

# Tuscola County Michigan

## Comprehensive Annual Financial Report



**Year Ended December 31, 2003**

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



For the Year Ended  
December 31, 2003

Issued by:

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

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## **I . INTRODUCTORY SECTION**

The Introductory Section contains:

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

# TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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

207 E. Grant Street  
Caro, Michigan 48723

Telephone  
989-672-3700

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June 14, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Tuscola County for the fiscal year ended December 31, 2003.

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

Tuscola County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Tuscola County for the fiscal year ended December 31, 2003 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Tuscola County's financial statements for the fiscal year ended December 31, 2003 are fairly

presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Tuscola County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Tuscola County was incorporated in 1851 and is located in the east central portion of the lower peninsula of the state. The County occupies an area of approximately 816 square miles and serves a population of approximately 58,000.

County government is operated under a five member elected County Board of Commissioners. Members are elected on a partisan basis by district. Districts are established every 10 years through an apportionment process. 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 on a partisan basis and serve for a four-year term.

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

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

The annual budget serves as the foundation for Tuscola County's financial planning and control. All agencies of Tuscola County are required to submit requests for appropriation to the Controller-Administrator. The Controller-Administrator uses these requests as the starting point for developing a proposed budget. The Controller-Administrator then presents this proposed budget to the Board of Commissioners for review. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, which is the close of Tuscola County's fiscal year. The appropriated budget is prepared by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general and health department funds this comparison is presented on pages 22-24 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general and health department funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 79.

### **Factors Affecting Financial Condition**

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

**Local economy.** The County currently enjoys a slowly growing economic environment and local indicators point to continued stability. The region has a varied manufacturing and agricultural base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in proximity include: sugar processing, ethanol production, automobile component manufacturer and several financial institutions. The State of Michigan also has a major presence within the county

with a major mental health facility that provides a large employment base of approximately 500 health care professionals and staff. Currently, a regionally known automotive supplier is considering a facility in Tuscola County that could employ up to 50 people by July of 2004. The county has a labor force of approximately 26,250, which is anticipated to grow at a rate of between 1 and 2 percent each year for the next several years. The government's central business district in Caro is expected to maintain its current 95% occupancy rate with a variety of stores, specialty shops and commercial businesses. Business districts in other parts of the county range from between 60 and 85 percent occupancy. A large housing development project has just been approved in the Village of Millington. The county population is projected to increase by 3.7% from 2002 to 2008.

**Long-term financial planning.** The State of Michigan is experiencing financial problems of a severity that may not have been previously encountered. The State's financial problems are showing up at the doorstep of Tuscola County Government in the form of major revenue cuts. The County Board of Commissioners continues to grapple with this situation. The County has had to make reductions in important services in order to make adjustment to declining state and local revenue sources. On-going planning is occurring to maintain services, preserve financial stability and balance the \$11 million General Fund and \$42 million All Funds Budgets. The 2003 General Fund Budget was reduced by \$500,000 for the 2003 fiscal year. The 2004 budget is balanced primarily through considerable use of fund balances and use of other one-time sources of funds, postponing many needed equipment and capital items and forcing employee wage/health insurance concessions. Balancing the budget using one-time sources of funds will probably not be able to be continued after 2004. The Tuscola County Board of Commissioners, local officials and the Michigan Association of Counties are working with state officials to determine solutions to these unprecedented financial problems, which are negatively impacting the ability to provide county and local government services.

The County has already implemented and is continuing to plan for alternative methods of delivering services and achieving cost containment. For example, health insurance cost containment measures include: increasing employee drug co-pay, offering mail order prescription discounts for generic drugs, offering an opt-out incentive to reduce the number of employees on the county health insurance plan and offering a menu of plans with a specific employee premium co-payment for a specific level of coverage. The County is now successfully contracting for animal control and building code services and is continuing to review intergovernmental contracting to deliver other services. An active County bidding process has saved taxpayers thousands and thousands of dollars. For example, recent bidding of the County liability, property and vehicles insurance has saved approximately \$90,000.

The County is planning for homeland security/emergency services. An update to the Emergency Operations Plan has been completed. This checklist type plan is user friendly which is vital in an emergency situation. The County has also received federal grant funds to purchase protective suits for hazardous material and related situations. For 2004 and 2005 grants funds of up to \$400,000 have been made available to the County and local units of government. The County emergency services director will conduct the central administration of these funds.

A federal grant has been received by the County to mitigate the reoccurring flooding problems in the City of Vassar. This is a major drainage project called the "Moore Drain" that will divert water from the Cass River and prevent flooding in the center of the city. It is anticipated that the project will start in 2004 and continue into 2005. Another major project that will start in 2004 is work on the Sebewaing Drain. These projects will have an impact on the County drainage costs. The method of assessing drains has been changed. Drain assessing is now done under what is called 14A calculations. This method assesses based on degree of benefit and then one-half of the County cost is charged to the road commission.

Additional life saving technology will be implemented in 2004 at the County Central Dispatch Operation with Phase II Wireless capabilities. This system will give the ability to locate a cellular telephone caller within 150 feet. In 2003, central dispatch obtained a new Computer Aided Dispatch System installed by LogiSYS, Inc. The system is fully operational. It has decreased the time it takes central dispatch operators to dispatch fire and ambulance departments. In 2004, Anderson Radio was hired to obtain two additional radio frequencies, which will improve communication for police, ambulance and other radio communications users. In 2003, the surcharge on County residents' telephone bills was reduced. Taxpayer savings is estimated at \$3 per phone line per year.

Voters approved one mill to make major improvements to the current Medical Care Facility, build 20 beds for Alzheimer's patients and provide for the construction of assisted living units. Bids were received for the issuance of \$12,800,000 in bonds. The bid was awarded to A.G. Edwards for an average annual interest rate of 3.97%. Bond repayment will occur over a 15-year period. Construction began in 2003 and is anticipated to be completed in 2005.

Storage space for County records is insufficient. Staff worked with individual departments in discarding unnecessary files to create additional file space in the Pole Building. Although this may not be an adequate long-term solution, it provided a short-term partial solution. Departments have stressed the need for on-site storage, but the lack of space in County buildings leaves this problem unsolved. A storage, access, and related inspection of all County facilities has been scheduled. Results of this inspection are anticipated to necessitate further investment in solving County storage problems.

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

**Risk management.** County property, vehicle and general liability insurance is through the Michigan Risk Management Authority. This company insures approximately 50 of the 83 counties in the state. The County received proposals for the March 24, 2004 County property, liability, vehicle and related insurances. A change was made to the Michigan Municipal Risk Management Authority, which resulted in a significant savings of approximately \$90,000.

**Pension and other postemployment benefits.** The County sponsors a defined-benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the County must pay for each of the existing units in the plan to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, Tuscola County fully funds each year's annual required contribution to the pension plan as determined by the actuary. The County is currently funded 94.2% on an average of all units (as of December 2002). During years 1999, 2000, and 2001, the county was funded 115%, 106%, and 99%, respectively. The large drop in funding is due to the poor return in interest that has been experienced since 2000. That trend is currently on the upswing and hopefully will help Tuscola County to return to a much higher percentage of funding level.

The County provides full coverage health care benefits to its employees, and has experienced several severe increases in health insurance costs over the past years. Due to strong financial management and application of numerous cost-savings methods, Tuscola County has been able to keep these increases below the industry average. (Tuscola County's average has been 13% over the past 4 years, while the industry average has been 15-29%.) The main cost saving method was switching to a self-funded plan with a specific level of re-insurance. Other options have been to increase our co-pay on drugs, offer mail order prescriptions with discounts for generic drugs, offer an opt-out incentive to reduce the number of employees on the County plan, and, the most recent, to offer a menu of plans with a specific employee premium co-payment for a specific level of coverage.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the third consecutive year that the government

has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

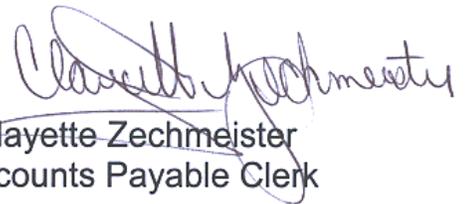
Respectfully submitted,



Michael R. Hoagland  
Controller/Administrator



Nancy McTaggart  
Chief Accountant



Clayette Zechmeister  
Accounts Payable Clerk



## The Board of Commissioners

Gerald Peterson  
District 5  
Chairperson

District 1     Edward Scollon  
District 2     Judy Babcock

District 3     Donald McLane  
District 4     Roy Petzold

### Administration

County Controller/Administrator

Michael Hoagland

### Elected Officials

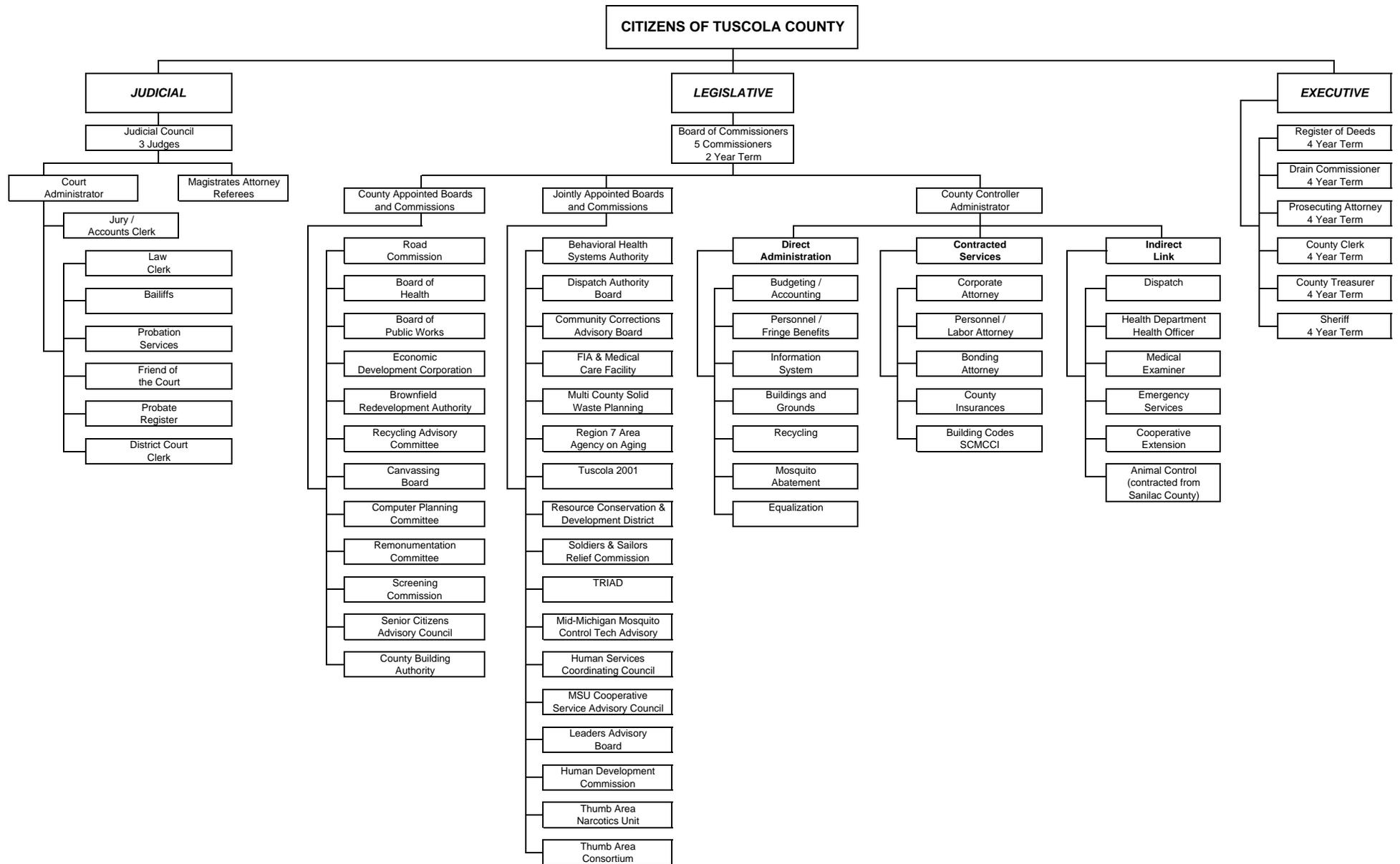
Circuit Court Judge  
District Court Judge  
Probate Court Judge  
Prosecutor  
Sheriff  
County Clerk  
Register of Deeds  
Drain Commissioner  
Treasurer

Patrick Joslyn  
Kim Glaspie  
William Kent  
Mark Reene  
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  
Juvenile Director  
Undersheriff  
Director of Information Systems  
Magistrate II  
MSU/Co-Op Director  
Recycling Coordinator  
Health Officer  
Court Administrator  
Chief Accountant

Mike Miller  
Robert Klenk  
Walter Schlichting  
Mary Lou Burns  
William Wallace  
Robert Popielarz  
James Jashinske  
Steven Lark  
Steven Sattler  
James Zook  
Jerry Snider  
Gretchen Tenbusch  
Thomas Robison  
Nancy McTaggart



# 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, 2002

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.



President

Executive Director



## **II. FINANCIAL SECTION**

The Financial Section Contains:

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



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

## **INDEPENDENT AUDITORS' REPORT**

March 26, 2004

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Tuscola County, Michigan*** as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Tuscola County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% and 81% respectively, of assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of ***Tuscola County, Michigan***, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General and Health Department 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 26, 2004, 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.

The Management's Discussion and Analysis listed in the table of contents on pages 3-10, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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



## Management's Discussion and Analysis

As management of *Tuscola County, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$22,663,557 (net assets). Of this amount, \$15,164,063 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,181,742 from the previous year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,080,763. Approximately 59.6 percent of this total amount \$3,624,533, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the general fund's unreserved-undesignated fund balance was \$1,068,500, or 11.6 percent of the total general fund expenditures. The total fund balance for the general fund was \$1,678,500. Due to the Delinquent Tax Revolving Fund falling short \$150,000 of expectations, a transfer from the County's Retirement fund of over \$140,000 was needed to maintain this fund balance.
- Net income in the Delinquent Tax Revolving Fund continues to decline. In peak year 2000, net income was \$900,848 compared to a 2003 net income before transfers of \$599,161.
- The County's total bonded debt increased by \$12,800,000. This was due to the new issuance of debt for the addition to the Medical Care Facility. This project is funded with special mileage funds.

## Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 15-17 of this report.

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

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

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

The County maintains 52 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Health Department fund, each of which are considered to be major funds. Data from the other 50 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility and the Delinquent Tax Revolving Fund, both of which are considered to be major funds of the County. The internal service funds are combined in a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

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

The basic fiduciary fund financial statements can be found on page 29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-60 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 61-104 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tuscola County, assets exceeded liabilities by \$22,663,557 at the close of the most recent fiscal year.

This being the first year for Tuscola County to implement Governmental Accounting Standards Board Statement No. 34, a comparative analysis from the year 2002 has not been presented. In future years, when this information is available, a comparative analysis of government-wide information will be presented.

## Tuscola County's Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Current and other assets	\$ 19,330,700	\$ 23,343,165	\$42,673,865
Capital assets, net	<u>6,772,818</u>	<u>2,332,336</u>	<u>9,105,154</u>
Total assets	<u>26,103,518</u>	<u>25,675,501</u>	<u>51,779,019</u>
Long-term liabilities outstanding	5,703,956	11,700,000	17,403,956
Other liabilities	<u>8,308,254</u>	<u>3,403,252</u>	<u>11,711,506</u>
Total liabilities	<u>14,012,210</u>	<u>15,103,252</u>	<u>29,115,462</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	4,614,654	1,073,120	5,687,774
Restricted	1,811,720		1,811,720
Unrestricted	<u>5,664,934</u>	<u>9,499,129</u>	<u>15,164,063</u>
Total net assets	<u>\$ 12,091,308</u>	<u>\$ 10,572,249</u>	<u>\$ 22,663,557</u>

One of the largest portions of the County's net assets, \$5,687,774 (25.1 percent) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens: consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$1,811,720 (8.0 Percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$15,164,063 (66.9 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

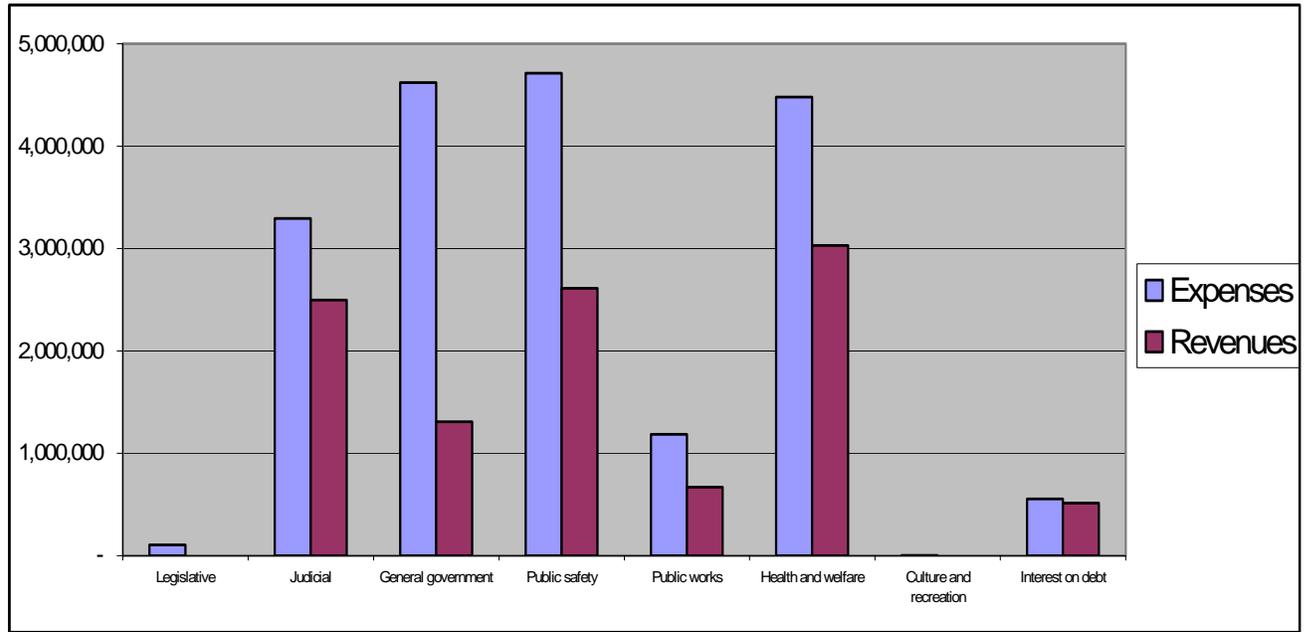
## Tuscola County's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
<b>Revenues:</b>			
Program revenue:			
Charges for services	\$ 5,681,712	\$ 762,830	\$ 6,444,542
Operating grants and contrib.	4,374,809	-	4,374,809
Capital grants and contrib.	570,969	-	570,969
General revenues:			
Property taxes	6,541,061	1,358,078	7,899,139
Grants and contributions not restricted to specific programs	1,115,501	-	1,115,501
Other	<u>135,575</u>	<u>246,222</u>	<u>381,797</u>
Total revenues	<u>18,419,627</u>	<u>2,367,130</u>	<u>20,786,757</u>
<b>Expenses:</b>			
Legislative	104,985		104,985
Judicial	3,293,066	-	3,293,066
General government	4,621,668	-	4,621,668
Public safety	4,713,775	-	4,713,775
Public works	1,185,845	-	1,185,845
Health and welfare	4,478,759	-	4,478,759
Culture and recreation	1,841	-	1,841
Interest on debt	552,866	-	552,866
Delinquent property tax	-	195	195
Medical care facility	<u>-</u>	<u>685,209</u>	<u>685,209</u>
Total expenses	<u>18,952,805</u>	<u>685,404</u>	<u>19,638,209</u>
Increase in net assets before transfers	(533,178)	1,681,726	1,148,548
Transfers	<u>632,355</u>	<u>(599,161)</u>	<u>33,194</u>
Increase in net assets	99,177	1,082,565	1,181,742
Net assets-beginning of year, as restated	<u>11,992,131</u>	<u>9,489,684</u>	<u>21,481,815</u>
<b>Net assets-end of year</b>	<u>\$ 12,091,308</u>	<u>\$ 10,572,249</u>	<u>\$ 22,663,557</u>

**Governmental activities.** Governmental activities increased the County’s net assets by \$99,177, accounting for 8.4 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

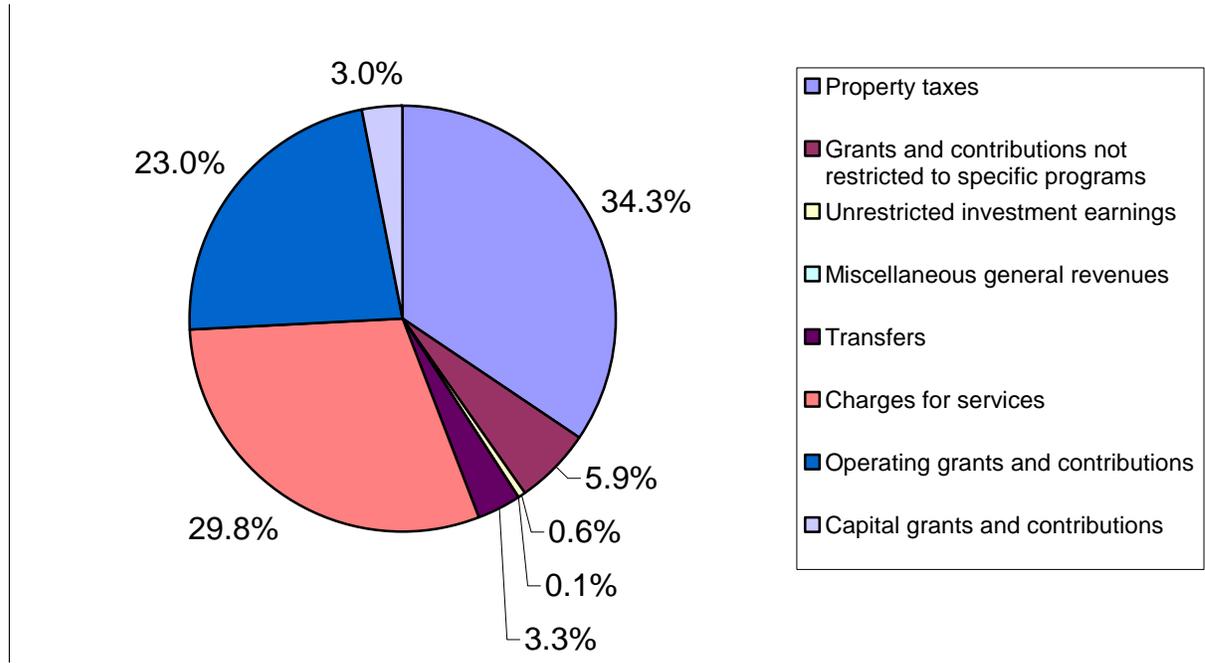
- Property taxes increased by approximately \$178,377 (4 percent) during the year. Most of this increase is the product of increased taxable values and residential growth.
- State shared revenues were down by over \$149,000 than what was expected.

