	Utility	\$22,219,120	1.46%
Dept. Of Natural Resources	Government	8,596,068	0.57%
Wal-Mart Stores #01-1798	Retail	6,053,046	0.40%
Consumer Power Company	Utility	5,557,228	0.37%
TI Group Automotive Sys.	Automotive Manufacturing Assembly	4,186,667	0.28%
Michigan Sugar Company	Sugar Processing	3,912,600	0.26%
Walbro Engine Mgt.	Automotive Manufacturing Assembly	3,731,000	0.25%
Thumb Electric Co-Op	Utility Co-op	3,458,382	0.23%
Varlen Corporation (2)	Metal Stamping/Mechanical Industries	2,293,600	0.15%
Grede Vassar Inc.	Automotive Manufacturing Assembly	1,974,100	0.13%
Totals		\$ 61,981,811	

(1) Contains Real, Industrial, Commercial and Personal Values.

(2) Assessed for Personal Tax Only.

Table 7

Tuscola County

Computation of Direct and Overlapping Bonded Debt- Unaudited (1)

December 31, 2002

2000 Census Totals	58,266			
2002 Taxable Value	\$ 1,108,271,872			
Direct debt of County:				
Building Authority	\$ 2,475,000	Self-Support	\$ -	Net
Sewer	3,594,000	or Portion Paid	-	-
Capital Leases	21,598	by Benefited	-	21,598
	<u>6,090,598</u>	<u>Municipality</u>		
	<u>\$ 6,090,598</u>		<u>\$ 21,598</u>	
Per-Capita County Net Direct Debt				
Percent County Net Direct Debt to 2002 Taxable				
Overlapping Debt of County:				
School Districts			\$ 38,857,111	11.96
Townships			3,522,036	0.0022%
Intermediate School District			30,769	
Village			5,408,285	
City			-	
Net Overlapping Debt			<u>\$ 47,818,201</u>	
Net County and Overlapping Debt			<u>\$ 47,839,799</u>	
Per-Capita County Net Direct and Overlapping Debt				
Percent Net Direct and Overlapping Debt to 2002 Taxable Value				
			\$ 821.06	4.8374%

(1) Includes Primary Government

Source: Tuscola County debt schedules
Municipal Advisory Council of Michigan overlapping debt schedules

Tuscola County
 Computation of Legal Debt Margin -Unaudited
 December 31, 2002

State Equalized Value of Real Property		\$ 1,444,884,322
State Equalized Value of Personal Property		<u>75,303,706</u>
Total State Equalized Value of Real and Personal Property		<u>1,520,188,028</u>
Legal Debt Limit - 10% of State Equalized Value		152,018,803
Gross Debt applicable to debt limit(1)	\$	6,090,598
Less:		
Assets in Debt Service Funds Available for payment of principal		<u>124,930</u>
Total Amount of Debt Applicable to Debt Limit		<u>5,965,668</u>
Legal Debt Margin	\$	<u>146,053,135</u>

(1) Includes Primary Government

Table 9

Tuscola County

Ratio of Annual Debt Service Expenditures for
General Bonded Debt (1)
to Total General Governmental Expenditures -Unaudited

Fiscal Year	Principal	Interest	Total Debt Service(2)	Total General Expenditures (3)	Ratio of Debt Service to Total General Expenditures
1993	\$ 280,000	\$ 256,732	\$ 536,732	\$ 25,322,698	2.1%
1994	260,000	241,216	501,216	26,414,332	1.9%
1995	270,000	215,413	485,413	28,391,031	1.7%
1996	275,000	208,671	483,671	20,250,967	2.4%
1997	471,000	288,874	759,874	26,688,257	2.8%
1998	547,000	407,432	954,432	24,855,406	3.8%
1999	557,000	368,340	925,340	24,655,490	3.8%
2000	578,000	404,236	982,236	28,057,418	3.5%
2001	679,000	378,468	1,057,468	28,817,364	3.7%
2002	644,000	340,048	984,048	29,432,545	3.3%

(1) General bonded debt reported in the Proprietary funds and special assessment debt with government commitment has been excluded.