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**

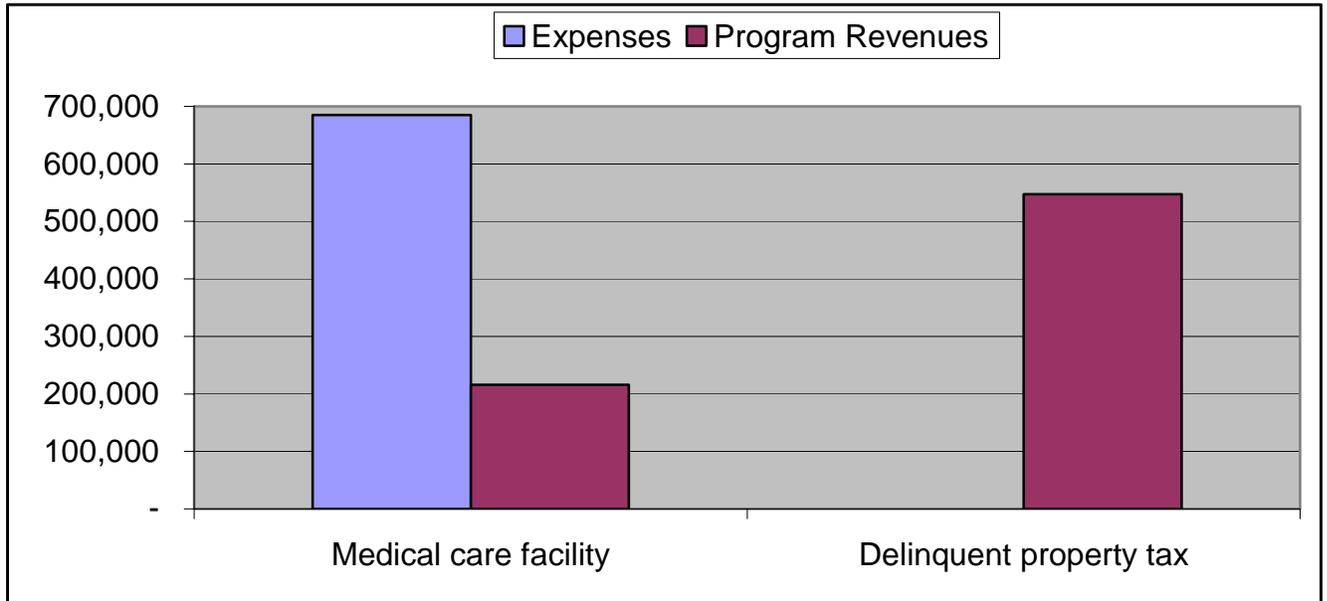
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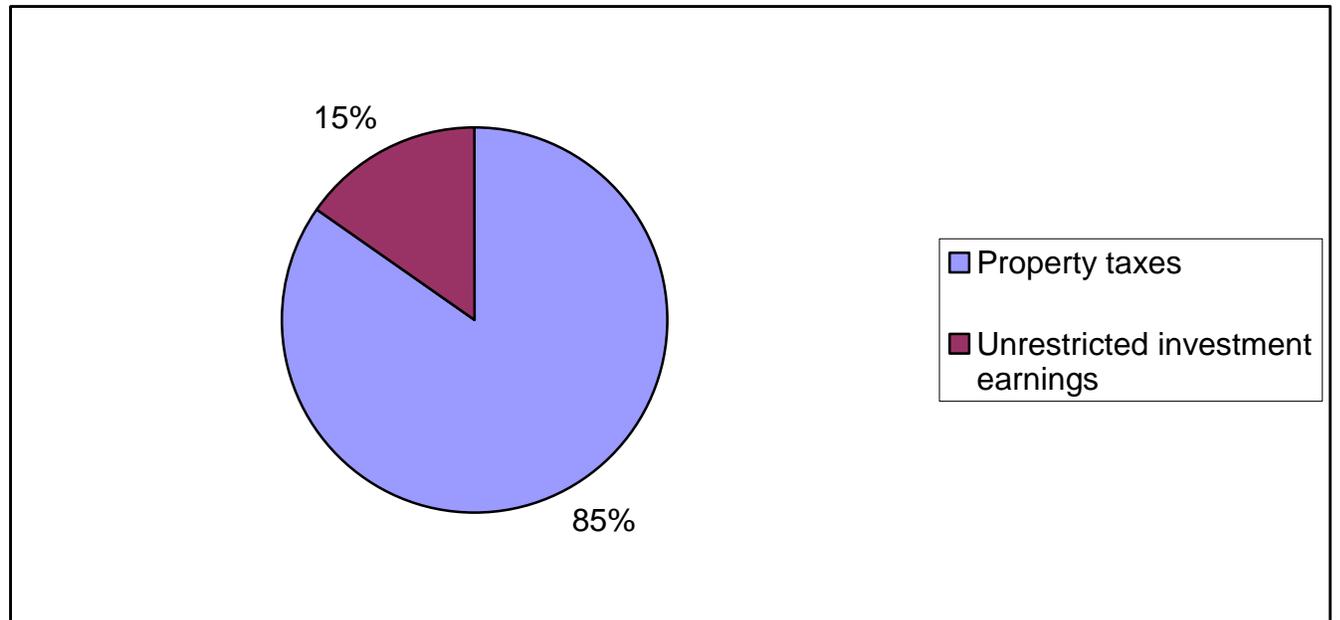
**Business-type activities.** Business-type activities increased the County’s net assets by \$1,082,565, accounting for 91.6 percent of the total growth in the government’s net assets for the current year. Key elements of this increase are as follows:

- New legislation, reducing the time period for foreclosures has increased activity in the delinquent tax and foreclosure operations.

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



**Revenues by Source-Business-type Activities**



## **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,080,763. Of this total amount 59.6 percent (\$3,624,533 ) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. However, the *unreserved fund balance* amount is further separated into *unreserved-designated fund balance* (\$226,097) and *unreserved-undesignated fund balance*(\$3,398,436). The *unreserved-designated fund balance* has been designated for specific purposes. The remainder of *fund balance* is reserved to indicate that it is not available for new spending because they have already been committed to: 1) cover advances to component units (\$610,000), 2) cover non-current due from (\$6,800), 3) to pay debt service (\$130,587), 4)capital projects (\$1,673,272 ), 5) cover prepaid items (\$34,551), 6) restricted contributions (\$1,020).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,068,500, while total fund balance was \$1,678,500. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 9.8 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund remained the same during the current fiscal year.

The Health Department fund had an increase in fund balance for the current year of \$32,476, for an ending undesignated general fund balance of \$314,117. This increase was primarily due to a significant increase in charges for services and the under-estimation of the Cigarette Tax revenue by \$17,232.

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

## **General Fund Budgetary Highlights**

The differences between the original and final amended budgets for expenditures resulted in a 5.2 percent increase (\$467,369 in appropriations) whereas the difference between the original budget and final amended budget for revenues resulted in a 2.7 percent increase (\$271,701).

## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business type activities as of December 31, 2003, amounted to \$9,105,154 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 3.6 percent.

Major capital asset events during the current fiscal year included the following:

- A pole building was constructed and various vehicles and equipment have been purchased in the governmental funds (\$389,895) and business-type funds (\$1,197,893).

### County of Tuscola's Capital assets (net of depreciation)

Fiscal Year Ending December 31	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	2003	2003	2003
Land	\$ 507,359	\$ -	\$ 507,359
Buildings	3,530,124	1,654,867	5,184,991
Improvements	1,116,617	15,348	1,131,965
Vehicles	322,427	-	322,427
Equipment	<u>1,296,291</u>	<u>662,121</u>	<u>1,958,412</u>
Total	<u>\$ 6,772,818</u>	<u>\$ 2,332,336</u>	<u>\$ 9,105,154</u>

Additional information on the County's capital assets can be found in note III C on pages 22-23 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$29,144,317. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government and \$11,345,317 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

The County's total debt increased by 41.5 percent during the current fiscal year, with additional debt of \$12,800,000 issued for the addition to the Medical Care Facility.

The County's bond rating is a BBB+. This rating was upgraded to A- in June 2004.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is \$157,424,546, which is significantly higher than the County's current outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III E on pages 45-48 of this report.

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

The following factors were considered in preparing the County's budget for the 2004 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2003 was 9.9 percent, which is an increase from an average rate of 8.8 percent a year ago. This is somewhat higher than the State's average unemployment rate of 7.2 percent and the national average rate of 6.0 percent.
- Labor contracts with 5 separate bargaining units expired on December 31, 2003. A 2 percent pay increase was budgeted for those employees.
- The 2004 budget is a minimal increase over the 2003 budget because County revenue sources are not increasing to keep pace with normal expenditure growth. The State continues to make major cuts in revenue provided to County government. The 2004 budget is balanced primarily through considerable use of fund balances and of one-time sources of funds, postponing many needed equipment and capital items and requiring employee wage/health insurance concessions. Balancing the budget in this manner cannot continue on a long-term basis. The most significant reserve budgeted to balance the 2004 budget is approximately \$350,000, the remaining fund balance of the County Retirement Fund.

### **Requests for information**

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

## **BASIC FINANCIAL STATEMENTS**



**TUSCOLA COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 3,927,770	\$ 3,000,422	\$ 6,928,192	\$ 717,344	\$ 1,709,379	\$ 2,426,723
Investments	1,198,223	3,689,296	4,887,519	-	3,744,705	3,744,705
Accounts receivable	12,923,332	4,426,492	17,349,824	923,610	10,217,552	11,141,162
Advance to component units	610,000	-	610,000	-	-	-
Internal balances	592,763	(592,763)	-	-	-	-
Prepaid items and other assets	34,551	-	34,551	210,157	-	210,157
Inventory	44,061	-	44,061	239,423	-	239,423
Restricted cash	-	385,576	385,576	329,271	-	329,271
Restricted investments	-	12,434,142	12,434,142	-	-	-
Restricted receivables	-	-	-	1,303,060	-	1,303,060
Capital assets, net:						
Assets not being depreciated	507,359	-	507,359	20,942,530	451,259	21,393,789
Assets being depreciated	6,265,459	2,332,336	8,597,795	33,320,197	-	33,320,197
<b>Total assets</b>	<b>26,103,518</b>	<b>25,675,501</b>	<b>51,779,019</b>	<b>57,985,592</b>	<b>16,122,895</b>	<b>74,108,487</b>
<b>Liabilities</b>						
Accounts payable	1,010,133	385,308	1,395,441	101,313	80,593	181,906
Accrued liabilities	2,696	-	2,696	76,765	-	76,765
Advance from primary government	-	-	-	-	610,000	610,000
Deferred revenue	6,726,933	2,467,944	9,194,877	237,505	-	237,505
Noncurrent liabilities:						
Due within one year	568,492	550,000	1,118,492	-	2,306,962	2,306,962
Due in more than one year	5,703,956	11,700,000	17,403,956	21,949	9,038,355	9,060,304
<b>Total liabilities</b>	<b>14,012,210</b>	<b>15,103,252</b>	<b>29,115,462</b>	<b>437,532</b>	<b>12,035,910</b>	<b>12,473,442</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	6,772,818	1,073,120	7,845,938	54,262,727	-	54,262,727
Restricted for:						
Debt service	130,587	-	130,587	-	2,139,883	2,139,883
Capital projects	1,673,272	-	1,673,272	1,632,331	2,623,608	4,255,939
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	41	-	41	-	-	-
Other purposes	1,020	-	1,020	-	-	-
Unrestricted	3,506,770	9,499,129	13,005,899	1,653,002	(676,506)	976,496
<b>Total net assets</b>	<b>\$ 12,091,308</b>	<b>\$ 10,572,249</b>	<b>\$ 22,663,557</b>	<b>\$ 57,548,060</b>	<b>\$ 4,086,985</b>	<b>\$61,635,045</b>

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

**TUSCOLA COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2003**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 104,985	\$ -	\$ -	\$ -	\$ (104,985)
Judicial	3,293,066	1,526,620	968,744	-	(797,702)
General government	4,621,668	1,049,878	258,637	-	(3,313,153)
Public safety	4,713,775	1,724,028	886,098	-	(2,103,649)
Public works	1,185,845	667,445	-	-	(518,400)
Health and welfare	4,478,759	713,741	2,261,330	55,865	(1,447,823)
Culture and recreation	1,841	-	-	-	(1,841)
Interest on debt	552,866	-	-	515,104	(37,762)
Total governmental activities	<u>18,952,805</u>	<u>5,681,712</u>	<u>4,374,809</u>	<u>570,969</u>	<u>(8,325,315)</u>
Business-type activities:					
Medical care facility	685,209	215,621	-	-	(469,588)
Delinquent property tax	195	547,209	-	-	547,014
Total business-type activities	<u>685,404</u>	<u>762,830</u>	<u>-</u>	<u>-</u>	<u>77,426</u>
Total primary government	<u>\$ 19,638,209</u>	<u>\$ 6,444,542</u>	<u>\$ 4,374,809</u>	<u>\$ 570,969</u>	<u>\$ (8,247,889)</u>
<b>Component units</b>					
Road Commission	\$ 9,800,588	\$ -	\$ 9,956,783	\$ -	\$ 156,195
Drain Commission	997,048	-	-	1,607,821	610,773
Total component units	<u>\$ 10,797,636</u>	<u>\$ -</u>	<u>\$ 9,956,783</u>	<u>\$ 1,607,821</u>	<u>\$ 766,968</u>

continued...

**TUSCOLA COUNTY**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**YEAR ENDED DECEMBER 31, 2003**

<b>Functions/Programs</b>	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Road Commission</b>	<b>Drain Commission</b>	<b>Total</b>
<b>Changes in net assets</b>						
Net (expense) revenue	\$ (8,325,315)	\$ 77,426	\$ (8,247,889)	\$ 156,195	\$ 610,773	\$ 766,968
General revenues:						
Property taxes	6,541,061	1,358,078	7,899,139	1,303,060	-	1,303,060
Grants and contributions not restricted to specific programs	1,115,501	-	1,115,501	-	-	-
Unrestricted investment earnings	121,986	246,222	368,208	26,143	75,293	101,436
Miscellaneous general revenues	13,589	-	13,589	15,748	4,066	19,814
Transfers - internal activities	632,355	(599,161)	33,194	-	-	-
 Total general revenues, contributions and transfers	 8,424,492	 1,005,139	 9,429,631	 1,344,951	 79,359	 1,424,310
 Change in net assets	 99,177	 1,082,565	 1,181,742	 1,501,146	 690,132	 2,191,278
 Net assets, beginning of year, as restated	 11,992,131	 9,489,684	 21,481,815	 56,046,914	 3,396,853	 59,443,767
 <b>Net assets, end of year</b>	 <b>\$ 12,091,308</b>	 <b>\$ 10,572,249</b>	 <b>\$ 22,663,557</b>	 <b>\$ 57,548,060</b>	 <b>\$ 4,086,985</b>	 <b>\$ 61,635,045</b>

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

**TUSCOLA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	General	Health Department (F.Y.E. 9-30-03)	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 588,211	\$ 2,178,041	\$ 2,766,252
Investments	64,830	-	1,133,393	1,198,223
Receivables:				
Taxes receivable	4,527,601	-	2,147,271	6,674,872
Taxes receivable - delinquent	36,354	-	21,604	57,958
Accounts receivable	152,827	122,382	156,017	431,226
Accrued interest receivable	-	-	866	866
Due from other funds	599,161	-	493,225	1,092,386
Due from component units	-	-	2,077	2,077
Due from State	553,996	-	526,896	1,080,892
Prepaid expenditures	-	34,551	-	34,551
Inventory	-	44,061	-	44,061
Advances to component unit	610,000	-	-	610,000
<b>TOTAL ASSETS</b>	<b>\$ 6,544,769</b>	<b>\$ 789,205</b>	<b>\$ 6,659,390</b>	<b>\$ 13,993,364</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	161,213	104,211	102,684	368,108
Accrued liabilities	73,770	65,148	81,061	219,979
Due to other funds	59,331	-	440,292	499,623
Deposits payable	-	-	40,000	40,000
Deferred revenue	4,571,955	44,061	2,168,875	6,784,891
<b>TOTAL LIABILITIES</b>	<b>4,866,269</b>	<b>213,420</b>	<b>2,832,912</b>	<b>7,912,601</b>
<b>Fund balance</b>				
Reserved for:				
Advances to component unit	610,000	-	-	610,000
Reserved for cemetery maintenance	-	-	6,800	6,800
Restricted contributions:				
Debt service	-	1,020	-	1,020
Capital projects	-	-	130,587	130,587
Prepaid items	-	-	1,673,272	1,673,272
Prepaid items	-	34,551	-	34,551
Unreserved:				
Designated for subsequent years' expenditure	-	226,097	-	226,097
Undesignated	1,068,500	314,117	-	1,382,617
Undesignated, reported in nonmajor				
Special revenue funds	-	-	2,015,778	2,015,778
Permanent funds	-	-	41	41
Total fund balance	1,678,500	575,785	3,826,478	6,080,763
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,544,769</b>	<b>\$ 789,205</b>	<b>\$ 6,659,390</b>	<b>\$ 13,993,364</b>

The accompanying notes are an integral part of these financial statement

**TUSCOLA COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**

Fund balances - total governmental funds	\$	6,080,763
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.		
Add: Capital assets		11,349,070
subtract: Accumulated depreciation		(4,576,252)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.		
Add: deferred delinquent property taxes		57,958
Add: Long-term receivables - Due from other governments		4,669,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
Add: net assets of governmental activities accounted for in internal service funds		783,217
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		
Subtract: bonds payable		(5,552,164)
Subtract: compensated absences		(720,284)
Net assets of governmental activities	\$	<u>12,091,308</u>

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

**TUSCOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	General	Health Department (F.Y.E. 9-30-03)	Other Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 4,463,958	\$ -	\$ 2,075,222	\$ 6,539,180
Licenses and permits	680,269	153,152	-	833,421
Intergovernmental				
Federal	190,377	1,081,155	719,196	1,990,728
State	1,971,175	398,172	1,338,557	3,707,904
Local	18,171	12,885	565,791	596,847
Charges for services	2,128,114	369,805	1,361,126	3,859,045
Fines and forfeits	98,695	-	8,577	107,272
Interest and rents	175,694	-	41,125	216,819
Reimbursements and refunds	470,476	-	8,046	478,522
Other	-	49,083	38,925	88,008
<b>TOTAL REVENUES</b>	<b>10,196,929</b>	<b>2,064,252</b>	<b>6,156,565</b>	<b>18,417,746</b>
<b>EXPENDITURES</b>				
Current:				
Legislative	104,773	-	-	104,773
Judicial	2,113,247	-	1,154,660	3,267,907
General government	3,180,333	-	1,077,625	4,257,958
Public safety	1,974,897	-	2,416,072	4,390,969
Public works	1,183,940	-	-	1,183,940
Health and welfare	426,620	2,334,126	1,563,617	4,324,363
Culture and recreation	-	-	1,841	1,841
Other	210,735	-	-	210,735
Capital outlay	-	63,684	357,979	421,663
Debt service	-	18,434	787,866	806,300
<b>TOTAL EXPENDITURES</b>	<b>9,194,545</b>	<b>2,416,244</b>	<b>7,359,660</b>	<b>18,970,449</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,002,384</b>	<b>(351,992)</b>	<b>(1,203,095)</b>	<b>(552,703)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	740,145	384,468	1,638,920	2,763,533
Transfer out	(1,742,529)	-	(277,675)	(2,020,204)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,002,384)</b>	<b>384,468</b>	<b>1,361,245</b>	<b>743,329</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>32,476</b>	<b>158,150</b>	<b>190,626</b>
FUND BALANCE, BEGINNING OF YEAR	1,678,500	543,309	3,668,328	5,890,137
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,678,500</b>	<b>\$ 575,785</b>	<b>\$ 3,826,478</b>	<b>\$ 6,080,763</b>

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

**TUSCOLA COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2003**

Net change in fund balances - total governmental funds \$ 190,626

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

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

Add: capital outlay	389,895
Subtract: depreciation expense	(558,407)

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

Add: current year deferred delinquent property taxes and special assessments	57,958
Subtract: prior year deferred delinquent property taxes and special assessments	(56,077)
Subtract: change in long-term receivables	(285,000)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	538,434
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: increase in the accrual of compensated absences	(39,616)
Subtract: loss on the disposal of capital assets	(4,830)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Subtract: net operating loss from governmental activities accounted for in internal service funds	(22,832)
Subtract: internal activities (transfers) accounted for in internal service funds	(110,974)

Change in net assets of governmental activities	\$ 99,177
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**TUSCOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Taxes	\$ 4,493,500	\$ 4,493,500	\$ 4,463,958	\$ (29,542)
Licenses and permits	499,762	637,262	680,269	43,007
Intergovernmenta				
Federal	118,658	178,688	190,377	11,689
State	2,115,189	2,115,189	1,971,175	(144,014)
Local	22,500	22,500	18,171	(4,329)
Charges for services	2,029,275	2,030,275	2,128,114	97,839
Fines and forfeits	95,200	95,200	98,695	3,495
Interest and rents	225,976	225,976	175,694	(50,282)
Other	423,918	497,089	470,476	(26,613)
<b>TOTAL REVENUES</b>	<u>10,023,978</u>	<u>10,295,679</u>	<u>10,196,929</u>	<u>(98,750)</u>
<b>EXPENDITURES</b>				
Legislative				
Board of Commissioners	105,150	110,952	104,773	(6,179)
Judicial				
Unified Court	2,107,398	2,155,407	2,094,058	(61,349)
Jury Commission	4,750	4,826	4,304	(522)
Adult Probation	14,800	14,976	14,885	(91)
Total Judicial	<u>2,126,948</u>	<u>2,175,209</u>	<u>2,113,247</u>	<u>(61,962)</u>
General government				
Elections	12,050	26,667	22,845	(3,822)
Legal	60,000	60,000	50,607	(9,393)
County Clerk	330,698	332,307	330,329	(1,978)
Controller	314,146	314,146	304,093	(10,053)
Equalizations	157,201	163,629	160,429	(3,200)
Prosecuting attorney	416,383	416,677	392,407	(24,270)
Cooperative reimbursement - prosecuto	155,582	155,582	137,982	(17,600)
Register of deeds	225,433	235,266	232,072	(3,194)
Treasurer	307,425	324,018	317,944	(6,074)
Cooperative extension	52,450	57,410	57,158	(252)
Computer operations	318,032	362,285	356,273	(6,012)
Building and grounds	683,598	689,633	660,865	(28,768)
Drain Commission	158,437	160,949	156,526	(4,423)
Livestock claims	1,000	1,000	803	(197)
Total general government	<u>3,192,435</u>	<u>3,299,569</u>	<u>3,180,333</u>	<u>(119,236)</u>
Public safety				
Courthouse security	110,490	110,490	99,792	(10,698)
Sheriff's department	1,455,196	1,463,279	1,427,484	(35,795)
Marine safety	31,218	34,413	33,000	(1,413)
Secondary road patrol	119,769	122,445	120,376	(2,069)
Thumb area narcotics group	73,349	76,374	76,290	(84)
Planning commissioner	-	2,225	324	(1,901)
Plat Board	1,005	1,005	542	(463)
Emergency services	75,108	78,245	75,929	(2,316)
Emergency preparedness	59,378	99,960	97,224	(2,736)
Emergency planning	-	18,440	18,440	-
Animal shelter	4,300	27,067	25,496	(1,571)
Total public safety	<u>1,929,813</u>	<u>2,033,943</u>	<u>1,974,897</u>	<u>(59,046)</u>

**TUSCOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (CONCLUDED)**  
**YEAR ENDED DECEMBER 31, 2003**

Public works				
Building codes	\$ 447,600	\$ 721,878	\$ 718,053	\$ (3,825)
Drains at large	465,887	465,887	465,887	-
	<u>913,487</u>	<u>1,187,765</u>	<u>1,183,940</u>	<u>(3,825)</u>
Total public works				
Health and welfare				
Substance abuse	49,000	49,000	46,962	(2,038)
Medical examiner	27,692	29,707	27,640	(2,067)
Veterans' burial	16,000	16,000	14,040	(1,960)
Economic development	25,000	25,000	25,000	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	34,000	34,000	24,735	(9,265)
	<u>439,935</u>	<u>441,950</u>	<u>426,620</u>	<u>(15,330)</u>
Total health and welfare				
Other	342,490	286,679	210,735	(75,944)
	<u>342,490</u>	<u>286,679</u>	<u>210,735</u>	<u>(75,944)</u>
<b>TOTAL EXPENDITURES</b>	<u>9,050,258</u>	<u>9,536,067</u>	<u>9,194,545</u>	<u>(341,522)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>973,720</u>	<u>759,612</u>	<u>1,002,384</u>	<u>242,772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	750,000	750,000	740,145	(9,855)
Transfer out	(1,723,720)	(1,744,605)	(1,742,529)	2,076
	<u>(973,720)</u>	<u>(994,605)</u>	<u>(1,002,384)</u>	<u>(7,779)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	-	(234,993)	-	234,993
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,678,500</u>	<u>1,678,500</u>	<u>1,678,500</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,678,500</u>	<u>\$ 1,443,507</u>	<u>\$ 1,678,500</u>	<u>\$ 234,993</u>

The accompanying notes are an integral part of these financial statements

**TUSCOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL**  
**HEALTH DEPARTMENT**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Licenses and permits	\$ 154,615	\$ 162,095	\$ 153,152	\$ (8,943)
Intergovernmental				
Federal	988,209	993,116	1,081,155	88,039
State	363,941	365,749	398,172	32,423
Local	12,207	12,575	12,885	310
Charges for services	320,997	369,655	369,805	150
Other	3,455	7,539	49,083	41,544
<b>TOTAL REVENUES</b>	<u>1,843,424</u>	<u>1,910,729</u>	<u>2,064,252</u>	<u>153,523</u>
<b>EXPENDITURES</b>				
Current				
Health and Welfare	2,223,294	2,261,684	2,334,126	72,442
Capital outlay	5,157	51,304	63,684	12,380
Debt service	17,703	17,703	18,434	731
<b>TOTAL EXPENDITURES</b>	<u>2,246,154</u>	<u>2,330,691</u>	<u>2,416,244</u>	<u>85,553</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(402,730)</u>	<u>(419,962)</u>	<u>(351,992)</u>	<u>67,970</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in	384,468	384,468	384,468	-
<b>NET CHANGE IN FUND BALANCE</b>	(18,262)	(35,494)	32,476	67,970
FUND BALANCE, BEGINNING OF YEAR	540,968	540,968	543,309	2,341
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 522,706</u>	<u>\$ 505,474</u>	<u>\$ 575,785</u>	<u>\$ 70,311</u>

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

**TUSCOLA COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2003**

	Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,321,290	\$ 1,679,132	\$ 3,000,422	\$ 1,161,518
Investments	1,108,669	2,580,627	3,689,296	-
Receivables:				
Taxes receivable	1,434,884	-	1,434,884	-
Taxes receivable - delinquent	6,615	1,358,616	1,365,231	-
Accounts receivable	1,367,033	499,800	1,866,833	6,441
Allowance for uncollectible accounts	(321,384)	-	(321,384)	-
Due from other governmental units	-	80,928	80,928	-
Due from other funds	-	6,398	6,398	-
<b>Total current assets</b>	<b>4,917,107</b>	<b>6,205,501</b>	<b>11,122,608</b>	<b>1,167,959</b>
Noncurrent assets:				
Restricted cash	385,576	-	385,576	-
Restricted investments	12,434,142	-	12,434,142	-
Capital assets	2,332,336	-	2,332,336	-
<b>Total noncurrent assets</b>	<b>15,152,054</b>	<b>-</b>	<b>15,152,054</b>	<b>-</b>
<b>Total assets</b>	<b>20,069,161</b>	<b>6,205,501</b>	<b>26,274,662</b>	<b>1,167,959</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	122,417	38	122,455	-
Accrued and other liabilities	230,532	2,995	233,527	384,742
Due to other funds	-	599,161	599,161	-
Patient trust fund	15,126	-	15,126	-
Bonds and deposits	14,200	-	14,200	-
Deferred revenue	2,467,944	-	2,467,944	-
<b>Total current liabilities</b>	<b>2,850,219</b>	<b>602,194</b>	<b>3,452,413</b>	<b>384,742</b>
Noncurrent liabilities:				
Long-term debt	12,250,000	-	12,250,000	-
<b>Total liabilities</b>	<b>15,100,219</b>	<b>602,194</b>	<b>15,702,413</b>	<b>384,742</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,073,120	-	1,073,120	-
Unrestricted	3,895,822	5,603,307	9,499,129	783,217
<b>Total net assets</b>	<b>\$ 4,968,942</b>	<b>\$ 5,603,307</b>	<b>\$ 10,572,249</b>	<b>\$ 783,217</b>

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

**TUSCOLA COUNTY**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	<b>Enterprise Funds</b>			<b>Governmental</b>
	<b>Medical Care Facility</b>	<b>Delinquent Tax Revolving Fund</b>	<b>Total</b>	<b>Activities  Internal Service Funds</b>
<b>Operating revenue</b>				
Taxes	\$ 251,832	\$ -	\$ 251,832	\$ -
Charges for services	7,497,924	190,046	7,687,970	1,676,131
Interest on taxes	-	353,123	353,123	-
Other operating revenue	-	4,040	4,040	-
Total operating revenue	<u>7,749,756</u>	<u>547,209</u>	<u>8,296,965</u>	<u>1,676,131</u>
<b>Operating expenses</b>				
Operation and maintenance	7,606,148	195	7,606,343	1,656,062
Benefits and claims	-	-	-	42,901
Depreciation	148,769	-	148,769	-
Total operating expenses	<u>7,754,917</u>	<u>195</u>	<u>7,755,112</u>	<u>1,698,963</u>
Operating income (loss)	<u>(5,161)</u>	<u>547,014</u>	<u>541,853</u>	<u>(22,832)</u>
<b>Non-operating revenue (expenses)</b>				
Property taxes for debt service	1,106,246	-	1,106,246	-
Interest income	194,075	52,147	246,222	-
Interest expense and fiscal charges	(428,216)	-	(428,216)	-
Other non-operating revenue (expenses)	215,621	-	215,621	-
Total non-operating revenue (expenses)	<u>1,087,726</u>	<u>52,147</u>	<u>1,139,873</u>	<u>-</u>
Income (loss) before transfers	1,082,565	599,161	1,681,726	(22,832)
Transfer in	-	-	-	30,000
Transfers out	-	(599,161)	(599,161)	(140,974)
Change in net assets	1,082,565	-	1,082,565	(133,806)
Net assets, beginning of year	<u>3,886,377</u>	<u>5,603,307</u>	<u>9,489,684</u>	<u>917,023</u>
<b>Net assets, end of year</b>	<u>\$ 4,968,942</u>	<u>\$ 5,603,307</u>	<u>\$ 10,572,249</u>	<u>\$ 783,217</u>

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

**TUSCOLA COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2003**

	<b>Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Medical Care Facility</b>	<b>Delinquent Tax Revolving Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 7,976,437	\$ 1,842,484	\$ 9,818,921	\$ -
Cash received from interfund services provided	-	-	-	1,677,770
Cash payments to suppliers for goods and services	(3,563,945)	(2,486,100)	(6,050,045)	(1,698,963)
Cash payments to employees for services	(4,282,868)	-	(4,282,868)	-
Net cash provided (used) by operating activities	129,624	(643,616)	(513,992)	(21,193)
<b>Cash flows from non-capital financing activities</b>				
Transfers in	-	-	-	30,000
Transfers out	-	(599,161)	(599,161)	(140,974)
Net cash (used) by non-capital financing activities	-	(599,161)	(599,161)	(110,974)
<b>Cash flows from capital and related financing activities</b>				
Proceeds from bonds	12,800,000	-	12,800,000	-
Property taxes for debt services	1,106,246	-	1,106,246	-
Intergovernmental transfers	140,755	-	140,755	-
Principal payments	(550,000)	-	(550,000)	-
Interest payments	(428,216)	-	(428,216)	-
Purchases of capital assets	(1,197,893)	-	(1,197,893)	-
Net cash provided (used) by capital and related financing activities	11,870,892	-	11,870,892	-
<b>Cash flows from investing activities</b>				
Interest received	196,751	52,147	248,898	-
Purchase of investments	(11,425,483)	(854,012)	(12,279,495)	-
Net cash provided (used) by investing activities	(11,228,732)	(801,865)	(12,030,597)	-
Net increase (decrease) in cash and cash equivalents	771,784	(2,044,642)	(1,272,858)	(132,167)
Cash and cash equivalents, beginning of year	935,082	3,723,774	4,658,856	1,293,685
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,706,866</b>	<b>\$ 1,679,132</b>	<b>\$ 3,385,998</b>	<b>\$ 1,161,518</b>
<b>Balance sheet classification of cash and cash equivalents</b>				
Cash and cash equivalents	1,321,290	1,679,132	3,000,422	1,161,518
Restricted assets	385,576	-	385,576	-
	<b>\$ 1,706,866</b>	<b>\$ 1,679,132</b>	<b>\$ 3,385,998</b>	<b>\$ 1,161,518</b>

**Non-cash investing capital and financing transactions**

All dividends and interest income were immediately reinvested in the cash management funds.

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

**TUSCOLA COUNTY**  
**Statement of Cash Flows**  
**Proprietary Funds (Concluded)**  
**YEAR ENDED DECEMBER 31, 2003**

	<u>Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical Care Facility</u>	<u>Combined Revolving Tax</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	(5,161)	547,014	541,853	(22,832)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	148,769	-	148,769	-
Bad debt expense	1,802	-	1,802	-
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	206,512	1,356,320	1,562,832	1,639
Due from other governments		(61,045)	(61,045)	-
Accounts payable	(251,912)	(2,288,668)	(2,540,580)	-
Accrued and other liabilities	9,445	2,995	12,440	-
Due to other funds		(200,232)	(200,232)	-
Deferred revenue	20,169		20,169	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 129,624</b>	<b>\$ (643,616)</b>	<b>\$ (513,992)</b>	<b>\$ (21,193)</b>

**TUSCOLA COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2003**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,800,424
Investments at fair value	7,841
Accounts receivable	75,646
	75,646
<b>TOTAL ASSETS</b>	\$ 2,883,911
 <b>LIABILITIES</b>	
Accrued liabilities	\$ 375,841
Due to other governmental units	1,323,362
Undistributed receipts	64,744
Undistributed taxes	1,119,964
	1,119,964
<b>TOTAL LIABILITIES</b>	\$ 2,883,911

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



# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

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

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

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

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

**Drain Commission** – The Drain Commission is considered a discrete component unit as the nature and significance of the relationship between the primary government and the Commission is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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

#### Other Year Ends

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

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements, the agency funds use the accrual basis of accounting, but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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The government reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and Medical Care Facility enterprise funds are charges to customers for sales and services and interest collected on

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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delinquent taxes. Operating expenses for enterprise funds include the cost of operation and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

##### **1. DEPOSITS AND INVESTMENTS**

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

Investments are stated at fair value.

##### **2. RECEIVABLES AND PAYABLES**

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There were no internal balances at the end of the fiscal year.

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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### 3. INVENTORIES AND PREPAIDS

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

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

### 4. RESTRICTED ASSETS

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

### 5. CAPITAL ASSETS

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

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

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

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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

#### **6. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### **7. FUND EQUITY**

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

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

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

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Annual Informational Budget Summaries are prepared for Enterprise Funds and Internal Service Funds.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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

#### **B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS**

The County had funds with expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2003.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>HEALTH DEPARTMENT</b>			
Health and welfare	\$ 2,261,684	\$2,334,126	\$ (72,442)
Capital outlay	51,304	63,684	(12,380)
Debt service	17,703	18,434	(731)

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	<b><u>Carrying Amount</u></b>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 6,928,192
Investments	4,887,519
Restricted cash	385,576
Restricted investments	12,434,142
Component Units:	
Cash and cash equivalents	2,426,723
Investments	3,744,705
Restricted cash	329,271
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	2,800,424
Investments	<u>7,841</u>
 Total	 <u>\$ 33,944,393</u>
 Notes to Financial Statements:	
Deposits	\$ 19,532,274
Investments	14,404,819
Cash on hand	<u>7,300</u>
 Total	 <u>\$ 33,944,393</u>

Deposits - At December 31, 2003, the carrying amount of the County's deposits was \$19,532,274 and the bank balance was \$12,708,774. Of the bank balance, \$741,800 was covered by Federal Depository Insurance and \$11,966,974 was neither insured nor collateralized.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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#### *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.
- 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.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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

	Category			<b>Fair Value/ Carrying Amount</b>
	1	2	3	
Government securities	\$ 2,552,836	\$ -	\$ -	\$ 2,552,836
Commercial paper	6,768,193	-	-	6,768,193
	<u>\$ 9,321,029</u>	<u>\$ -</u>	<u>\$ -</u>	9,321,029
Uncategorized as to risk:				
Mutual funds				5,083,790
Total investments				\$ 14,404,819

#### **B. RECEIVABLES**

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 6,732,830	\$ 2,800,115	\$ -
Accounts	438,533	1,866,833	-
Special assessments			
Due within one year	-	-	318,414
Due after one year	-	-	9,899,138
Due from component units	2,077	-	-
Intergovernmental			
Due within one year	531,000	80,928	923,610
Due after one year	5,218,892	-	-
Less: allowance for uncollectible accounts	-	(321,384)	-
Total	<u>\$ 12,923,332</u>	<u>\$ 4,426,492</u>	<u>\$ 11,141,162</u>

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 4,527,601	\$ -
Property taxes receivable (Nonmajor Governmental fund types)	2,147,271	-
Inventory	44,061	-
Grant drawdowns prior to meeting all eligibility requirements	-	8,000
<b>Total</b>	<u>\$ 6,718,933</u>	<u>\$ 8,000</u>

#### C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2003 was as follows:

##### Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 507,359	\$ -	\$ -	\$ 507,359
Capital assets being depreciated:				
Buildings	5,981,441	34,261	-	6,015,702
Improvements	1,376,614	-	-	1,376,614
Equipment	2,131,752	303,614	(20,394)	2,414,972
Vehicles	996,985	52,020	(14,582)	1,034,423
Total capital assets being depreciated	<u>10,486,792</u>	<u>389,895</u>	<u>(34,976)</u>	<u>10,841,711</u>
Less accumulated depreciation				
Buildings	(2,311,066)	(174,512)	-	(2,485,578)
Improvements	(164,933)	(63,149)	-	(228,082)
Equipment	(597,563)	(157,843)	-	(755,406)
Vehicles	(573,618)	(124,709)	-	(698,327)
Health Department	(400,811)	(38,194)	30,146	(408,859)
Total accumulated depreciation	<u>(4,047,991)</u>	<u>(558,407)</u>	<u>30,146</u>	<u>(4,576,252)</u>
Total capital assets being				

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

depreciated, net	<u>6,438,801</u>	<u>(168,512)</u>	<u>(4,830)</u>	<u>6,265,459</u>
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**Governmental activities**

<b>capital assets, net</b>	<u>\$ 6,946,160</u>	<u>\$(168,512)</u>	<u>\$ (4,830)</u>	<u>\$ 6,772,818</u>
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The Health Department is audited by other auditors and in their report provided to us, accumulated depreciation or depreciation expense is not allocated between asset classifications.