(2) Includes Primary Government.

(3) Includes General, Special Revenue, Debt Service, Capital Projects, and expendable trust funds.

Tuscola County

Ratio of Net Bonded Debt to Equalized Value and
Net Bonded Debt Per Capita - Unaudited

Last Ten Fiscal Years

Calendar Year (1)	Population (2)	Assessed & Taxable Value (4)	General Long-term Debt (5)	Service Monies Available	Net Long-term Debt	Long-term Debt to Assessed or Taxable Value	Long-term Debt Per Capita
1993	\$ 55,498	\$ 725,331,526	\$ 3,785,000	\$ 42,632	\$ 3,742,368	0.52%	\$ 67.43
1994	55,498	747,818,830	4,319,485	43,884	4,275,601	0.57%	77.04
1995	55,498	772,735,454	4,214,956	45,487	4,169,469	0.54%	75.13
1997	55,498	854,885,326	7,936,224	117,949	7,818,275	0.91%	140.87
1998	55,498	903,441,972	7,622,723	51,360	7,571,363	0.84%	136.43
1999	55,498	946,354,346	8,716,727	130,717	8,586,010	0.91%	154.71
2000	58,266 (3)	988,950,752	8,040,023	133,475	7,906,548	0.80%	135.70
2001	58,266 (3)	1,049,359,900	7,341,613	139,303	7,202,310	0.69%	123.61
2002	58,266 (3)	1,108,271,872	6,671,266	124,930	6,546,336	0.59%	112.35

(1) Represents the year in which property taxes are levied, collections will be in subsequent year.

(2) Based on 1990 census figures.

(3) U.S. Census Bureau, Census 2000 Michigan Information Center

(4) Assessed values represented from 1991 through 1994, Taxable values represented from 1995 through 2002.

(5) Disclose Primary Government

Table 11

Tuscola County
 Revenue Bond Coverage-Unaudited

Last Ten Fiscal Years

Family Independence Agency Bond

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available for Debt Payment	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$ 132,967	\$ -	\$ 132,967	\$ 75,000	\$ 57,193	132,193	1.01
1994	128,471	-	128,471	75,000	52,618	127,618	1.01
1995	128,724	-	128,724	80,000	47,733	127,733	1.01
1996	123,841	-	123,841	80,000	42,533	122,533	1.01
1997	123,351	-	123,351	85,000	37,024	122,024	1.01
1998	122,282	-	122,282	90,000	31,050	121,050	1.01
1999	116,164	-	116,164	90,000	24,795	114,795	1.01
2000	113,273	-	113,273	95,000	17,773	112,773	1.00
2001	111,300	-	111,300	100,000	10,800	110,800	1.00
2002	103,850	-	103,850	100,000	3,600	103,600	1.00

TUSCOLA COUNTY
Demographic Statistics-Unaudited

Population count:		2000 Age Distribution:			
Year	Population	Age	Median Age	School Enrollment	Unemployment Rate
1940	35,694	19 and Under	33.4	13,800	8.8%
1950	38,258	20-44 Years	34.7	14,144	7.9%
1960	43,305	45-59 Years	34.7	13,407	7.8%
1970	48,603	60-64 Years	34.7	13,845	6.5%
1980	56,961	65-84 Years	34.7	13,801	5.3%
1990	55,498	85 and over	34.7	13,731	5.3%
2000	58,266		34.9	13,597	5.5%
			34.9	13,423	3.1%
			37	13,277	5.3%
			37	13,103	8.8%