**Business-type activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Land improvements	\$ 6,675	\$ 13,077	\$ -	19,752
Buildings	891,912	1,125,223	-	2,017,135
Equipment	<u>1,094,414</u>	<u>59,593</u>	-	<u>1,154,007</u>
Total capital assets being depreciated	<u>1,993,001</u>	<u>1,197,893</u>	-	<u>3,190,894</u>
Less accumulated depreciation				
Land improvements	(3,542)	(862)	-	(4,404)
Buildings	(309,291)	(52,977)	-	(362,268)
Equipment	<u>(396,956)</u>	<u>(94,930)</u>	-	<u>(491,886)</u>
Total accumulated depreciation	<u>(709,789)</u>	<u>(148,769)</u>	-	<u>(858,558)</u>

**Business-type activities**

<b>capital assets, net</b>	<u>\$ 1,283,212</u>	<u>\$1,049,124</u>	<u>\$ -</u>	<u>\$ 2,332,336</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Judicial	\$ 9,440
General government	134,892
Public safety	287,515
Health and welfare	124,846
Public works	<u>1,714</u>

**Total depreciation expense – governmental activities**     **\$ 558,407**

**Business-type activities:**

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

**Total depreciation expense – Medical Care Facility     \$ 148,769**

**Discretely presented component units**

Activity for the Drain Commission for the year ended December 31, 2003, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ _____ -	\$ <u>451,259</u>	\$ _____ -	\$ <u>451,259</u>

Activity for the Road Commission for the year ended December 31, 2003, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land and right of ways	\$ 274,818	\$ 19,400	\$ -	\$ 294,218
Land improvements	<u>19,396,955</u>	<u>1,251,357</u>	-	<u>20,648,312</u>
Total capital assets not being depreciated	<u>19,671,773</u>	<u>1,270,757</u>	-	<u>20,942,530</u>
Capital assets being depreciated:				
Infrastructure	53,770,677	3,027,998	-	56,798,675
Building	2,167,373	-	-	2,167,373
Equipment	4,653,878	117,776	(156,391)	4,615,263
Depletable assets	<u>82,738</u>	-	-	<u>82,738</u>
Total capital assets being depreciated	<u>60,674,666</u>	<u>3,145,774</u>	<u>(156,391)</u>	<u>63,664,049</u>
Less accumulated depreciation				
Infrastructure	(22,605,890)	(2,608,852)	-	(25,214,742)
Building	(995,649)	(56,207)	-	(1,051,856)
Equipment	(3,876,920)	(316,510)	156,368	(4,037,062)
Depletable assets	<u>(40,152)</u>	<u>(40)</u>	-	<u>(40,192)</u>
Total accumulated depreciation	<u>(27,518,611)</u>	<u>(2,981,609)</u>	<u>156,368</u>	<u>(30,343,852)</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

Total capital assets being depreciated, net	<u>33,156,055</u>	<u>164,165</u>	<u>(23)</u>	<u>33,320,197</u>
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<b>Road commission capital assets, net</b>	<u>\$ 52,827,828</u>	<u>\$ 1,434,922</u>	<u>\$ (23)</u>	<u>\$ 54,262,727</u>
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**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due To	Due From			Total
	General Fund	Combined Revolving Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 599,161	\$ -	\$ 599,161
Combined Revolving Tax Fund	-	-	6,398	6,398
Nonmajor governmental funds	<u>59,331</u>	-	433,894	<u>493,225</u>
<b>Total</b>	<u>\$ 59,331</u>	<u>\$ 599,161</u>	<u>\$ 440,292</u>	<u>\$ 1,098,784</u>

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

**Advances to/from component units:**

	<u>Receivable</u>	<u>Payable</u>
General	\$ 610,000	\$ -
Drain Commission	-	610,000
<b>Total</b>	<u>\$ 610,000</u>	<u>\$ 610,000</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Transfers from</b>	<b>Transfers To</b>				<b>Total</b>
	General Fund	Health Department	Nonmajor Governmental Funds	Internal Service Funds	
General	\$ -	\$ 351,274	\$ 1,361,255	\$ 30,000	\$ 1,742,529
Nonmajor governmental funds	10	-	277,665	-	277,675
Delinquent Tax Revolving Fund	599,161	-	-	-	599,161
Internal Service Funds	140,974	-	-	-	140,974
	740,145	351,274	1,638,920	\$ 30,000	\$ 2,760,339
Reconciling item	-	33,194	-	-	33,194
	740,145	384,468	1,638,920	30,000	2,793,533
<b>Total</b>	<u>\$ 740,145</u>	<u>\$ 384,468</u>	<u>\$ 1,638,920</u>	<u>\$ 30,000</u>	<u>\$ 2,793,533</u>

Reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2003.

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

#### **E. LONG-TERM DEBT**

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

Long-term activity for the year ended December 31, 2003 was as follows:

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
Primary Government					
Governmental activities:					
General obligation bonds	\$ 3,594,000	\$ -	\$ (200,000)	3,394,000	\$ 201,000
Notes Payable	21,598	-	(18,434)	3,164	3,164
Building Authority -					
General obligation bonds	2,475,000	-	(320,000)	2,155,000	330,000
Compensated absences	680,668	39,616	-	720,284	34,328
Governmental activity					
Long-term liabilities	<u>\$ 6,771,266</u>	<u>\$ 39,616</u>	<u>\$ (538,434)</u>	<u>\$ 6,272,448</u>	<u>\$ 568,492</u>
Business-type activities					
General obligation bonds	<u>\$ -</u>	<u>\$ 12,800,000</u>	<u>\$ (550,000)</u>	<u>\$ 12,250,000</u>	<u>\$ 550,000</u>
	<u>\$ -</u>	<u>\$ 12,800,000</u>	<u>\$ (550,000)</u>	<u>\$ 12,250,000</u>	<u>\$ 550,000</u>
Component Units					
Road Commission:					
Compensated absences	<u>\$ 22,736</u>	<u>\$ -</u>	<u>\$ (787)</u>	<u>\$ 21,949</u>	<u>\$ -</u>
Drain Commission:					
General obligation bonds	\$ 10,481,320	\$ -	\$ (859,540)	\$ 9,621,780	\$ 884,540
Notes Payable	1,480,243	599,374	(356,080)	1,723,537	1,422,422
	<u>\$ 11,961,563</u>	<u>\$ 599,374</u>	<u>\$ (1,215,620)</u>	<u>\$ 11,345,317</u>	<u>\$ 2,306,962</u>

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$9,680,000. During the year, the Medical Care Facility issued general obligation bonds in the amount of \$12,800,000.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 – 7.6%	\$ 5,552,164

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 534,164	\$ 244,216	\$ 550,000	\$ 437,756
2005	526,000	221,636	600,000	420,506
2006	548,000	198,157	625,000	402,131
2007	293,000	179,899	700,000	382,256
2008	324,000	167,081	775,000	359,647
2009-2013	1,690,000	620,146	4,550,000	1,362,088
2014-2018	717,000	304,119	4,450,000	382,545
2019-2023	181,000	212,800	-	-
2024-2028	231,000	162,750	-	-
2029-2033	295,000	99,000	-	-
2034-2036	213,000	21,600	-	-
Total	<u>\$5,552,164</u>	<u>\$2,431,404</u>	<u>\$ 12,250,000</u>	<u>\$3,746,929</u>

### Component Units

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$13,168,280. These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75 – 6.5%	\$ 11,345,320

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 1,857,587	\$ 514,204
2005	1,279,680	446,615
2006	1,065,013	386,956
2007	932,513	334,793
2008	730,113	290,051
2009-2013	3,005,314	912,852
2014-2018	2,125,100	300,111
2019-2023	<u>350,000</u>	<u>7,875</u>
Total	<u>\$11,345,320</u>	<u>\$3,193,457</u>

#### IV. OTHER INFORMATION

##### A. 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.

*Funding Policy.* The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are .83%-11.76% 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 2.43%-4.7% 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.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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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, 2003, the annual pension cost of \$453,252 for the County, \$0 for the Medical Care Facility, \$30,848 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, 2002, 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>
12/31/01	\$ 23,474	100%	\$0
12/31/02	166,127	100	0
12/31/03	453,252	100	0

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

#### 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)
12/31/00	\$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
12/31/02	15,663,350	16,623,674	960,324	94	5,717,902	16.7

#### Medical Care Facility Plan

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/01	\$37,015	100%	\$ 0
12/31/02	0	100	55,000
12/31/03	0	100	110,814

#### 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)
12/31/00	\$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)
12/31/02	7,808,170	6,722,841	(1,085,329)	116	4,264,879	(25.0)

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

#### 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>
9/30/01	\$11,307	100%	\$0
9/30/02	0	0	0
9/30/03	30,848	100	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>
12/31/00	\$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
12/31/02	3,920,070	4,083,638	163,568	96	1,189,628	14

#### 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>
12/31/01	\$84,253	100%	\$0
12/31/02	97,204	100	0
12/31/03	93,048	100	0

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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### 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)
12/31/00	\$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
12/31/02	1,617,363	2,329,438	712,075	69.4	725,248	98.1

#### **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 12.83% of annual covered payroll. Employees are required to contribute \$.27 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.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

*Annual Pension Cost.* For the year ended December 31, 2003, the Road Commission's annual pension cost of \$14,618 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, 2003, 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% 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.

#### 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>
04/01/01	\$27,388	100%	\$0
04/01/02	13,202	100	0
04/01/03	14,618	100	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>
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
April 1, 2003	178,893	381,499	211,499	46.9	2,287,018	9.3

## B. RISK MANAGEMENT

### General Liability

Tuscola County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2003, 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

FOR THE YEAR ENDED DECEMBER 31, 2003

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### **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

### FOR THE YEAR ENDED DECEMBER 31, 2003

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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>2003</u>	<u>2002</u>
Unpaid Claims, beginning of year	\$ 129,962	\$ 174,662
Incurred Claims (including IBNR)	(41,810)	(8,079)
Claims Paid	<u>41,810</u>	<u>(36,621)</u>
Unpaid Claims	<u>\$ 129,962</u>	<u>\$ 129,962</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

### FOR THE YEAR ENDED DECEMBER 31, 2003

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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>2003</u>	<u>2002</u>
Unpaid Claims, beginning of year	\$ 254,780	\$ 157,664
Incurred Claims (including IBNR)	1,639,830	1,541,299
Claims Paid	<u>(1,639,830)</u>	<u>(1,444,183)</u>
Unpaid Claims	<u>\$ 254,780</u>	<u>\$ 254,780</u>

#### C. PROPERTY TAXES

The County levies property taxes on December 1 to fund operations for the current 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.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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The property taxes attach as an enforceable lien on property as of December 1. Property taxes are collected by the local taxing district until February 28 when the unpaid taxes become delinquent.

The taxable value of real and personal property at December 1, 2002 totaled \$1,108,271,872. The tax levy for fiscal year 2003 operations was based on the following rates:

General Operating	3.9544 mills
Road Patrol	.8896 mills
Senior Citizens	.1977 mills
Mosquito	.6383 mills
Recycling	.1500 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2352 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2003 operations was as follows:

Primary Road	.9609 mills
Bridge	.4782 mills

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

#### D. RESTATEMENTS

##### **Implementation of new accounting standards**

As of and for the year ended December 31, 2003, the County implemented the following Governmental Accounting Standards Board pronouncements:

##### **Statements**

- ◆ No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- ◆ No. 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*
- ◆ No. 38 – *Certain Financial Statement Note Disclosures*

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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#### **Interpretation**

- ◆ No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The County was required to implement the new requirements no later than the current fiscal year ending December 31, 2003.

The more significant of the changes required by the new standards include:

- ◆ Management's discussion and analysis;
- ◆ Basic financial statements that include:
  - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
  - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
  - Schedules to reconcile the fund financial statements to the government-wide financial statements;
  - Notes to the basic financial statements;
- ◆ Required supplementary information, including certain budgetary schedules.

As a result of implementing these pronouncements for the fiscal year ended December 31, 2003, the following restatements were made to beginning net assets:

*Government-wide financial statements.*

Beginning net assets for governmental activities were determined as follows:

Fund balances of general, special revenue, debt service and capital project funds as of 12/31/02	\$ 5,890,137
Add: long-term receivables as of 12/31/02	4,954,000
Add: governmental capital assets, including general fixed assets, as of 12/31/02	10,994,151

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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Deduct: accumulated depreciation as of 12/31/02 on above governmental fixed assets	(4,047,991)
Deduct: Long-term debt as of 12/31/02	(6,090,598)
Deduct: accumulated compensated absences liability as of 12/31/02	(680,668)
Add: deferred revenue related to long-term receivables earned but not collected as of 12/31/02	56,077
Elimination of internal service fund activities as of 12/31/02	<u>917,023</u>
Governmental net assets, restated, as of 12/31/02	<u>\$ 11,992,131</u>

Beginning net assets for business-type activities were determined as follows:

Retained earnings of enterprise funds as of 12/31/02	\$ 3,886,377
Add: Reclassification of Internal Service Delinquent tax revolving fund to Enterprise fund	<u>5,603,307</u>
Business-type net assets, restated, as of 12/31/02	<u>\$ 9,489,684</u>

#### E. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in several matters which involve various claims against Tuscola County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely. If an unfavorable outcome does occur, legal counsel is currently unable to predict the amount of range of potential loss.

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2003

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#### F. OPERATING LEASES

The County has entered into various lease agreements with other governmental entities for buildings owned by the County. The total rent revenue received from these agreements by the County for the fiscal year ended December 31, 2003 was \$208,442. The future rental payments to be received by the County are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>
2004	\$ 208,442
2005	208,442
2006	208,442
2007	208,442
2008	162,134
2009-2013	810,670
2014	<u>162,134</u>
Total	<u>\$ 1,968,706</u>

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, 2003 was \$85,705.

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>
2004	\$ 261,230
2005	233,645
2006	97,350
2007	<u>42,700</u>
Total	<u>\$ 634,925</u>

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## **SUPPLEMENTARY INFORMATION**



**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

REVENUES	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>Taxes</b>				
Property taxes	\$ 4,485,000	\$ 4,485,000	\$ 4,454,695	\$ (30,305)
Payment in lieu of taxes	3,500	3,500	4,048	548
Trailer park taxes	5,000	5,000	5,215	215
<b>Total Taxes</b>	<u>4,493,500</u>	<u>4,493,500</u>	<u>4,463,958</u>	<u>(29,542)</u>
<b>Licenses and Permits</b>				
Marriage licenses	2,000	2,000	2,135	135
Building code licenses	440,000	577,500	612,352	34,852
Dog licenses	28,000	28,000	39,779	11,779
Animal shelter licenses	1,800	1,800	-	(1,800)
Unified court licenses	14,500	14,500	14,783	283
Other	13,462	13,462	11,220	(2,242)
<b>Total Licenses and Permits</b>	<u>499,762</u>	<u>637,262</u>	<u>680,269</u>	<u>43,007</u>
<b>Intergovernmental</b>				
<b>Federal</b>				
Co-op Reimbursement - Prosecutor	38,280	38,280	50,668	12,388
Civil defense	21,000	22,000	21,330	(670)
Supplemental planning	-	18,448	18,440	(8)
Emergency preparedness	59,378	99,960	99,939	(21)
<b>State</b>				
Co-op Reimbursement - Prosecutor	19,720	19,720	26,102	6,382
Interstate medical incentive	1,000	1,000	-	(1,000)
Marine safety	14,000	14,000	13,141	(859)
SCAAP	4,000	4,000	1,296	(2,704)
Judges	241,000	241,000	238,790	(2,210)
Juvenile officer	27,500	27,500	27,317	(183)
State Payment Courts	303,000	303,000	324,323	21,323
Secondary Road Patrol	119,769	119,769	120,648	879
SSI Incentive	1,200	1,200	4,400	3,200
State sales tax	1,171,000	1,171,000	1,021,577	(149,423)
Liquor licenses	9,000	9,000	8,751	(249)
Hotel liquor tax	98,000	98,000	93,924	(4,076)
DSS Building Payment	58,000	58,000	55,865	(2,135)
Cigarette tax	48,000	48,000	35,041	(12,959)
<b>Total Intergovernmental - Federal/State</b>	<u>2,233,847</u>	<u>2,293,877</u>	<u>2,161,552</u>	<u>(132,325)</u>
<b>Local</b>				
4-H youth - MSU	5,000	5,000	1,721	(3,279)
Local Contributions T.N.U.	17,500	17,500	16,450	(1,050)
<b>Total Intergovernmental - Local</b>	<u>22,500</u>	<u>22,500</u>	<u>18,171</u>	<u>(4,329)</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2003**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Charges for Services</b>				
Unified Court costs	510,250	510,250	434,280	(75,970)
Unified Court - Probation	311,000	311,000	297,745	(13,255)
County Clerk costs	95,500	95,500	95,639	139
Friend of the Court costs	23,000	23,000	24,107	1,107
Bond costs	8,000	8,000	8,407	407
<b>Unified Court</b>				
Screening assessment	45,000	45,000	40,414	(4,586)
Probate Court	46,000	46,000	38,810	(7,190)
Civil	138,000	138,000	160,192	22,192
Warrant fees	29,000	29,000	15,920	(13,080)
Friend of the Court	5,500	5,500	5,992	492
Child Care	15,000	15,000	14,813	(187)
Court	1,000	1,000	765	(235)
Searches and motion fees	17,200	17,200	17,221	21
Jury, entry and forensic fees	10,000	10,000	12,419	2,419
Other	1,375	1,375	1,268	(107)
Animal shelter	2,500	2,500	-	(2,500)
<b>County Clerk</b>				
DBA/Co-partnership	7,000	7,000	7,078	78
Certified	36,000	36,000	33,115	(2,885)
Copies	5,300	5,300	6,803	1,503
Other	10,450	10,450	14,332	3,882
Equalization	100	100	351	251
<b>Register of Deeds</b>				
Transfer	100,000	100,000	129,182	29,182
Recordings	175,000	175,000	306,670	131,670
Copies	18,000	18,000	49,699	31,699
Other	600	600	794	194
<b>County Treasurer</b>	79,500	79,500	84,696	5,196
<b>Sheriff</b>	54,350	54,350	44,269	(10,081)
<b>Jail</b>	243,200	243,200	235,450	(7,750)
<b>Other</b>	700	9,700	15,989	6,289
<b>Sales</b>				
<b>Sheriff</b>				
Canteen	2,000	2,000	1,689	(311)
Auction	6,000	6,000	6,680	680
Other	20,750	12,750	12,033	(717)
Film	7,000	7,000	11,292	4,292
<b>Animal shelter</b>	5,000	5,000	-	(5,000)
<b>Total Charges for Services</b>	<u>2,029,275</u>	<u>2,030,275</u>	<u>2,128,114</u>	<u>97,839</u>
<b>Fines and Forfeits</b>				
Unified Court				
Bond forfeitures	15,000	15,000	12,790	(2,210)
Ordinance fines and warrant fees	70,100	70,100	74,398	4,298
County Treasurer	7,500	7,500	10,832	3,332
Sheriff	2,600	2,600	675	(1,925)
<b>Total Fines and Forfeits</b>	<u>95,200</u>	<u>95,200</u>	<u>98,695</u>	<u>3,495</u>

(Continued)

**TUSCOLA COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Interests and Rents</b>				
Interests	135,000	135,000	84,918	(50,082)
Rentals	90,976	90,976	90,776	(200)
<b>Total Interest and Rent</b>	<u>225,976</u>	<u>225,976</u>	<u>175,694</u>	<u>(50,282)</u>
<b>Other Revenue</b>				
Reimbursements and Refunds	423,918	497,089	470,476	(26,613)
<b>TOTAL REVENUES</b>	<u>10,023,978</u>	<u>10,295,679</u>	<u>10,196,929</u>	<u>(98,750)</u>
<b>TRANSFERS IN</b>				
Revolving Tax	750,000	750,000	599,161	(150,839)
Spotlight	-	-	10	10
County Retirement	-	-	140,974	140,974
<b>TOTAL TRANSFERS IN</b>	<u>750,000</u>	<u>750,000</u>	<u>740,145</u>	<u>(9,855)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURC</b>	<u>\$ 10,773,978</u>	<u>\$ 11,045,679</u>	<u>\$ 10,937,074</u>	<u>\$ (108,605)</u>