Tuscola County Demographic Statistics-Unaudited

	2000		2000	
	Tuscola County Number Of Workers	Percent of Total Workers	State of Michigan Number Of Workers	Percent of Total Workers
Employment Distribution:				
Occupation				
Management, professional, and related occupations	5,976	23.1%	1,459,767	31.5%
Service Occupations	4,087	15.8%	687,336	14.8%
Sales and office occupations	5,479	21.2%	1,187,015	25.6%
Farming, fishing, and forestry occupations	245	0.9%	21,120	0.5%
Constructions, extraction, and maintenance	3,390	13.1%	425,291	9.2%
Production, transportation, and material moving	6,646	25.7%	856,932	18.5%
Total	<u>25,823</u>		<u>4,637,461</u>	
Industry				
Agriculture, forestry, fishing, hunting and mining	789	3.1%	49,496	1.1%
Construction	1,955	7.6%	278,079	6.0%
Manufacturing	6,802	26.3%	1,045,651	22.5%
Wholesale trade	703	2.7%	151,656	3.3%
Retail trade	3,333	12.9%	550,918	11.9%
Transportation and warehousing, and utilities	1,047	4.1%	191,799	4.1%
Information	378	1.5%	98,887	2.1%
Finance, insurance, real estate, and rental and leasing	1,037	4.0%	246,633	5.3%
Professional, scientific, management, administrative, and waste management	944	3.7%	371,119	8.0%
Education, health and social services	5,254	20.3%	921,395	19.9%
Arts, entertainment, recreation, accommodation and food svcs	1,729	6.7%	351,229	7.6%
Other services (except public administration)	1,063	4.1%	212,868	4.6%
Public Administration	789	3.1%	167,731	3.6%
Total	<u>25,823</u>		<u>4,637,461</u>	

Table 13

Tuscola County

Property Value, Construction, and Bank Deposits - Unaudited

Last Ten Fiscal Years

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Industrial, Commercial & Developmental		Property Value (2)		Timber-Cut & Agricultural	Bank Deposits (3) (\$000)
	Number of Units	Value	Number of Units	Value		Residential				
1993	28	\$ 2,874,447	338	\$ 12,230,424	\$	59,248,879	\$ 356,569,325	\$ 247,877,794	(4)	
1994	38	4,820,188	352	12,305,465		60,531,050	371,964,734	252,360,975	\$ 425,578	
1995	18	1,293,924	386	14,200,390		61,908,686	402,810,925	263,848,639	433,506	
1996	28	6,166,725	391	9,895,948		64,440,575	441,164,791	275,716,578	448,654	
1997	44	6,525,249	379	16,792,907		68,616,181	496,944,545	294,687,397	468,991	
1998	18	2,867,702	307	25,161,847		73,221,576	568,574,000	312,026,096	468,557	
1999	17	2,148,173	319	17,577,610		76,271,126	637,634,663	328,327,443	482,583	
2000	13	11,401,961	309	18,615,820		80,500,976	716,745,149	373,481,400	501,359	
2001	30	4,794,629	245	18,891,426		88,527,974	800,510,821	430,659,754	495,597	
2002	47	8,248,338	276	16,678,137		103,335,858	882,180,745	459,254,775	526,173	

(1) Source: SCMCCI

(2) Source: Tuscola County Equalization reports.

(3) Source: Federal Deposit Insurance Corporation Web Site. Dollars stated in thousands.

(4) Information not available.

Tuscola County Miscellaneous Statistics - Unaudited

<p>Land area : 813 sq. miles</p> <p>Miles of streets:</p> <p style="padding-left: 20px;">State 128</p> <p style="padding-left: 20px;">Primary 349</p> <p style="padding-left: 20px;">Local 1285</p>	<p>Main Highways M-46, M-138, M-24, M-81, M-25, M-15</p>
<p>Rail Lines</p> <p>Grand Trunk Western; Chesapeake & Ohio; Tuscola & Saginaw Bay</p>	<p>Truck Lines 5</p>
<p>Public Education:</p> <p>Number of students:</p> <p style="padding-left: 20px;">Elementary Schools 4,844</p> <p style="padding-left: 20px;">Middle/Intermediate Schools 2,608</p> <p style="padding-left: 20px;">High Schools 3,982</p> <p style="padding-left: 20px;">Special Education 453</p> <p style="padding-left: 20px;">Total <u>11,887</u></p> <p>Number of public schools:</p> <p style="padding-left: 20px;">Elementary Schools 13</p> <p style="padding-left: 20px;">Middle/Intermediate Schools 7</p> <p style="padding-left: 20px;">High Schools 9</p> <p style="padding-left: 20px;">Total <u>29</u></p>	
<p>Number of public school personnel:</p> <p style="padding-left: 20px;">Teachers 723</p> <p style="padding-left: 20px;">Pupils/Teacher ratio 16/1</p> <p style="padding-left: 20px;">Administrative personnel 310</p>	
<p>Tuscola Intermediate:</p> <p style="padding-left: 20px;">Highland Pines Enrollment 229</p>	
<p>Number of private schools:</p> <p style="padding-left: 20px;">Students Enrolled 11</p> <p style="padding-left: 20px;">987</p>	
<p>Colleges:</p> <p style="padding-left: 20px;">Davenport University</p> <p style="padding-left: 20px;">Baker</p>	