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>LEGISLATIVE</b>				
<b>Board of Commissioners</b>				
Salaries and fringes	\$ 78,150	\$ 80,350	\$ 77,234	\$ (3,116)
Supplies, printing and postage	3,500	3,500	3,159	(341)
Memberships and subscription	11,000	11,000	10,320	(680)
Travel	6,000	6,700	5,314	(1,386)
Advertising	2,000	2,000	1,344	(656)
Telephone	-	614	614	-
Employee training	4,500	6,788	6,788	-
<b>TOTAL LEGISLATIVE</b>	<u>105,150</u>	<u>110,952</u>	<u>104,773</u>	<u>(6,179)</u>
<b>JUDICIAL</b>				
<b>Unified Court</b>				
Salaries and fringes	1,515,448	1,523,140	1,514,537	(8,603)
Supplies, printing and postage	45,750	42,750	38,705	(4,045)
Screening assessment	-	3,369	3,369	-
Contracted services	2,500	8,385	8,385	-
Court appointed counsel	410,000	350,000	332,655	(17,345)
Court appointed appeal of right	16,000	16,000	2,172	(13,828)
Gal attorney fees	-	78,663	78,663	-
Guardianship service	2,000	2,000	1,770	(230)
Steno transcript	9,000	9,000	4,900	(4,100)
Steno appeal transcript	3,000	8,300	8,300	-
Jury fees, meals and travel	49,000	58,048	58,048	-
Witness fees and travel	9,500	9,670	9,670	-
Memberships and subscriptions	5,050	5,590	5,590	-
Visiting judge	13,500	13,500	9,113	(4,387)
Travel	6,950	6,950	6,634	(316)
Telephone	1,000	1,342	1,342	-
Advertising	1,200	1,200	603	(597)
Repairs and maintenance	6,050	6,050	4,139	(1,911)
Employee training	6,350	6,350	2,780	(3,570)
Books	5,100	5,100	2,683	(2,417)
<b>Total Unified Court</b>	<u>2,107,398</u>	<u>2,155,407</u>	<u>2,094,058</u>	<u>(61,349)</u>
<b>Jury Commission</b>				
Salaries and fringes	1,850	1,850	1,344	(506)
Supplies, printing and postage	2,600	2,676	2,676	-
Travel	300	300	284	(16)
<b>Total Jury Commission</b>	<u>4,750</u>	<u>4,826</u>	<u>4,304</u>	<u>(522)</u>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Adult Probation</b>				
Supplies, printing and postage	\$ 6,000	\$ 6,000	\$ 5,909	\$ (91)
Utilities	2,800	2,976	2,976	-
Lease payments	6,000	6,000	6,000	-
<b>Total Adult Probation</b>	<u>14,800</u>	<u>14,976</u>	<u>14,885</u>	<u>(91)</u>
<b>TOTAL JUDICIAL</b>	<u>2,126,948</u>	<u>2,175,209</u>	<u>2,113,247</u>	<u>(61,962)</u>
<b>GENERAL GOVERNMENT</b>				
<b>Elections</b>				
Salaries and fringes	700	1,098	1,098	-
Supplies, printing and postage	11,200	8,200	4,444	(3,756)
Reimbursements	-	17,219	17,219	-
Travel	150	150	84	(66)
<b>Total Elections</b>	<u>12,050</u>	<u>26,667</u>	<u>22,845</u>	<u>(3,822)</u>
<b>Legal</b>	<u>60,000</u>	<u>60,000</u>	<u>50,607</u>	<u>(9,393)</u>
<b>County Clerk</b>				
Salaries and fringes	313,123	314,732	314,732	-
Supplies, printing and postage	13,500	13,500	12,519	(981)
Memberships and subscription	750	750	495	(255)
Employee training	2,600	2,600	2,366	(234)
Travel	600	600	217	(383)
Other	125	125	-	(125)
<b>Total County Clerk</b>	<u>330,698</u>	<u>332,307</u>	<u>330,329</u>	<u>(1,978)</u>
<b>Controller</b>				
Salaries and fringes	301,396	301,396	296,508	(4,888)
Supplies, printing and postage	4,600	4,600	3,242	(1,358)
Memberships and subscription	1,100	1,100	775	(325)
Health services	2,800	2,800	1,893	(907)
Travel	800	800	201	(599)
Employee training	3,450	3,450	1,474	(1,976)
<b>Total Controller</b>	<u>314,146</u>	<u>314,146</u>	<u>304,093</u>	<u>(10,053)</u>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>Equalizations</b>				
Salaries and fringes	\$ 151,541	\$ 157,969	\$ 157,969	\$ -
Supplies, printing and postage	1,600	1,600	896	(704)
Memberships and subscription	860	860	505	(355)
Travel	2,000	2,000	519	(1,481)
Employee training	1,200	1,200	540	(660)
<b>Total Equalization</b>	<u>157,201</u>	<u>163,629</u>	<u>160,429</u>	<u>(3,200)</u>
<b>Prosecuting Attorney</b>				
Salaries and fringes	388,383	388,383	369,767	(18,616)
Supplies, printing and postage	7,000	7,000	6,908	(92)
Contracted services	1,500	1,500	250	(1,250)
Steno transcript	1,500	1,507	1,507	-
Steno appeal transcript	500	500	351	(149)
Memberships and subscription	5,500	5,500	2,675	(2,825)
Travel	1,500	1,500	662	(838)
Equipment rental	500	500	-	(500)
Employee training	2,500	2,740	2,740	-
Books	7,500	7,547	7,547	-
<b>Total Prosecuting Attorney</b>	<u>416,383</u>	<u>416,677</u>	<u>392,407</u>	<u>(24,270)</u>
<b>Cooperative reimbursement - Prosecutor</b>				
Salaries and fringes	146,107	146,107	134,668	(11,439)
Supplies, printing and postage	3,700	3,700	1,726	(1,974)
Contracted services	1,400	1,400	690	(710)
Memberships and subscription	1,300	1,300	279	(1,021)
Telephone	900	900	619	(281)
Travel	800	800	-	(800)
Repairs and maintenance	475	475	-	(475)
Employee training	900	900	-	(900)
<b>Total Cooperative Reimbursement - Prosecutor</b>	<u>155,582</u>	<u>155,582</u>	<u>137,982</u>	<u>(17,600)</u>
<b>Register of Deeds</b>				
Salaries and fringes	215,833	225,666	225,666	-
Supplies, printing and postage	6,000	6,000	4,115	(1,885)
Memberships and subscription	600	600	557	(43)
Travel	1,200	1,200	1,012	(188)
Employee training	1,800	1,800	722	(1,078)
<b>Total Register of Deeds</b>	<u>225,433</u>	<u>235,266</u>	<u>232,072</u>	<u>(3,194)</u>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Treasurer</b>				
Salaries and fringes	\$ 250,225	\$ 266,818	\$ 266,818	\$ -
Supplies, printing and postage	54,000	54,000	48,857	(5,143)
Memberships and subscription	300	300	285	(15)
Travel	1,000	1,000	349	(651)
Employee training	1,900	1,900	1,635	(265)
<b>Total Treasurer</b>	<b>307,425</b>	<b>324,018</b>	<b>317,944</b>	<b>(6,074)</b>
<b>Cooperative Extension</b>				
Salaries and fringes	1,450	4,011	4,011	-
Supplies, printing and postage	8,160	8,138	7,981	(157)
Contractual services	34,000	36,215	36,215	-
Memberships and subscription	240	340	340	-
Travel	3,600	4,384	4,384	-
Repairs and maintainance	3,500	3,522	3,522	-
Employee training	1,500	800	705	(95)
<b>Total Cooperative Extension</b>	<b>52,450</b>	<b>57,410</b>	<b>57,158</b>	<b>(252)</b>
<b>Computer Operations</b>				
Salaries and fringes	114,799	114,799	110,461	(4,338)
Supplies, printing and postage	11,000	11,740	11,740	-
Microfilm contractual service	5,000	5,000	4,953	(47)
Memberships and subscription	700	926	926	-
Travel	300	300	200	(100)
Employee training	2,000	2,000	473	(1,527)
Computer service contract	168,733	195,051	195,051	-
Computer repairs and maintainance	12,000	12,653	12,653	-
Computer contractual	3,500	19,816	19,816	-
<b>Total Computer Operations</b>	<b>318,032</b>	<b>362,285</b>	<b>356,273</b>	<b>(6,012)</b>
<b>Building and Grounds</b>				
Salaries and fringes	305,498	305,148	295,749	(9,399)
Supplies, printing and postage	12,700	12,700	9,919	(2,781)
Uniforms and accessories	2,700	2,700	2,421	(279)
Gas, oil and grease	6,500	6,500	6,007	(493)
Janitorial supplies	18,000	18,000	14,160	(3,840)
Telephone	65,000	65,000	62,203	(2,797)
Utilities	181,000	181,000	171,821	(9,179)
Repairs and maintainance	84,700	90,660	90,660	-
Grounds care and maintainance	7,500	7,925	7,925	-
<b>Total Building and Grounds</b>	<b>683,598</b>	<b>689,633</b>	<b>660,865</b>	<b>(28,768)</b>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Drain Commission</b>				
Salaries and fringes	\$ 143,737	\$ 146,249	\$ 146,249	\$ -
Supplies, printing and postage	8,200	8,200	5,700	(2,500)
Memberships and subscription	700	700	488	(212)
Travel	3,000	3,000	1,388	(1,612)
Employee training	2,800	2,800	2,701	(99)
<b>Total Drain Commission</b>	<u>158,437</u>	<u>160,949</u>	<u>156,526</u>	<u>(4,423)</u>
<b>Livestock Claims</b>				
Trustee fees	10	10	5	(5)
Dog damages	990	990	798	(192)
<b>Total Livestock Claims</b>	<u>1,000</u>	<u>1,000</u>	<u>803</u>	<u>(197)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>3,192,435</u>	<u>3,299,569</u>	<u>3,180,333</u>	<u>(119,236)</u>
<b>PUBLIC SAFETY</b>				
<b>Courthouse Security</b>				
Salaries and fringes	107,590	107,590	98,402	(9,188)
Supplies, printing and postage	600	600	300	(300)
Laundry - employees	800	800	381	(419)
Employee training	1,500	1,500	709	(791)
<b>Total Courthouse Security</b>	<u>110,490</u>	<u>110,490</u>	<u>99,792</u>	<u>(10,698)</u>
<b>Sheriff's Department</b>				
Salaries and fringes	1,188,209	1,190,459	1,169,999	(20,460)
Supplies, printing and postage	12,250	10,750	10,386	(364)
Food	72,000	72,000	71,262	(738)
Vehicle operating supplies	1,200	1,200	995	(205)
Kitchen supplies	1,300	1,300	806	(494)
Other supplies	1,100	600	401	(199)
Clothing and bedding	6,500	6,681	6,681	-
Uniforms and accessories	7,000	7,000	5,842	(1,158)
Gas, oil and grease	4,500	5,102	5,102	-
Drugs and prescriptions	13,000	13,000	11,438	(1,562)
Janitorial supplies	9,000	9,000	7,621	(1,379)
Contractual services	41,715	41,715	35,540	(6,175)
Memberships and subscription	2,000	2,000	1,179	(821)
Laundry - employees	4,500	4,591	4,591	-
Laundry - inmates	3,500	3,511	3,511	-
Health services	28,000	33,051	33,051	-
Telephone	31,000	33,096	33,096	-

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Sheriff - Continued</b>				
Travel	\$ 1,000	\$ 1,000	\$ 661	\$ (339)
Advertising (help bids)	1,000	1,021	1,021	-
Insurance and bonds	10,734	10,734	10,241	(493)
Repairs and maintainance	5,800	5,580	4,946	(634)
Equipment rental	3,388	3,388	3,173	(215)
Employee training	6,500	6,500	5,941	(559)
<b>Total Sheriff's Department</b>	<b>1,455,196</b>	<b>1,463,279</b>	<b>1,427,484</b>	<b>(35,795)</b>
<b>Marine Safety</b>				
Salaries and fringes	20,765	22,265	21,848	(417)
Supplies, printing and postage	300	300	221	(79)
Uniforms and accessories	700	1,300	1,221	(79)
Gas, oil and grease	1,200	1,445	1,445	-
Equipment maintainance and supplies	300	300	300	-
Insurance	2,568	2,568	2,381	(187)
Repairs and maintainance	1,000	1,426	1,426	-
Rentals	2,935	3,050	3,050	-
Employee training	950	950	299	(651)
Equipment	500	809	809	-
<b>Total Marine Safety</b>	<b>31,218</b>	<b>34,413</b>	<b>33,000</b>	<b>(1,413)</b>
<b>Secondary Road Patrol</b>				
Salaries and fringes	108,280	108,956	108,956	-
Uniforms and accessories	400	400	400	-
Gas, oil and grease	3,000	4,176	4,176	-
Laundry	450	491	491	-
Liability and blanket bond	5,450	6,233	6,233	-
Equipment	2,189	2,189	120	(2,069)
<b>Total Secondary Road Patrol</b>	<b>119,769</b>	<b>122,445</b>	<b>120,376</b>	<b>(2,069)</b>
<b>Thumb Area Narcotics Group</b>				
Salaries and fringes	70,768	72,293	72,293	-
Uniforms and accessories	300	300	300	-
Insurance	2,281	3,781	3,697	(84)
<b>Total Thumb Area Narcotics Group</b>	<b>73,349</b>	<b>76,374</b>	<b>76,290</b>	<b>(84)</b>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Planning Commission</b>				
Salaries and fringes	\$ -	\$ 127	\$ 127	\$ -
Supplies, printing and postage	-	1,000	99	(901)
Contractual services	-	98	98	-
Travel	-	1,000	-	(1,000)
<b>Total Planning Commission</b>	<b>-</b>	<b>2,225</b>	<b>324</b>	<b>(1,901)</b>
<b>Plat Board</b>				
Salaries and fringes	1,005	1,005	542	(463)
<b>Emergency Services</b>				
Salaries and fringes	60,793	63,687	63,687	-
Supplies, printing and postage	3,100	3,100	2,428	(672)
Uniforms and accessories	600	600	477	(123)
Gas, oil and grease	550	761	761	-
Memberships and subscription	400	400	308	(92)
Telephone	1,350	1,350	983	(367)
Travel	400	400	370	(30)
Vehicle Insurance	3,665	3,697	3,697	-
Repairs and maintainance	3,250	3,250	2,224	(1,026)
Employee training	1,000	1,000	994	(6)
<b>Total Emergency Services</b>	<b>75,108</b>	<b>78,245</b>	<b>75,929</b>	<b>(2,316)</b>
<b>Emergency preparedness</b>	<b>59,378</b>	<b>99,960</b>	<b>97,224</b>	<b>(2,736)</b>
<b>Emergency planning</b>	<b>-</b>	<b>18,440</b>	<b>18,440</b>	<b>-</b>
<b>Animal Shelter</b>				
Salaries and fringes	4,300	6,290	4,719	(1,571)
Contractual services	-	20,148	20,148	-
Supplies, printing and postage	-	421	421	-
Dog license and collection fees	-	150	150	-
Telephone	-	58	58	-
<b>Total Animal Shelter</b>	<b>4,300</b>	<b>27,067</b>	<b>25,496</b>	<b>(1,571)</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>1,929,813</b>	<b>2,033,943</b>	<b>1,974,897</b>	<b>(59,046)</b>

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>PUBLIC WORKS</b>				
<b>Building Codes</b>				
Salaries and fringes	\$ -	\$ 7,454	\$ 7,454	\$ -
Supplies, printing and postage	-	407	407	-
Contractual services	447,600	713,100	709,275	(3,825)
Travel	-	176	176	-
Refund and rebates	-	741	741	-
<b>Total Building Codes</b>	<u>447,600</u>	<u>721,878</u>	<u>718,053</u>	<u>(3,825)</u>
<b>Drains at Large</b>	<u>465,887</u>	<u>465,887</u>	<u>465,887</u>	<u>-</u>
<b>TOTAL PUBLIC WORKS</b>	<u>913,487</u>	<u>1,187,765</u>	<u>1,183,940</u>	<u>(3,825)</u>
<b>HEALTH AND WELFARE</b>				
<b>Substance abuse</b>	<u>49,000</u>	<u>49,000</u>	<u>46,962</u>	<u>(2,038)</u>
<b>Medical Examiner</b>				
Salaries and fringes	3,405	847	642	(205)
Supplies, printing and postage	2,000	2,000	1,970	(30)
Body Transport	3,500	3,500	1,726	(1,774)
Autopsies	11,000	13,015	13,015	-
Employee training	600	600	600	-
Contractual services	7,187	9,745	9,687	(58)
<b>Total Medical Examiner</b>	<u>27,692</u>	<u>29,707</u>	<u>27,640</u>	<u>(2,067)</u>
<b>Veterans' Burial</b>	<u>16,000</u>	<u>16,000 #</u>	<u>14,040</u>	<u>(1,960)</u>
<b>Economic Development</b>	<u>25,000</u>	<u>25,000 #</u>	<u>25,000</u>	<u>-</u>
<b>Mental Health Appropriations</b>	<u>288,243</u>	<u>288,243 #</u>	<u>288,243</u>	<u>-</u>
<b>Cigarette tax</b>	<u>34,000</u>	<u>34,000 #</u>	<u>24,735</u>	<u>(9,265)</u>
<b>TOTAL HEALTH AND WELFARE</b>	<u>439,935</u>	<u>441,950</u>	<u>426,620</u>	<u>(15,330)</u>
<b>OTHER</b>				
Insurance and bonds	174,000	174,000	156,823	(17,177)
Tax refunds and rebates	-	1,270	1,270	-
Appropriations	105,990	48,909	2,987	(45,922)
Audit	25,000	25,000	24,200	(800)
Accounting services	37,500	37,500	25,455	(12,045)
<b>TOTAL OTHER</b>	<u>342,490</u>	<u>286,679</u>	<u>210,735</u>	<u>(75,944)</u>
<b>TOTAL EXPENDITURES</b>	<u>9,050,258</u>	<u>9,536,067</u>	<u>9,194,545</u>	<u>(341,522)</u>

(Continued)

**TUSCOLA COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2003**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>TRANSFERS OUT</b>				
Road Patrol	\$ 162,000	\$ 162,000	\$ 162,000	\$ -
Friend of the Court	383,702	399,392	399,392	-
Health Department	296,658	296,658	296,658	-
Veterans Counsel	54,616	54,616	54,616	-
Equipment/Capital Improvement	150,000	152,220	152,220	-
State Survey Grant	6,500	9,475	7,399	(2,076)
Leaders	40,000	40,000	40,000	-
Child Care - Family Independence Agency	132,500	132,500	132,500	-
JAIB Block Grant	744	744	744	-
Family Independence Agency	15,000	15,000	15,000	-
Probate Child Care	440,000	440,000	440,000	-
Soldiers' Relief	12,000	12,000	12,000	-
Worker's compensation	30,000	30,000	30,000	-
<b>TOTAL TRANSFERS OUT</b>	<u>1,723,720</u>	<u>1,744,605</u>	<u>1,742,529</u>	<u>(2,076)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 10,773,978</u>	<u>\$ 11,280,672</u>	<u>\$ 10,937,074</u>	<u>\$ (343,598)</u>

# **NONMAJOR GOVERNMENTAL FUNDS**

# NONMAJOR GOVERNMENTAL FUNDS

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## **SPECIAL REVENUE FUNDS:**

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.

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

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

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

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

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.

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

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

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.

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

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.

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

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.

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.

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.

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

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.

## **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

Dispatch Building and Equipment (378)  
State Police Post Building (381)  
FIA (Social Service) Building (395)

## **CAPITAL PROJECT FUNDS:**

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

### Building Authority

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

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

## **PERMANENT FUNDS:**

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





**TUSCOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,231,479	\$ 97,296	\$ 849,266	\$ -	\$ 2,178,041
Investments	270,296	33,116	823,140	6,841	1,133,393
Taxes receivable	2,147,271	-	-	-	2,147,271
Taxes receivable - delinquent	21,604	-	-	-	21,604
Accounts receivable	156,017	-	-	-	156,017
Accrued interest receivable	-	-	866	-	866
Due from other funds	493,050	175	-	-	493,225
Due from component units	2,077	-	-	-	2,077
Due from State	526,896	-	-	-	526,896
<b>TOTAL ASSETS</b>	<b>\$ 4,848,690</b>	<b>\$ 130,587</b>	<b>\$ 1,673,272</b>	<b>\$ 6,841</b>	<b>\$ 6,659,390</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Account payable	\$ 102,684	\$ -	\$ -	\$ -	\$ 102,684
Accrued liabilities	81,061	-	-	-	81,061
Due to other funds	440,292	-	-	-	440,292
Deposits payable	40,000	-	-	-	40,000
Deferred revenue	2,168,875	-	-	-	2,168,875
<b>TOTAL LIABILITIES</b>	<b>2,832,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,832,912</b>
<b>FUND BALANCE</b>					
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Reserved for construction	-	-	1,673,272	-	1,673,272
Reserved for debt retirement	-	130,587	-	-	130,587
Unreserved Undesignated	2,015,778	-	-	41	2,015,819
<b>TOTAL FUND BALANCE</b>	<b>2,015,778</b>	<b>130,587</b>	<b>1,673,272</b>	<b>6,841</b>	<b>3,826,478</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,848,690</b>	<b>\$ 130,587</b>	<b>\$ 1,673,272</b>	<b>\$ 6,841</b>	<b>\$ 6,659,390</b>

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,075,222	\$ -	\$ -	\$ -	\$ 2,075,222
Intergovernmental					
Federal	719,196	-	-	-	719,196
State	1,176,423	162,134	-	-	1,338,557
Local	212,821	352,970	-	-	565,791
Charges for services	1,361,126	-	-	-	1,361,126
Fines and forfeits	8,577	-	-	-	8,577
Interest and rent	25,482	1,229	14,355	59	41,125
Reimbursements and refunds	8,046	-	-	-	8,046
Other	38,925	-	-	-	38,925
<b>TOTAL REVENUES</b>	<b>5,625,818</b>	<b>516,333</b>	<b>14,355</b>	<b>59</b>	<b>6,156,565</b>
<b>EXPENDITURES</b>					
Current					
Judicial	1,154,660	-	-	-	1,154,660
General Government	1,077,625	-	-	-	1,077,625
Public Safety	2,416,072	-	-	-	2,416,072
Health and Welfare	1,563,617	-	-	-	1,563,617
Culture and recreation	1,766	-	-	75	1,841
Capital outlay	355,773	-	2,206	-	357,979
Debt service	-	787,866	-	-	787,866
<b>TOTAL EXPENDITURES</b>	<b>6,569,513</b>	<b>787,866</b>	<b>2,206</b>	<b>75</b>	<b>7,359,660</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(943,695)</b>	<b>(271,533)</b>	<b>12,149</b>	<b>(16)</b>	<b>(1,203,095)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	1,361,555	277,365	-	-	1,638,920
Transfer out	(277,500)	(175)	-	-	(277,675)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,084,055</b>	<b>277,190</b>	<b>-</b>	<b>-</b>	<b>1,361,245</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>140,360</b>	<b>5,657</b>	<b>12,149</b>	<b>(16)</b>	<b>158,150</b>
FUND BALANCE, BEGINNING OF YEAR	1,875,418	124,930	1,661,123	6,857	3,668,328
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,015,778</b>	<b>\$ 130,587</b>	<b>\$ 1,673,272</b>	<b>\$ 6,841</b>	<b>\$ 3,826,478</b>

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2003**

<b>ASSETS</b>	Parks and Recreation	County Disaster	Local Government Police Contract
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 6,209	\$ 2,692	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	6,209
Allowance for uncollectible accounts	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Due from component units	-	-	-
Due from State	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 6,209</u></u>	<u><u>\$ 2,692</u></u>	<u><u>\$ 6,209</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Account payable	\$ 114	\$ -	\$ 59
Accrued liabilities	-	-	1,425
Due to other funds	-	-	4,624
Deposits payable	-	-	-
Deferred revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>114</u>	<u>-</u>	<u>6,108</u>
<b>FUND BALANCE</b>			
Unreserved			
Designated for capital improvements	-	-	-
Undesignated	6,095	2,692	101
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCE</b>	<u>6,095</u>	<u>2,692</u>	<u>101</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 6,209</u></u>	<u><u>\$ 2,692</u></u>	<u><u>\$ 6,209</u></u>

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Building Strong Families
\$ -	\$ 36,115	\$ 189,550	\$ -	\$ 29,453	\$ 1,360
-	-	25,173	-	17,745	-
-	-	-	-	171,722	-
-	-	71	-	352	-
1,597	30	117,849	5,926	322	-
-	-	-	-	-	-
-	-	-	-	-	-
15,000	-	44,331	-	-	-
-	-	-	-	-	-
345,143	-	29,038	-	-	3,677
<u>\$ 361,740</u>	<u>\$ 36,145</u>	<u>\$ 406,012</u>	<u>\$ 5,926</u>	<u>\$ 219,594</u>	<u>\$ 5,037</u>

\$ 2,212	\$ 43	\$ 1,632	\$ 137	\$ 523	\$ 184
9,750	-	19,359	1,236	1,760	-
317,208	-	175	4,553	6,398	-
-	-	-	-	-	-
-	-	71	-	172,074	-
<u>329,170</u>	<u>43</u>	<u>21,237</u>	<u>5,926</u>	<u>180,755</u>	<u>184</u>
-	-	-	-	-	-
32,570	36,102	384,775	-	38,839	4,853
<u>32,570</u>	<u>36,102</u>	<u>384,775</u>	<u>-</u>	<u>38,839</u>	<u>4,853</u>
<u>\$ 361,740</u>	<u>\$ 36,145</u>	<u>\$ 406,012</u>	<u>\$ 5,926</u>	<u>\$ 219,594</u>	<u>\$ 5,037</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2003**

<b>ASSETS</b>	Victim Services	Millington Township Police Contract	Access/ Visitation
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	12,312	-
Allowance for uncollectible accounts	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Due from component units	-	-	-
Due from State	13,395	-	-
<b>TOTAL ASSETS</b>	<b>\$ 13,395</b>	<b>\$ 12,312</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Account payable	\$ 222	\$ 148	\$ -
Accrued liabilities	-	2,696	-
Due to other funds	11,537	9,467	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>11,759</b>	<b>12,311</b>	<b>-</b>
<b>FUND BALANCE</b>			
Unreserved			
Designated for capital improvements	-	-	-
Undesignated	1,636	1	-
<b>TOTAL FUND BALANCE</b>	<b>1,636</b>	<b>1</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 13,395</b>	<b>\$ 12,312</b>	<b>\$ -</b>

Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant	Criminal Forfeiture
\$ 90,870	\$ 211,209	\$ 10,051	\$ -	\$ -	\$ 733
93,675	-	-	-	-	-
730,766	-	-	-	-	-
6,386	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,124	-	-	-	-	-
-	-	-	2,077	-	-
-	-	-	37,570	15,861	-
<u>\$ 982,821</u>	<u>\$ 211,209</u>	<u>\$ 10,051</u>	<u>\$ 39,647</u>	<u>\$ 15,861</u>	<u>\$ 733</u>
\$ 320	\$ 112	\$ 10,051	\$ -	\$ 1,967	\$ -
-	-	-	-	1,247	-
-	-	-	39,646	8,353	-
-	-	-	-	-	-
737,152	-	-	-	-	-
<u>737,472</u>	<u>112</u>	<u>10,051</u>	<u>39,646</u>	<u>11,567</u>	<u>-</u>
245,349	-	-	-	-	-
-	211,097	-	1	4,294	733
<u>245,349</u>	<u>211,097</u>	<u>-</u>	<u>1</u>	<u>4,294</u>	<u>733</u>
<u>\$ 982,821</u>	<u>\$ 211,209</u>	<u>\$ 10,051</u>	<u>\$ 39,647</u>	<u>\$ 15,861</u>	<u>\$ 733</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2003**

<b>ASSETS</b>	Community Corrections Services	Drug Enforcement	Law Library	LEADERS
Cash and cash equivalents	\$ -	\$ 14,055	\$ 7,515	\$ 78,100
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	11,427	-	-	-
Allowance for uncollectible accounts	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Due from State	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,427</b>	<b>\$ 14,055</b>	<b>\$ 7,515</b>	<b>\$ 78,100</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Account payable	\$ 51	\$ -	\$ 203	\$ 262
Accrued liabilities	-	-	-	106
Due to other funds	3,584	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,635</b>	<b>-</b>	<b>203</b>	<b>368</b>
<b>FUND BALANCE</b>				
Unreserved				
Designated for capital improvements	-	-	-	-
Undesignated	7,792	14,055	7,312	77,732
<b>TOTAL FUND BALANCE</b>	<b>7,792</b>	<b>14,055</b>	<b>7,312</b>	<b>77,732</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 11,427</b>	<b>\$ 14,055</b>	<b>\$ 7,515</b>	<b>\$ 78,100</b>

Spotlight Grant	Computer Tech Grant Phase II	Michigan Justice Training	Child Care F.I.A.	JAIB Block Grant	Family Independence Agency
\$ -	\$ 18,327	\$ 6,717	\$ 29,917	\$ -	\$ 90,369
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	345	-
-	-	-	-	-	-
-	-	-	12,205	140	-
-	-	-	-	-	-
-	-	-	-	621	14,176
<u>\$ -</u>	<u>\$ 18,327</u>	<u>\$ 6,717</u>	<u>\$ 42,122</u>	<u>\$ 1,106</u>	<u>\$ 104,545</u>
\$ -	\$ -	\$ -	\$ -	\$ 525	\$ 245
-	-	-	-	-	-
-	-	-	-	74	-
-	-	-	-	-	40,000
-	-	-	-	-	-
-	-	-	-	599	40,245
-	-	-	-	-	-
-	18,327	6,717	42,122	507	64,300
-	18,327	6,717	42,122	507	64,300
<u>\$ -</u>	<u>\$ 18,327</u>	<u>\$ 6,717</u>	<u>\$ 42,122</u>	<u>\$ 1,106</u>	<u>\$ 104,545</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2003**

<b>ASSETS</b>	Probate Child Care	Soldiers' Relief	Veterans' Trust	Voted Senior Citizens
Cash and cash equivalents	\$ 41,301	\$ 79	\$ 861	\$ 61,920
Investments	-	-	-	34,251
Taxes receivable	-	-	-	226,282
Taxes receivable - delinquent	-	-	-	2,520
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	22,328
Due from component units	-	-	-	-
Due from State	67,415	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 108,716</b>	<b>\$ 79</b>	<b>\$ 861</b>	<b>\$ 347,301</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Account payable	\$ 70,088	\$ -	\$ -	\$ 6,435
Accrued liabilities	-	-	-	-
Due to other funds	12,345	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	228,802
<b>TOTAL LIABILITIES</b>	<b>82,433</b>	<b>-</b>	<b>-</b>	<b>235,237</b>
<b>FUND BALANCE</b>				
Unreserved				
Designated for capital improvements	-	-	-	-
Undesignated	26,283	79	861	112,064
<b>TOTAL FUND BALANCE</b>	<b>26,283</b>	<b>79</b>	<b>861</b>	<b>112,064</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 108,716</b>	<b>\$ 79</b>	<b>\$ 861</b>	<b>\$ 347,301</b>

Building and Site	Employee Vacation and Sick Time	Register of Deeds Automation	Road Patrol	Totals
\$ 30,915	\$ 234,663	\$ 38,498	\$ -	\$ 1,231,479
-	-	3,714	95,738	270,296
-	-	-	1,018,501	2,147,271
-	-	-	12,275	21,604
-	-	-	-	156,017
-	337,922	-	-	493,050
-	-	-	-	2,077
-	-	-	-	526,896
<u>\$ 30,915</u>	<u>\$ 572,585</u>	<u>\$ 42,212</u>	<u>\$ 1,126,514</u>	<u>\$ 4,848,690</u>

\$ -	\$ -	\$ 3,198	\$ 3,953	\$ 102,684
-	17,289	-	26,193	81,061
-	-	-	22,328	440,292
-	-	-	-	40,000
-	-	-	1,030,776	2,168,875
-	17,289	3,198	1,083,250	2,832,912
-	-	-	-	245,349
<u>30,915</u>	<u>555,296</u>	<u>39,014</u>	<u>43,264</u>	<u>1,770,429</u>
<u>30,915</u>	<u>555,296</u>	<u>39,014</u>	<u>43,264</u>	<u>2,015,778</u>
<u>\$ 30,915</u>	<u>\$ 572,585</u>	<u>\$ 42,212</u>	<u>\$ 1,126,514</u>	<u>\$ 4,848,690</u>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Parks and Recreation			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	2,000	1,766	(234)
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>2,000</u>	<u>1,766</u>	<u>(234)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(2,000)</u>	<u>(1,766)</u>	<u>234</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(2,000)	(1,766)	234
FUND BALANCE, BEGINNING OF YEAR	7,861	7,861	7,861	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,861</u>	<u>\$ 5,861</u>	<u>\$ 6,095</u>	<u>\$ 234</u>

County Disaster				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	62,124	62,124	58,569	(3,555)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	62,124	62,124	58,569	(3,555)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	62,124	62,124	58,568	(3,556)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	1
2,692	2,692	2,692	-	100	100	100	-
\$ 2,692	\$ 2,692	\$ 2,692	\$ -	\$ 100	\$ 100	\$ 101	\$ 1

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Friend of the Court Act 294			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	509,552	509,552	492,794	(16,758)
State	225,406	225,406	209,843	(15,563)
Local	-	-	-	-
Charges for services	57,800	57,800	59,616	1,816
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	10,031	13,980	11,924	(2,056)
<b>TOTAL REVENUES</b>	<b>802,789</b>	<b>806,738</b>	<b>774,177</b>	<b>(32,561)</b>
<b>EXPENDITURES</b>				
Current				
Judicial	1,180,041	1,184,680	1,142,909	(41,771)
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	6,450	6,450	2,177	(4,273)
<b>TOTAL EXPENDITURES</b>	<b>1,186,491</b>	<b>1,191,130</b>	<b>1,145,086</b>	<b>(46,044)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(383,702)</b>	<b>(384,392)</b>	<b>(370,909)</b>	<b>13,483</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	383,702	399,392	399,392	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>383,702</b>	<b>399,392</b>	<b>399,392</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>15,000</b>	<b>28,483</b>	<b>13,483</b>
FUND BALANCE, BEGINNING OF YEAR	4,087	4,087	4,087	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 4,087</b>	<b>\$ 19,087</b>	<b>\$ 32,570</b>	<b>\$ 13,483</b>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	75,000	75,000	121,519	46,519
-	-	-	-	-	-	-	-
6,000	6,000	6,000	-	1,153,644	1,153,644	1,105,579	(48,065)
-	-	-	-	-	-	-	-
-	-	-	-	1,700	1,700	3,248	1,548
8,000	8,000	3,550	(4,450)	-	-	-	-
-	-	-	-	24,535	24,535	21,283	(3,252)
14,000	14,000	9,550	(4,450)	1,254,879	1,254,879	1,251,629	(3,250)
12,821	12,821	9,049	(3,772)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	851,915	862,765	854,927	(7,838)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	35,000	52,333	52,333	-
12,821	12,821	9,049	(3,772)	886,915	915,098	907,260	(7,838)
1,179	1,179	501	(678)	367,964	339,781	344,369	4,588
-	-	-	-	-	-	-	-
-	-	-	-	(277,190)	(277,190)	(277,190)	-
-	-	-	-	(277,190)	(277,190)	(277,190)	-
1,179	1,179	501	(678)	90,774	62,591	67,179	4,588
35,601	35,601	35,601	-	317,596	317,596	317,596	-
\$ 36,780	\$ 36,780	\$ 36,102	\$ (678)	\$ 408,370	\$ 380,187	\$ 384,775	\$ 4,588

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Vassar Township Police Contract			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	59,430	59,505	60,114	609
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>59,430</b>	<b>59,505</b>	<b>60,114</b>	<b>609</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	59,430	62,505	60,114	(2,391)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>59,430</b>	<b>62,505</b>	<b>60,114</b>	<b>(2,391)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(3,000)</b>	<b>-</b>	<b>3,000</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(3,000)</b>	<b>-</b>	<b>3,000</b>
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ (3,000)</b>	<b>\$ -</b>	<b>\$ 3,000</b>

Recycling				Building Strong Families			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 167,000	\$ 167,000	\$ 166,288	\$ (712)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	25,000	25,000	21,249	(3,751)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,000	45,000	37,167	(7,833)	-	-	-	-
-	-	-	-	-	-	-	-
1,000	1,000	988	(12)	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	5,398	398	-	-	-	-
<b>203,000</b>	<b>218,000</b>	<b>209,841</b>	<b>(8,159)</b>	<b>25,000</b>	<b>25,000</b>	<b>21,249</b>	<b>(3,751)</b>
-	-	-	-	-	-	-	-
146,323	144,464	126,575	(17,889)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	23,108	(1,892)
-	-	-	-	-	-	-	-
56,677	58,536	46,625	(11,911)	-	-	-	-
<b>203,000</b>	<b>203,000</b>	<b>173,200</b>	<b>(29,800)</b>	<b>25,000</b>	<b>25,000</b>	<b>23,108</b>	<b>(1,892)</b>
-	<b>15,000</b>	<b>36,641</b>	<b>21,641</b>	-	-	<b>(1,859)</b>	<b>(1,859)</b>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<b>15,000</b>	<b>36,641</b>	<b>21,641</b>	-	-	<b>(1,859)</b>	<b>(1,859)</b>
2,198	2,198	2,198	-	6,712	6,712	6,712	-
<b>\$ 2,198</b>	<b>\$ 17,198</b>	<b>\$ 38,839</b>	<b>\$ 21,641</b>	<b>\$ 6,712</b>	<b>\$ 6,712</b>	<b>\$ 4,853</b>	<b>\$ (1,859)</b>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Victim Services			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	50,432	50,432	48,300	(2,132)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>50,432</b>	<b>50,432</b>	<b>48,300</b>	<b>(2,132)</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	50,432	50,432	48,306	(2,126)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>50,432</b>	<b>50,432</b>	<b>48,306</b>	<b>(2,126)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>
FUND BALANCE, BEGINNING OF YEAR	1,642	1,642	1,642	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,642</b>	<b>\$ 1,642</b>	<b>\$ 1,636</b>	<b>\$ (6)</b>

Millington Township Police Contract				Access/Visitation			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	99,920	94,138	(5,782)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>-</b>	<b>99,920</b>	<b>94,138</b>	<b>(5,782)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
-	-	-	-	-	37	37	-
-	99,920	94,137	(5,783)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>-</b>	<b>99,920</b>	<b>94,137</b>	<b>(5,783)</b>	<b>-</b>	<b>37</b>	<b>37</b>	<b>-</b>
-	-	1	1	-	(37)	(37)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1	1	-	(37)	(37)	-
-	-	-	-	37	37	37	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 37</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Voted Mosquito			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 711,000	\$ 711,000	\$ 697,691	\$ (13,309)
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	5,000	5,000	7,298	2,298
Reimbursements and refunds	-	-	3,339	3,339
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>716,000</u>	<u>716,000</u>	<u>708,328</u>	<u>(7,672)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	670,251	684,345	678,897	(5,448)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	21,800	23,706	23,650	(56)
<b>TOTAL EXPENDITURES</b>	<u>692,051</u>	<u>708,051</u>	<u>702,547</u>	<u>(5,504)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>23,949</u>	<u>7,949</u>	<u>5,781</u>	<u>(2,168)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	23,949	7,949	5,781	(2,168)
FUND BALANCE, BEGINNING OF YEAR	239,568	239,568	239,568	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 263,517</u>	<u>\$ 247,517</u>	<u>\$ 245,349</u>	<u>\$ (2,168)</u>

Equipment and Capital Improvement				CDBG Housing Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25,946	25,946	25,496	(450)	164,655	164,655	116,955	(47,700)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,946	25,946	25,496	(450)	164,655	164,655	116,955	(47,700)
-	-	-	-	-	-	-	-
-	-	-	-	164,655	164,655	116,955	(47,700)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
153,000	148,700	119,713	(28,987)	-	-	-	-
153,000	148,700	119,713	(28,987)	164,655	164,655	116,955	(47,700)
(127,054)	(122,754)	(94,217)	28,537	-	-	-	-
150,000	152,520	152,520	-	-	-	-	-
-	-	-	-	-	-	-	-
150,000	152,520	152,520	-	-	-	-	-
22,946	29,766	58,303	28,537	-	-	-	-
152,794	152,794	152,794	-	-	-	-	-
\$ 175,740	\$ 182,560	\$ 211,097	\$ 28,537	\$ -	\$ -	\$ -	\$ -

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	State Survey Grant			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	65,056	65,056	63,191	(1,865)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>65,056</b>	<b>65,056</b>	<b>63,191</b>	<b>(1,865)</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	69,556	70,204	70,204	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	2,000	2,000	385	(1,615)
<b>TOTAL EXPENDITURES</b>	<b>71,556</b>	<b>72,204</b>	<b>70,589</b>	<b>(1,615)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,500)</b>	<b>(7,148)</b>	<b>(7,398)</b>	<b>(250)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	6,500	6,500	7,399	899
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,500</b>	<b>6,500</b>	<b>7,399</b>	<b>899</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(648)</b>	<b>1</b>	<b>649</b>
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ (648)</b>	<b>\$ 1</b>	<b>\$ 649</b>

Victim of Crime Act Grant				Criminal Forfeiture			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55,374	55,374	54,693	(681)	-	-	-	-
-	-	1,131	1,131	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,374	55,374	55,824	450	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,374	55,374	54,429	(945)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,374	55,374	54,429	(945)	-	-	-	-
-	-	1,395	1,395	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,395	1,395	-	-	-	-
2,899	2,899	2,899	-	733	733	733	-
\$ 2,899	\$ 2,899	\$ 4,294	\$ 1,395	\$ 733	\$ 733	\$ 733	\$ -

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Community Corrections Services			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	48,684	48,684	52,718	4,034
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>48,684</b>	<b>48,684</b>	<b>52,718</b>	<b>4,034</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	48,682	48,682	48,168	(514)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>48,682</b>	<b>48,682</b>	<b>48,168</b>	<b>(514)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2</b>	<b>2</b>	<b>4,550</b>	<b>4,548</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2</b>	<b>2</b>	<b>4,550</b>	<b>4,548</b>
FUND BALANCE, BEGINNING OF YEAR	3,242	3,242	3,242	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,244</b>	<b>\$ 3,244</b>	<b>\$ 7,792</b>	<b>\$ 4,548</b>

Drug Enforcement				Law Library			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,900	4,202	2,077	(2,125)	6,500	6,500	6,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,900</u>	<u>4,202</u>	<u>2,077</u>	<u>(2,125)</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
-	-	-	-	6,500	6,500	2,665	(3,835)
-	-	-	-	-	-	-	-
-	1,324	1,324	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,324</u>	<u>1,324</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>2,665</u>	<u>(3,835)</u>
<u>2,900</u>	<u>2,878</u>	<u>753</u>	<u>(2,125)</u>	<u>-</u>	<u>-</u>	<u>3,835</u>	<u>3,835</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,900</u>	<u>2,878</u>	<u>753</u>	<u>(2,125)</u>	<u>-</u>	<u>-</u>	<u>3,835</u>	<u>3,835</u>
<u>13,302</u>	<u>13,302</u>	<u>13,302</u>	<u>-</u>	<u>3,477</u>	<u>3,477</u>	<u>3,477</u>	<u>-</u>
<u>\$ 16,202</u>	<u>\$ 16,180</u>	<u>\$ 14,055</u>	<u>\$ (2,125)</u>	<u>\$ 3,477</u>	<u>\$ 3,477</u>	<u>\$ 7,312</u>	<u>\$ 3,835</u>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	LEADERS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	200	200
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	44,392	44,392	26,531	(17,861)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>44,392</u>	<u>44,392</u>	<u>26,531</u>	<u>(17,861)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(44,392)</u>	<u>(44,392)</u>	<u>(26,331)</u>	<u>18,061</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	40,000	40,000	40,000	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,392)	(4,392)	13,669	18,061
FUND BALANCE, BEGINNING OF YEAR	64,063	64,063	64,063	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 59,671</u>	<u>\$ 59,671</u>	<u>\$ 77,732</u>	<u>\$ 18,061</u>

Spotlight Grant				Computer Tech Grant Phase II			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	885	885	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	885	885	-	-	-	-	-
-	(885)	(885)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(10)	(10)	-	-	-	-	-
-	(10)	(10)	-	-	-	-	-
-	(895)	(895)	-	-	-	-	-
895	895	895	-	18,327	18,327	18,327	-
\$ 895	\$ -	\$ -	\$ -	\$ 18,327	\$ 18,327	\$ 18,327	\$ -

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Michigan Justice Training			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	5,700	5,700	6,512	812
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,700</u>	<u>5,700</u>	<u>6,512</u>	<u>812</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	6,800	7,800	7,598	(202)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>6,800</u>	<u>7,800</u>	<u>7,598</u>	<u>(202)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,100)</u>	<u>(2,100)</u>	<u>(1,086)</u>	<u>1,014</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,100)</u>	<u>(2,100)</u>	<u>(1,086)</u>	<u>1,014</u>
FUND BALANCE, BEGINNING OF YEAR	<u>7,803</u>	<u>7,803</u>	<u>7,803</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,703</u>	<u>\$ 5,703</u>	<u>\$ 6,717</u>	<u>\$ 1,014</u>

Child Care F.I.A.				JAIB Block Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,693	11,693	8,009	(3,684)
132,500	132,500	89,312	(43,188)	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	52,151	2,151	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
182,500	182,500	141,463	(41,037)	6,693	11,693	8,009	(3,684)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,437	12,437	8,455	(3,982)
315,000	315,000	237,563	(77,437)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
315,000	315,000	237,563	(77,437)	7,437	12,437	8,455	(3,982)
(132,500)	(132,500)	(96,100)	36,400	(744)	(744)	(446)	298
132,500	132,500	132,500	-	744	744	744	-
-	-	-	-	-	-	-	-
132,500	132,500	132,500	-	744	744	744	-
-	-	36,400	36,400	-	-	298	298
5,722	5,722	5,722	-	209	209	209	-
\$ 5,722	\$ 5,722	\$ 42,122	\$ 36,400	\$ 209	\$ 209	\$ 507	\$ 298