(continued)

Tuscola County
Miscellaneous Statistics - Unaudited

	<u>1988</u>	<u>1990</u>	<u>1992</u>	<u>1994</u>	<u>1996</u>	<u>1998</u>	<u>2000</u>	<u>2002</u>
Elections:								
August primary:								
Registered voters	31,936	34,070	34,914	39,887	40,996	42,154	40,193	41,256
Poll book totals	9,656	6,296	9,280	8,150	8,062	5,528	5,643	8,551
% of voter turnout	30%	18%	27%	20%	20%	13%	14%	21%
November general:								
Registered voters	33,305	33,385	36,833	41,015	41,776	42,624	40,457	41,089
Poll book totals	21,829	15,759	24,984	10,760	22,933	18,627	24,838	19,446
% of voter turnout	66%	47%	68%	26%	55%	44%	61%	47%
Hospitals:								
Caro Community Hospital								
Hills and Dales Hospital								
Churches:								
Methodist								
Baptist								
Lutheran								
Catholic								
Nazarene								
Presbyterian								
Assembly of God								
Church of Christ								
Missionary								
Charismatic								
Latter Day Saints								
Church of God								
Evangelical								
Free Methodist								
Seventh Day Adventist								
Apostolic								
Jehovah's Witnesses								
Other								
Total				14				
				107				

(continued)

Tuscola County

Miscellaneous Statistics - Unaudited

	<u>Stations</u>	<u>Officers (1)</u>	<u>Vehicles</u>
Police departments:			
Akron/Fairgrove	1	2	2
Caro	1	12	6
Cass City	1	12	3
Denmark	1	1	1
Gagetown	1	1	1
Kingston	1	1	1
Mayville	1	5	1
Millington	1	10	3
Reese	1	8	1
Tuscola Co Sheriffs	1	48	24
Unionville	1	1	1
Vassar	1	30	4
Watertown	1	2	1
(1) Includes part time and reserve officers			
			<u>Sq. Miles</u>
Fire departments:			
Akron	1	0/20	3
Caro	1	1/22	7
Elkland Twp	1	1/25	5
Fairgrove	1	0/25	6
Gagetown-Elmwood Twp	1	0/18	4
Kingston	1	0/35	5
Mayville	1	0/26	7
Millington-Arbela Twp	1	0/24	6
Reese Blumfield	1	0/30	5
Richville	1	0/27	7
ACW Unionville	1	0/25	5
Vassar	1	0/21	7
Watertown Twp	1	0/21	4
(2) Includes paid per call and volunteer firefighters			
			(continued)

Tuscola County

Miscellaneous Statistics - Unaudited

Parks & Recreation:		Utilities:	
County Parks:	Acres	Electric:	Gas:
Vanderbilt Park	17	Consumers Power	Consumers Power
Township/Village		Detroit Edison	
Community Parks:	35	Thumb Electric	
Community Parks:	589	Local Phone Companies:	
Other:		Ameritech	
AYSO Soccer Park	1	Century	
Public Golf Courses	9	GTE	
Community Pools	4	Wolverine	
		Airports:	
		Caro Municipal Airport	
State Game Areas:		Certified Industrial Parks:	Acres
Cass City State Game Area	440	Caro Industrial Park	73
Fish Point Wildlife Area	3,076	Cass City Industrial Park	60
Deford State Game Area	9,607	Millington Village Industrial Park	60
Murphy Lk State Game Area	2,560		
Tuscola State Game Area	8,383		
Vassar State Game Area	3,058		

Sources: Tuscola County Economic Dev. Corp.
 Tuscola Intermediate School Dist.
 State of Michigan Bureau of Elections
 Tuscola County Central Dispatch
 Tuscola County Parks and Recreation Commission

TUSCOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL AWARDS EXPENDED</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Michigan Family Independence Agency:			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 01-79002	\$ 54,915
Friend of Court Cooperative Reimbursement Program (Major Program)	93.563	CSFOC 01-79001	383,233
Medical Enforcement	93.563	CSMED 01-79001	13,763
Title IV-D Incentive Program	93.563	N/A	47,114
Building Strong Families	93.556	SFSC 00-79002	25,377
Passed-through Tuscola Area Michigan Works:			
Temporary Assistance for Needy Families/Work First	93.558	N/A	11,161
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			535,563
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed-through Michigan Department of State Police:			
Emergency Management Performance Grant	83.552	N/A	23,899
U.S. DEPARTMENT OF JUSTICE			
Passed-through Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grant	16.540		8,580
Passed-through Office of Community Health			
Victims of Crime Act	16.575	20587-5 V 2000	53,170
TOTAL U.S. DEPARTMENT OF JUSTICE			61,750
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-1997-0815-HO	127,359
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 748,571

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tuscola County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 RECONCILIATION TO FINANCIAL STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance reflects total federal awards of \$1,699,352. The Statement includes federal funds received by the Tuscola County Health Department and the Tuscola County Road Commission of \$578,328 and \$372,453, respectively. These federal awards were excluded from the accompanying schedule of expenditures of federal awards because each unit was audited by other auditors and a separate single audit report was issued by those other auditors.





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

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

March 19, 2003

Board of Commissioners
County of Tuscola
Tuscola, Michigan

We have audited the general purpose financial statements of *Tuscola County, Michigan*, as of and for the year ended December 31, 2002, and have issued our report thereon dated March 19, 2003. 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. We did not audit the financial statements of the Tuscola County Health Department, which represents 8% of total assets and 13% of total revenues of the Special Revenue Funds and we did not audit the financial statements of the Tuscola County Road Commission, which represents 17% of total assets and 83% of total revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors.

Compliance

As part of obtaining reasonable assurance about whether *Tuscola County's* general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of *Tuscola County* in a separate letter dated March 19, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Tuscola County's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of *Tuscola County* in a separate letter dated March 19, 2003.

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

A handwritten signature in cursive script that reads "Lehmann Johnson".



REHMANN ROBSON

Certified Public Accountants

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

March 19, 2003

Board of Commissioners
County of Tuscola
Tuscola, Michigan

Compliance

We have audited the compliance of *Tuscola County*, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. *Tuscola County's* major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of *Tuscola County's* management. Our responsibility is to express an opinion on *Tuscola County's* compliance based on our audit.

Tuscola County's general purpose financial statements include the operations of the Tuscola County Health Department and the Tuscola County Road Commission, which received \$578,328 and \$372,453 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2002. Our audit, described below, did not include the operations of the Tuscola County Health Department or the Tuscola County Road Commission because the Tuscola County Health Department and Tuscola County Road Commission engaged other auditors to perform audits in accordance with OMB Circular A-133.

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

In our opinion, *Tuscola County* complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

The management of *Tuscola County* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Tuscola County's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We did not audit the financial statements of the Tuscola County Health Department, which represents 8% of total assets and 13% of total revenues of the Special Revenue Funds and we did not audit the financial statements of the Tuscola County Road Commission, which represents 17% of total assets and 83% of total revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors.

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



TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2002

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified on general purpose financial statements*

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

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the current year.

Prior Year Findings

There were no findings or questioned costs for the prior year.