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Family Independence Agency			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	286,600	286,600	294,469	7,869
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>286,600</u>	<u>286,600</u>	<u>294,469</u>	<u>7,869</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	301,600	321,600	310,601	(10,999)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>301,600</u>	<u>321,600</u>	<u>310,601</u>	<u>(10,999)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(15,000)</u>	<u>(35,000)</u>	<u>(16,132)</u>	<u>18,868</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	15,000	15,000	15,000	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(20,000)	(1,132)	18,868
FUND BALANCE, BEGINNING OF YEAR	65,432	65,432	65,432	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 65,432</u>	<u>\$ 45,432</u>	<u>\$ 64,300</u>	<u>\$ 18,868</u>

Probate Child Care				Soldiers' Relief			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
205,000	205,000	277,656	72,656	-	-	-	-
-	-	-	-	-	-	-	-
20,000	20,000	31,772	11,772	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	2,000	1,157	(843)	-	-	-	-
-	-	-	-	-	-	70	70
<u>227,000</u>	<u>227,000</u>	<u>310,585</u>	<u>83,585</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>70</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
665,000	762,912	762,912	-	12,153	13,153	12,155	(998)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>665,000</u>	<u>762,912</u>	<u>762,912</u>	<u>-</u>	<u>12,153</u>	<u>13,153</u>	<u>12,155</u>	<u>(998)</u>
<u>(438,000)</u>	<u>(535,912)</u>	<u>(452,327)</u>	<u>83,585</u>	<u>(12,153)</u>	<u>(13,153)</u>	<u>(12,085)</u>	<u>1,068</u>
440,000	440,000	440,000	-	12,000	12,000	12,000	-
-	-	-	-	-	-	-	-
<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
2,000	(95,912)	(12,327)	83,585	(153)	(1,153)	(85)	1,068
38,610	38,610	38,610	-	164	164	164	-
<u>\$ 40,610</u>	<u>\$ (57,302)</u>	<u>\$ 26,283</u>	<u>\$ 83,585</u>	<u>\$ 11</u>	<u>\$ (989)</u>	<u>\$ 79</u>	<u>\$ 1,068</u>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Veterans Trust			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	27,000	27,000	11,772	(15,228)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>27,000</u>	<u>27,000</u>	<u>11,772</u>	<u>(15,228)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	27,000	27,000	15,249	(11,751)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>27,000</u>	<u>27,000</u>	<u>15,249</u>	<u>(11,751)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(3,477)</u>	<u>(3,477)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(3,477)	(3,477)
FUND BALANCE, BEGINNING OF YEAR	4,338	4,338	4,338	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,338</u>	<u>\$ 4,338</u>	<u>\$ 861</u>	<u>\$ (3,477)</u>

Voted Senior Citizens				Building and Site			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 220,285	\$ 220,285	\$ 225,128	\$ 4,843	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	2,000	2,796	796	4,123	4,123	4,057	(66)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>222,285</u>	<u>222,285</u>	<u>227,924</u>	<u>5,639</u>	<u>4,123</u>	<u>4,123</u>	<u>4,057</u>	<u>(66)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
203,151	203,151	202,029	(1,122)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	54,010	61,510	57,467	(4,043)
<u>203,151</u>	<u>203,151</u>	<u>202,029</u>	<u>(1,122)</u>	<u>54,010</u>	<u>61,510</u>	<u>57,467</u>	<u>(4,043)</u>
19,134	19,134	25,895	6,761	(49,887)	(57,387)	(53,410)	3,977
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,134	19,134	25,895	6,761	(49,887)	(57,387)	(53,410)	3,977
86,169	86,169	86,169	-	84,325	84,325	84,325	-
<u>\$ 105,303</u>	<u>\$ 105,303</u>	<u>\$ 112,064</u>	<u>\$ 6,761</u>	<u>\$ 34,438</u>	<u>\$ 26,938</u>	<u>\$ 30,915</u>	<u>\$ 3,977</u>

**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Employee Vacation and Sick Time				
	Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current					
Judicial	-	-	-	-	-
General Government	50,000	54,874	54,874	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>50,000</u>	<u>54,874</u>	<u>54,874</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(50,000)</u>	<u>(54,874)</u>	<u>(54,874)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Contract proceeds	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(50,000)	(54,874)	(54,874)	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>610,170</u>	<u>610,170</u>	<u>610,170</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 560,170</u>	<u>\$ 555,296</u>	<u>\$ 555,296</u>	<u>\$ -</u>	<u>\$ -</u>

Register of Deeds Automation			Road Patrol			
Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 995,728	\$ 995,728	\$ 986,115	\$ (9,613)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,120	68,841	38,721	-	-	-	-
-	-	-	-	-	-	-
-	293	293	5,000	5,000	6,802	1,802
-	-	-	-	-	-	-
-	-	-	1,000	1,000	50	(950)
<u>30,120</u>	<u>69,134</u>	<u>39,014</u>	<u>1,001,728</u>	<u>1,001,728</u>	<u>992,967</u>	<u>(8,761)</u>
-	-	-	-	-	-	-
30,120	30,120	-	-	-	-	-
-	-	-	1,118,862	1,152,630	1,152,630	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	56,000	56,000	53,423	(2,577)
<u>30,120</u>	<u>30,120</u>	<u>-</u>	<u>1,174,862</u>	<u>1,208,630</u>	<u>1,206,053</u>	<u>(2,577)</u>
-	39,014	39,014	(173,134)	(206,902)	(213,086)	(6,184)
-	-	-	-	-	-	-
-	-	-	162,000	162,000	162,000	-
-	-	-	-	(300)	(300)	-
-	-	-	162,000	161,700	161,700	-
-	39,014	39,014	(11,134)	(45,202)	(51,386)	(6,184)
-	-	-	94,650	94,650	94,650	-
<u>\$ -</u>	<u>\$ 39,014</u>	<u>\$ 39,014</u>	<u>\$ 83,516</u>	<u>\$ 49,448</u>	<u>\$ 43,264</u>	<u>\$ (6,184)</u>



**TUSCOLA COUNTY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**YEAR ENDED DECEMBER 31, 2003**

	Total			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>REVENUES</b>				
Taxes	\$ 2,094,013	\$ 2,094,013	\$ 2,075,222	\$ (18,791)
Intergovernmental				
Federal	787,220	792,220	719,196	(73,024)
State	1,121,378	1,121,378	1,176,423	55,045
Local	121,554	221,549	212,821	(8,728)
Charges for services	1,317,444	1,362,564	1,361,126	(1,438)
Fines and forfeits	9,400	10,702	8,577	(2,125)
Interest and rent	18,823	18,823	25,482	6,659
Reimbursements and refunds	10,000	10,000	8,046	(1,954)
Other	40,566	44,515	38,925	(5,590)
<b>TOTAL REVENUES</b>	<u>5,520,398</u>	<u>5,675,764</u>	<u>5,625,818</u>	<u>(49,946)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	1,199,362	1,204,038	1,154,660	(49,378)
General Government	1,100,785	1,148,662	1,077,625	(71,037)
Public Safety	2,305,448	2,461,270	2,416,072	(45,198)
Health and Welfare	1,548,904	1,667,816	1,563,617	(104,199)
Culture and recreation	-	2,000	1,766	(234)
Capital outlay	384,937	409,235	355,773	(53,462)
<b>TOTAL EXPENDITURES</b>	<u>6,539,436</u>	<u>6,893,021</u>	<u>6,569,513</u>	<u>(323,508)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,019,038)</u>	<u>(1,217,257)</u>	<u>(943,695)</u>	<u>273,562</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,342,446	1,360,656	1,361,555	899
Transfer out	(277,190)	(277,500)	(277,500)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,065,256</u>	<u>1,083,156</u>	<u>1,084,055</u>	<u>899</u>
<b>NET CHANGE IN FUND BALANCE</b>	46,218	(134,101)	140,360	274,461
FUND BALANCE, BEGINNING OF YEAR	<u>1,875,418</u>	<u>1,875,418</u>	<u>1,875,418</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,921,636</u>	<u>\$ 1,741,317</u>	<u>\$ 2,015,778</u>	<u>\$ 274,461</u>

**TUSCOLA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2003**

	Akron- Fairgrove Sewage Disposal	Caro Sewage Disposal (Refunded)	Caro Sewage Disposal
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>FUND BALANCE</b>			
Reserved for debt retirement	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Mayville Storm Sewer	Richville Water System	Dispatch Building and Equipment	State Police Post Building	F.I.A. Building	Total
\$ -	\$ -	\$ -	\$ 88,882	\$ 8,414	\$ 97,296
-	-	-	8,253	24,863	33,116
-	-	175	-	-	175
\$ -	\$ -	\$ 175	\$ 97,135	\$ 33,277	\$ 130,587
-	-	175	97,135	33,277	130,587
\$ -	\$ -	\$ 175	\$ 97,135	\$ 33,277	\$ 130,587

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Akron- Fairgrove Sewage Disposal	Caro Sewage Disposal (2002)	Caro Sewage Disposal
<b>REVENUES</b>			
Intergovernmental			
State	\$ -	\$ -	\$ -
Local	-	59,535	103,400
Interest and rent	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>59,535</b>	<b>103,400</b>
<b>EXPENDITURES</b>			
Debt service			
Principal	-	25,000	100,000
Interest and fiscal charges	-	34,535	3,400
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>59,535</b>	<b>103,400</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	-	-	-
Transfer in	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE, BEGINNING OF YEAR	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Mayville Storm Sewer	Richville Water System	Dispatch Building and Equipment	State Police Post Building	F.I.A. Building	Total
\$ -	\$ -	\$ -	\$ 162,134	\$ -	\$ 162,134
78,700	111,335	-	-	-	352,970
-	-	-	815	414	1,229
78,700	111,335	-	162,949	414	516,333
15,000	60,000	235,000	85,000	-	520,000
63,700	51,335	42,190	72,706	-	267,866
78,700	111,335	277,190	157,706	-	787,866
-	-	(277,190)	5,243	414	(271,533)
-	-	-	(175)	-	(175)
-	-	277,365	-	-	277,365
-	-	277,365	(175)	-	277,190
-	-	175	5,068	414	5,657
-	-	-	92,067	32,863	124,930
\$ -	\$ -	\$ 175	\$ 97,135	\$ 33,277	\$ 130,587

**TUSCOLA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2003**

	Health Dept. Building Authority Construction	F.I.A. Building Authority Construction
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4	\$ 10,189
Investments	-	23,063
Accounts receivable	-	-
<b>TOTAL ASSETS</b>	\$ 4	\$ 33,252
	<b>FUND BALANCE</b>	
Reserved for construction	4	33,252
<b>TOTAL FUND BALANCE</b>	\$ 4	\$ 33,252

Dispatch Building Construction and Equipment	State Police Post Building Authority	Office Space Project	Total
\$ 34,441	\$ 16,726	\$ 787,906	\$ 849,266
7,015	3,714	789,348	823,140
-	-	866	866
<u>\$ 41,456</u>	<u>\$ 20,440</u>	<u>\$ 1,578,120</u>	<u>\$ 1,673,272</u>
41,456	20,440	1,578,120	1,673,272
<u>\$ 41,456</u>	<u>\$ 20,440</u>	<u>\$ 1,578,120</u>	<u>\$ 1,673,272</u>

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Health Dept. Building Authority Construction	F.I.A. Building Authority Construction
<b>REVENUES</b>		
Interest and rent	\$ -	\$ 408
<b>EXPENDITURES</b>		
Miscellaneous	-	2,206
<b>NET CHANGE IN FUND BALANCE</b>	-	(1,798)
FUND BALANCE, BEGINNING OF YEAR	4	35,050
<b>FUND BALANCE, END OF YEAR</b>	\$ 4	\$ 33,252

Dispatch Building Construction and Equipment	State Police Post Building Authority	Office Space Projec	Total
\$ 618	\$ 307	\$ 13,022	\$ 14,355
-	-	-	2,206
618	307	13,022	12,149
40,838	20,133	1,565,098	1,661,123
\$ 41,456	\$ 20,440	\$ 1,578,120	\$ 1,673,272

**TUSCOLA COUNTY  
BALANCE SHEET  
PERMANENT FUND  
DECEMBER 31, 2003**

	<u>Cemetery Trust</u>
<b>ASSETS</b>	
Investments at fair value	\$ 6,841
	<hr/>
<b>FUND BALANCE</b>	
Reserved for cemetery maintenance	6,800
Unreserved	41
	<hr/>
<b>TOTAL FUND BALANCE</b>	\$ 6,841
	<hr/>

**TUSCOLA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
PERMANENT FUND  
YEAR ENDED DECEMBER 31, 2003**

	<u>Cemetery Trust</u>
<b>REVENUES</b>	
Interest and rents	\$ 59
<b>EXPENDITURES</b>	
Current:	
Culture and recreation	75
<b>NET CHANGE IN FUND BALANCE</b>	(16)
FUND BALANCE, BEGINNING OF YEAR	6,857
<b>FUND BALANCE, END OF YEAR</b>	\$ 6,841



# **INTERNAL SERVICE FUNDS**

# INTERNAL SERVICE FUNDS

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

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**  
**COMBINED STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2003**

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 455,671	\$ 348,183	\$ 357,664	\$ 1,161,518
Accounts receivable	6,441	-	-	6,441
<b>TOTAL ASSETS</b>	462,112	348,183	357,664	1,167,959
<b>LIABILITIES</b>				
Accrued liabilities	129,962	-	254,780	384,742
<b>Net Assets</b>				
Unrestricted	\$ 332,150	\$ 348,183	\$ 102,884	\$ 783,217

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 32,096	\$ -	\$ 1,644,035	\$ 1,676,131
<b>OPERATING EXPENSES</b>				
Insurance costs	16,232	-	1,639,830	1,656,062
Settlements and claims	41,810	-	-	41,810
Other	1,091	-	-	1,091
<b>TOTAL OPERATING EXPENSES</b>	<b>59,133</b>	<b>-</b>	<b>1,639,830</b>	<b>1,698,963</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(27,037)</b>	<b>-</b>	<b>4,205</b>	<b>(22,832)</b>
Transfers in (out)	30,000	(140,974)	-	(110,974)
<b>CHANGE IN NET ASSETS</b>	<b>2,963</b>	<b>(140,974)</b>	<b>4,205</b>	<b>(133,806)</b>
Net assets, beginning of year	329,187	489,157	98,679	917,023
<b>Net assets, end of year</b>	<b>\$ 332,150</b>	<b>\$ 348,183</b>	<b>\$ 102,884</b>	<b>\$ 783,217</b>

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 33,735	\$ -	\$ 1,644,035	\$ 1,677,770
Cash payments to suppliers for goods and services	(59,133)	-	(1,639,830)	(1,698,963)
Net cash provided (used) by operating activities	(25,398)	-	4,205	(21,193)
<b>Cash flows from non-capital financing activities</b>				
Transfers in	30,000	-	-	30,000
Transfers out	-	(140,974)	-	(140,974)
Net cash provided (used) by non-capital financing activities	30,000	(140,974)	-	(110,974)
Net increase (decrease) in cash and cash equivalents	4,602	(140,974)	4,205	(132,167)
Cash and cash equivalents, beginning of year	451,069	489,157	353,459	1,293,685
<b>Cash and cash equivalents, end of year</b>	<u>\$ 455,671</u>	<u>\$ 348,183</u>	<u>\$ 357,664</u>	<u>\$ 1,161,518</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (27,037)	\$ -	\$ 4,205	\$ (22,832)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	1,639	-	-	1,639
<b>Net cash provided (used) by operating activities</b>	<u>\$ (25,398)</u>	<u>\$ -</u>	<u>\$ 4,205</u>	<u>\$ (21,193)</u>



## **FIDUCIARY FUNDS**

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

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

**TUSCOLA COUNTY**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2003**

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,769,299	\$ 31,125	\$ 2,800,424
Investments at fair value	-	7,841	7,841
Accounts receivable	49,940	25,706	75,646
<b>TOTAL ASSETS</b>	\$ 2,819,239	\$ 64,672	\$ 2,883,911
<b>LIABILITIES</b>			
Accrued liabilities	\$ 375,841	\$ -	\$ 375,841
Due to other governmental units	1,323,362	-	1,323,362
Undistributed receipts	72	64,672	64,744
Undistributed taxes	1,119,964	-	1,119,964
<b>TOTAL LIABILITIES</b>	\$ 2,819,239	\$ 64,672	\$ 2,883,911

**TUSCOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

TRUST AND AGENCY	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,504,884	\$ 25,243,969	\$ 23,979,554	\$ 2,769,299
Accounts receivable	855,662	49,940	855,662	49,940
<b>TOTAL ASSETS</b>	<b>\$ 2,360,546</b>	<b>\$ 25,293,909</b>	<b>\$ 24,835,216</b>	<b>\$ 2,819,239</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 854,406	\$ 15,486,353	\$ 15,964,918	\$ 375,841
Due to other governmental units	646,094	12,838,738	12,161,470	1,323,362
Undistributed receipts	7,002	3,384	10,314	72
Undistributed taxes	853,044	10,261,456	9,994,536	1,119,964
<b>TOTAL LIABILITIES</b>	<b>\$ 2,360,546</b>	<b>\$ 38,589,931</b>	<b>\$ 38,131,238</b>	<b>\$ 2,819,239</b>
<b>LIBRARY PENAL FINES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 116,850	\$ 442,489	\$ 528,214	\$ 31,125
Investments	-	7,841	-	7,841
Accounts receivable	-	25,706	-	25,706
Accrued interest receivable	400	-	400	-
<b>TOTAL ASSETS</b>	<b>117,250</b>	<b>476,036</b>	<b>528,614</b>	<b>64,672</b>
<b>LIABILITIES</b>				
Undistributed receipts	\$ 117,250	\$ 2,484,345	\$ 2,536,923	\$ 64,672
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,621,734	\$ 25,686,458	\$ 24,507,768	\$ 2,800,424
	-	7,841	-	7,841
Accounts receivable	855,662	75,646	855,662	75,646
Accrued interest receivable	400	-	400	-
<b>TOTAL ASSETS</b>	<b>\$ 2,477,796</b>	<b>\$ 25,769,945</b>	<b>\$ 25,363,830</b>	<b>\$ 2,883,911</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 854,406	\$ 15,486,353	\$ 15,964,918	\$ 375,841
Due to other governmental units	646,094	12,838,738	12,161,470	1,323,362
Undistributed receipts	124,252	2,487,729	2,547,237	64,744
Undistributed tax collections	853,044	10,261,456	9,994,536	1,119,964
<b>TOTAL LIABILITIES</b>	<b>\$ 2,477,796</b>	<b>\$ 41,074,276</b>	<b>\$ 40,668,161</b>	<b>\$ 2,883,911</b>



# **COMPONENT UNIT**



**TUSCOLA COUNTY**  
**DRAIN COMMISSION COMPONENT UNIT**  
**STATEMENT OF NET ASSETS AND BALANCE SHEET**  
**DECEMBER 31, 2003**

	GOVERNMENTAL FUND TYPES		
	Debt Service	Capital Project	Revolving Drain
<b>ASSETS</b>			
Cash and cash equivalents	\$ 220,070	\$ 1,387,617	\$ 101,692
Investments	1,919,979	1,824,726	-
Special assessments receivable	8,604,773	1,612,779	-
Due from other component units	-	-	509,990
Capital assets, net			
Assets not being depreciated	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,744,822</b>	<b>\$ 4,825,122</b>	<b>\$ 611,682</b>
<b>LIABILITIES</b>			
Account payable	166	78,745	1,682
Due to other component units	-	509,990	-
Deferred revenue	8,604,773	1,612,779	-
Drain bond payable	-	-	-
Drain notes payable	-	-	-
Advance from primary government	-	-	610,000
<b>TOTAL LIABILITIES</b>	<b>8,604,939</b>	<b>2,201,514</b>	<b>611,682</b>
<b>FUND EQUITY</b>			
Fund balance			
Reserved for debt service	2,139,883	-	-
Reserved for drain projects	-	2,623,608	-
<b>TOTAL FUND EQUITY</b>	<b>2,139,883</b>	<b>2,623,608</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 10,744,822</b>	<b>\$ 4,825,122</b>	<b>\$ 611,682</b>

Total Governmental Funds	Adjustments	Statement of Net Assets
\$ 1,709,379	\$ -	\$ 1,709,379
3,744,705	-	3,744,705
10,217,552	-	10,217,552
509,990	(509,990)	-
-	451,259	451,259
<u>\$ 16,181,626</u>	<u>(58,731)</u>	<u>16,122,895</u>

80,593	-	80,593
509,990	(509,990)	-
10,217,552	(10,217,552)	-
-	9,621,780	9,621,780
-	1,723,537	1,723,537
610,000	-	610,000
<u>11,418,135</u>	<u>617,775</u>	<u>12,035,910</u>

2,139,883	(2,139,883)	-
2,623,608	(2,623,608)	-

<u>4,763,491</u>	<u>(4,763,491)</u>	<u>-</u>
------------------	--------------------	----------

\$ 16,181,626

**Net assets:**

Restricted for:

Debt service 2,139,883 2,139,883

Acquisition/construction of  
capital assets 2,623,608 2,623,608

Unrestricted (676,506) (676,506)

Total net assets \$ 4,086,985 \$ 4,086,985

**TUSCOLA COUNTY**  
**DRAIN COMMISSION COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2003**

	Debt Service	Capital Project	Total Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>					
Taxes	\$ 1,464,448	\$ 511,787	\$ 1,976,235	\$ (368,414)	\$ 1,607,821
Interest and rents	31,606	43,687	75,293	-	75,293
Other	-	4,066	4,066	-	4,066
<b>TOTAL REVENUE</b>	<b>1,496,054</b>	<b>559,540</b>	<b>2,055,594</b>	<b>(368,414)</b>	<b>1,687,180</b>
<b>EXPENDITURES / EXPENSES</b>					
Capital outlay	-	885,009	885,009	(451,259)	433,750
Debt service					
Principal	859,540	356,080	1,215,620	(1,215,620)	-
Interest and charges	504,825	58,473	563,298	-	563,298
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>1,364,365</b>	<b>1,299,562</b>	<b>2,663,927</b>	<b>(1,666,879)</b>	<b>997,048</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>131,689</b>	<b>(740,022)</b>	<b>(608,333)</b>	<b>1,298,465</b>	<b>690,132</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Note proceeds	-	599,374	599,374	(599,374)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>131,689</b>	<b>(140,648)</b>	<b>(8,959)</b>	<b>8,959</b>	<b>-</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690,132</b>	<b>690,132</b>
FUND BALANCE / NET ASSETS, BEGINNING OF YEAR	2,008,194	2,764,256	4,772,450	(1,375,597)	3,396,853
<b>FUND BALANCE / NET ASSETS, END OF YEAR</b>	<b>\$ 2,139,883</b>	<b>\$ 2,623,608</b>	<b>\$ 4,763,491</b>	<b>\$ (676,506)</b>	<b>\$ 4,086,985</b>

### **III. STATISTICAL SECTION**

This Statistical Section contains comprehensive data, frequently covering the last ten years, relating to the financial, economic, physical and social characteristics of Tuscola County.

## Tuscola County

Table 1

### General Governmental Revenues and Other Financing Sources (1) Last Ten Years

Fiscal Year	Taxes	Licences and Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Interest and Rents	Reimbursement and Refunds	Other Revenue	Transfer-In	Total
1994	\$ 4,968,983	\$ 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	2,915,558	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	8,738,860	157,770	364,174	477,484	220,471	3,625,650	25,018,859
2000	5,681,758	646,749	5,628,771	9,926,327	194,660	502,405	725,482	373,092	3,914,943	27,594,187
2001	5,890,251	670,772	6,192,056	10,113,586	115,190	437,181	696,647	354,195	4,630,545	29,100,423
2002	6,231,090	659,999	6,202,869	10,358,359	121,327	347,549	430,955	1,577,953	4,308,841	30,238,942
2003	6,539,180	833,421	6,295,479	3,859,045	107,272	216,819	478,522	88,008	2,763,533	21,181,279

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

(2) Reimbursement and Refunds classified with Other Revenue.

**Tuscola County**  
 General Fund Revenue and Other Financing Sources  
 Last Ten Years

Table 1a

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licences and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Interest and Rents</u>	<u>Reimbursement and Refunds</u>	<u>Other Revenue</u>	<u>Transfer In</u>	<u>Total</u>
1994	\$ 2,948,690	\$ 261,520	\$ 1,482,757	\$ 1,056,544	\$ 95,410	\$ 138,760	(1)	\$ 206,822	\$ 572,489	\$ 6,762,992
1995	3,026,548	305,508	1,463,136	1,063,315	97,700	196,213	(1)	162,568	728,731	7,043,719
1996	3,145,067	337,941	1,596,655	1,319,380	98,527	207,171	(1)	210,162	981,477	7,896,380
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	435,682	1,976,517	1,483,759	83,309	228,710	366,429	(2)	811,468	8,895,074
1999	3,620,666	441,998	2,035,232	1,640,684	100,816	277,433	425,541	(2)	982,845	9,525,215
2000	3,800,582	490,836	2,108,672	1,698,184	129,057	357,235	711,485	(2)	900,848	10,196,899
2001	3,940,509	508,522	2,372,474	1,797,344	103,993	285,751	688,341	(2)	847,174	10,544,108
2002	4,171,311	506,129	2,246,248	2,095,567	112,483	216,140	422,031	(2)	1,374,393	(3) 11,144,299
2003	4,463,958	680,269	2,179,723	2,128,114	98,695	175,694	470,476	(2)	740,145	10,937,074

(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

**Tuscola County**  
 General Governmental Expenditures and Other Uses by Function(1)  
 Last Ten Fiscal Years

Table 2

<u>Fiscal Year</u>	<u>Legislative</u>	<u>Judicial</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Transfer Out</u>	<u>Total</u>
1994	\$ 197,756	\$ 1,266,531	\$ 1,812,178	\$ 2,203,456	\$ 553,012	\$ 17,035,326	\$ 7,004	\$ 167,094	\$ 550,153	\$ 568,719	\$ 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	572,251	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	8,860,906	9,567	198,380	1,822,483	837,901	2,639,837	26,688,257
1998	144,675	2,393,216	2,896,603	3,254,787	978,672	9,563,045	9,623	189,166	1,723,028	1,134,626	2,567,965	24,855,406
1999	145,713	2,486,538	3,120,608	3,337,502	1,036,929	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	3,653,770	2,130,551	10,040,349	10,104	213,891	1,746,790	1,016,085	2,941,636	28,057,418
2001	125,353	2,874,276	3,750,600	3,736,635	972,601	10,736,943	15,080	266,751	1,226,096	1,082,779	4,030,250	28,817,364
2002	121,977	3,106,158	4,079,340	4,111,730	1,022,741	11,314,506	9,862	1,616,192	728,508	1,008,964	2,312,567	29,432,545
2003	104,773	3,267,907	4,257,958	4,390,969	1,183,940	4,324,363	1,841	210,735	421,663	806,300	2,020,204	20,990,653

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

**Tuscola County**  
 General Fund Expenditures and Other Uses  
 Last Ten Fiscal Years

Table 2a

<u>Fiscal Year</u>	<u>Legislative</u>	<u>Judicial</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Other</u>	<u>Transfer Out</u>	<u>Total</u>
1994	\$ 197,756	\$ 1,257,783	\$ 1,812,178	\$ 1,016,403	\$ 298,902	\$ 88,407	\$ 167,094	\$ 1,787,627	\$ 6,626,150
1995	162,001	1,276,028	1,864,323	1,166,078	359,153	88,851	155,305	1,984,545	7,056,284
1996	215,029	1,418,879	2,109,069	1,177,045	417,203	390,915	114,033	2,027,880	7,870,053
1997	147,263	1,491,249	2,148,606	1,331,760	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	2,185,438	8,895,074
1999	145,713	1,563,509	2,447,510	1,481,483	699,472	449,258	215,659	2,210,875	9,213,479
2000	118,747	1,694,120	2,699,353	1,583,749	847,584	440,373	213,891	2,580,396	10,178,213
2001	125,353	1,849,626	2,919,482	1,661,200	839,525	443,308	200,881	2,454,743	10,494,118
2002	121,977	1,979,769	3,178,063	1,916,792	939,697	440,895	261,232	1,920,729	10,759,154
2003	104,773	2,113,247	3,180,333	1,974,897	1,183,940	426,620	210,735	1,742,529	10,937,074

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

**Table 3**

<u>Fiscal Year</u>	<u>Total Operating Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>
<b>1994</b>	\$ 3,011,093	\$ 2,655,253	88.2%
<b>1995</b>	3,192,662	2,757,367	86.4%
<b>1996</b>	3,264,935	2,870,401	87.9%
<b>1997</b>	3,434,126	3,022,426	88.0%
<b>1998</b>	3,612,864	3,176,541	87.9%
<b>1999</b>	3,760,718	3,344,632	88.9%
<b>2000</b>	3,929,991	3,500,476	89.1%
<b>2001</b>	4,147,075	3,715,115	89.6%
<b>2002</b>	4,371,367	3,927,603	89.8%
<b>2003</b>	4,549,744	4,035,099	88.7%

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

Table 4

Fiscal Year (1)	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		<b>Ratio of Total Assessed Value To Total Estimated Actual Value</b>
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1994	\$ 684,856,759	\$ 1,369,713,518	\$ 62,962,071	\$ 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	1,720,496,246	72,316,843	144,633,686	932,564,966	1,865,129,932	50.00%
1998	953,821,672	1,907,643,344	74,910,981	149,821,962	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	75,475,901	150,951,802	1,246,203,426	2,492,406,852	50.00%
2001	1,319,193,617	2,638,387,234	77,651,222	155,302,444	1,396,844,839	2,793,689,678	50.00%
2002	1,444,884,322	2,889,768,644	75,303,706	150,607,412	1,520,188,028	3,040,376,056	50.00%
2003	1,498,151,489	2,996,302,978	75,640,501	151,281,002	1,573,791,990	3,147,583,980	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

Table 5

<u>Assessment Jurisdiction</u>	<u>1994 (2)</u>		<u>1995 (2)</u>		<u>1996 (2)</u>		
	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>	
<b>Township of: (1)</b>							
Akron	24.3001	42.3001	24.7001	42.7001	25.3475	43.3475	
Almer	20.8777	38.8777	20.8194	38.8194	22.9786	40.9786	
Arbela	22.8898	40.5899	23.0060	41.0060	22.7645	40.7645	
Columbia	23.6806	41.6806	23.7885	41.7885	24.8986	42.8986	
Dayton	21.2598	39.2598	21.5274	39.5274	22.9974	40.9974	
Denmark	20.9248	38.6249	20.4582	38.4582	21.4633	39.4633	
Elkland	22.3706	40.3706	22.2732	40.2732	24.0736	42.0736	
Ellington	22.8020	40.8020	23.4708	41.4708	26.4201	44.4201	
Elmwood	24.6246	42.6246	24.4828	42.4828	25.8997	43.8997	
Fairgrove	21.8109	39.8109	21.8171	39.8171	22.9671	40.9671	
Fremont	20.6298	38.6298	20.4322	38.4322	20.5793	38.5793	
Gilford	21.3651	39.3651	21.3651	39.3651	22.7651	40.7651	
Indianfields	22.5080	40.5080	22.8346	40.8346	23.0346	41.0346	
Juniata	22.1069	40.1069	21.8119	39.8119	24.8524	42.8524	
Kingston	19.8372	37.8372	20.0548	38.0548	22.8603	40.4603	
Koylton	20.4740	38.4740	20.7217	38.7217	21.6333	39.6333	
Millington	23.5884	41.5884	25.1393	43.1393	23.7903	41.7903	
Novesta	19.3236	37.3236	19.3767	37.3767	25.7867	43.7867	
Tuscola	21.1106	38.8107	21.2581	39.2581	22.4807	40.4807	
Vassar	22.0776	40.0776	22.0610	40.0610	23.1369	41.1369	
Watertown	21.0432	39.0432	21.6864	39.6864	21.4829	39.4829	
Wells	20.5006	38.5006	20.6839	38.6839	23.1320	41.1320	
Wisner	22.5450	40.5450	24.9450	42.9450	25.8909	43.5909	
<b>Village of: Twp of:</b>							
Akron	Akron	35.4676	53.4676	35.2102	53.2102	35.5345	53.5345
	Fairgrove	34.4984	52.4984	34.2472	52.2472	34.5741	52.5741
Caro	Almer	38.8881	56.8881	38.8298	56.8298	39.3886	57.3886
	Indianfields	39.0917	57.0917	39.4183	57.4183	39.6046	57.6046
Cass City	Elkland	35.5826	53.5826	38.0377	56.0377	46.2301	61.4477
Fairgrove	Fairgrove	31.6826	49.6826	31.4649	49.4649	31.8561	49.8561
Gagetown	Elmwood	42.4646	60.4646	41.8300	59.8300	39.9011	57.9011
Kingston	Kingston	39.8965	57.8965	40.5041	58.5041	41.7880	59.7880
	Koylton	39.9453	57.9453	40.5005	58.5005	41.7897	59.7897
Mayville	Fremont	32.7806	50.7806	32.3330	50.3330	34.4801	52.4801
Millington	Millington	38.5480	56.5480	40.0989	58.0989	38.7499	56.7499
Reese	Denmark	31.5576	49.5576	33.5277	51.5277	35.7628	53.7628
Unionville	Columbia	41.2133	59.2133	42.0463	60.0463	42.6963	60.6963
<b>City of:</b>							
Vassar		43.3684	61.3684	42.1884	60.1884	46.0884	64.0884

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

(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

Table 5

**Assessment Jurisdiction**

Township of: (1)	1997 (2)		1998 (2)		1999 (2)		
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	
Akron	25.3276	43.3276	25.3050	43.3050	27.4625	45.4625	
Almer	23.3868	41.3868	23.6282	41.6282	24.8890	42.8890	
Arbela	22.6325	40.6325	22.6554	40.6554	23.0802	41.0802	
Columbia	24.8955	42.8955	26.2980	44.2973	27.5458	45.5055	
Dayton	22.9638	40.9638	22.8619	40.8619	23.2249	41.1115	
Denmark	21.3282	39.3282	21.3170	39.3170	22.7411	40.7411	
Elkland	24.1013	42.1013	23.9162	41.9144	24.5775	42.4767	
Ellington	26.4748	44.4748	27.1750	45.1750	26.9468	44.9468	
Elmwood	25.8799	43.8799	25.7481	43.7469	26.1094	44.0422	
Fairgrove	22.8552	40.8552	22.9256	40.9256	25.7932	43.7932	
Fremont	20.5561	38.5561	20.4730	38.4730	20.2259	38.2259	
Gilford	22.9032	40.9032	23.8534	41.8534	27.1362	45.1362	
Indianfields	22.5286	40.5286	23.5055	41.5055	23.4167	41.4167	
Juniata	24.8325	42.8325	25.0623	43.0623	26.6793	44.6793	
Kingston	22.3559	40.3559	24.2042	42.2042	24.3701	42.2609	
Koylton	23.4745	41.4745	23.1713	41.1713	23.4942	41.3304	
Millington	24.5336	42.5336	24.5775	42.5775	23.8127	41.8127	
Novesta	25.7105	43.7105	25.7192	43.7192	25.6161	43.6161	
Tuscola	22.6891	40.6891	21.7086	39.7086	22.6678	40.6678	
Vassar	23.0963	41.0963	22.0355	40.0355	21.6459	39.6459	
Watertown	21.5349	39.5349	21.4825	39.4825	20.8714	38.8714	
Wells	25.0806	43.0806	25.3730	43.7063	25.6537	43.5781	
Wisner	25.5620	43.5620	25.5355	43.5355	27.6820	45.6820	
<b>Village of: Twp of:</b>							
Akron	Akron	36.0951	54.0951	36.0191	54.0191	40.3187	58.3187
	Fairgrove	35.0427	53.0427	35.0597	53.0597	40.0772	58.0772
Caro	Almer	39.8001	57.8001	40.3157	58.3157	40.0517	58.0517
	Indianfields	39.0986	57.0986	39.7055	57.7055	39.5955	57.5955
Cass City	Elkland	43.4178	61.4178	43.4174	61.4174	43.3369	61.3369
Fairgrove	Fairgrove	32.8857	50.8857	32.7845	50.7845	37.6704	55.6704
Gagetown	Elmwood	39.6090	57.6090	39.0208	57.0172	40.1482	57.9466
Kingston	Kingston	41.3651	59.3651	43.6266	61.6266	44.5786	62.3518
	Koylton	43.3276	61.3276	43.5443	61.5443	44.5179	62.2911
Mayville	Fremont	34.4569	52.4569	34.1848	52.1848	33.5418	51.5418
Millington	Millington	39.4057	57.4057	39.3118	57.3118	38.4597	56.4597
Reese	Denmark	35.7429	53.7429	34.7232	52.7232	36.8652	54.8652
Unionville	Columbia	42.6741	60.6741	45.0221	63.0221	45.0378	63.0378
<b>City of:</b>							
Vassar		45.7885	63.7885	44.2492	62.2492	42.7187	60.7187

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

(continued)

(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

Table 5

**Assessment Jurisdiction**

<b>Township of: (1)</b>	<b><u>2000 (2)</u></b>		<b><u>2001 (2)</u></b>		<b><u>2002 (2)</u></b>		<b><u>2003 (2)</u></b>		
	<b><u>Homestead</u></b>	<b><u>Non-Homestead</u></b>	<b><u>Homestead</u></b>	<b><u>Non-Homestead</u></b>	<b><u>Homestead</u></b>	<b><u>Non-Homestead</u></b>	<b><u>Homestead</u></b>	<b><u>Non-Homestead</u></b>	
Akron	27.7125	45.7125	27.8724	45.8724	28.0106	46.0106	27.9718	45.9718	
Almer	25.0556	43.0556	25.2205	43.2205	25.6809	43.6809	25.5889	43.5889	
Arbela	23.0802	41.0802	22.9179	40.9179	23.0028	40.9770	22.9561	40.8586	
Columbia	27.6458	45.6055	27.4148	45.3745	27.3557	45.3154	27.2923	45.1932	
Dayton	23.1704	41.0570	23.1505	40.9740	23.6044	41.3604	24.2474	41.8367	
Denmark	22.7411	40.7411	22.6197	40.6197	22.6880	40.6622	22.6680	40.5848	
Elkland	24.5775	42.4767	23.8940	41.7932	23.5335	41.4327	23.7570	41.5093	
Ellington	26.9468	44.9468	26.6265	44.6265	26.8062	44.8062	26.5354	44.5354	
Elmwood	26.1094	44.0422	25.6668	43.5996	25.4660	43.3988	27.2107	45.0456	
Fairgrove	25.9599	43.9599	25.8774	43.8774	26.0058	44.0058	24.9981	42.9981	
Fremont	42.1938	38.2138	20.1680	38.1644	20.2915	38.2204	21.1344	38.9859	
Gilford	27.3862	45.3862	27.3407	45.3407	27.1625	45.1625	27.0920	45.0920	
Indianfields	23.4167	41.4167	23.3914	41.3914	24.0332	42.0332	24.0033	42.0033	
Juniata	27.1083	45.1083	26.9485	44.9485	27.1676	45.1676	27.1132	45.1132	
Kingston	24.3351	42.2259	23.9947	42.1558	24.6882	42.5160	24.4276	42.1050	
Koylton	23.4942	41.3304	23.4810	41.2227	23.9223	41.6640	23.6646	41.1807	
Millington	23.8127	41.8127	23.7460	41.7460	23.8642	41.8642	23.8201	41.7769	
Novesta	25.5962	43.5962	25.3295	43.3295	25.3762	43.3762	25.6533	43.6533	
Tuscola	23.1632	41.1632	23.0492	41.0492	23.1386	41.1128	23.1085	41.0110	
Vassar	22.1413	40.1413	21.9935	39.9911	22.1022	40.0548	22.0932	39.9798	
Watertown	20.8714	38.8714	20.8217	38.8181	20.9483	38.8772	20.9186	38.7485	
Wells	25.6537	43.5781	25.5614	43.4461	26.0280	43.9127	25.9000	43.7252	
Wisner	27.9320	45.9320	28.0849	46.0849	28.9767	46.9767	28.9129	46.9123	
<b>Village of:      Twp of:</b>									
Akron	Akron	40.6519	58.6519	40.6825	58.6825	40.6135	58.6135	40.4223	58.4223
	Fairgrove	40.4104	58.4104	40.4186	58.4186	40.3532	58.3532	39.1931	57.1931
Caro	Almer	40.0517	58.0517	40.2354	58.2354	41.0291	59.0291	41.0042	59.0042
	Indianfields	39.5955	57.5955	39.5557	57.5557	40.1975	58.1975	40.1676	58.1676
Cass City	Elkland	43.3369	61.3369	43.2034	61.2034	42.8073	60.8073	43.1681	61.1681
Fairgrove	Fairgrove	37.9991	55.9991	38.4025	56.4025	38.4181	56.4181	37.4104	55.4104
Gagetown	Elmwood	40.1482	57.9466	38.7751	56.5735	46.5237	64.3221	48.3353	65.8400
Kingston	Kingston	44.7564	62.5296	44.4264	62.0805	45.0796	62.7337	44.2408	61.7165
	Koylton	44.7307	62.5039	44.3329	61.9870	44.9531	62.6072	44.1109	61.5866
Mayville	Fremont	33.3368	51.3368	33.2910	51.2838	33.3520	51.2098	33.5642	51.2671
Millington	Millington	38.4597	56.4597	38.3832	56.3832	38.5014	56.5014	38.4440	56.4008
Reese	Denmark	36.8652	54.8652	36.7692	54.7692	37.3678	55.3678	37.3386	55.3386
Unionville	Columbia	45.0378	63.0378	45.1473	63.1473	45.2784	63.2784	45.0208	63.0208
<b>City of:</b>									
Vassar		42.0141	60.0141	41.7796	59.7796	39.2770	57.2770	39.3014	57.3014

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

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

# TUSCOLA COUNTY

Principal Taxpayers - (1)

Unaudited

December 31, 2003

Table 6

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Equalized Value</u>	<u>Percent of Total Equalized Value</u>
Dept. Of Natural Resources	Government	\$ 29,743,208	1.96%
Detroit Edison Company	Utility	23,530,099	1.55%
TI Group Automotive Sys.	Automotive Manufacturing Assembly	6,176,100	0.41%
Wal-Mart Stores #01-1798	Retail	5,922,800	0.39%
Consumer Power Company	Utility	5,753,500	0.38%
Michigan Ethanol - East	Ethanol Processing	4,738,800	0.31%
Walbro Engine Mgt.	Automotive Manufacturing Assembly	3,822,100	0.25%
Michigan Sugar Company	Sugar Processing	3,798,800	0.25%
Thumb Electric Co-Op	Utility Co-op	3,514,294	0.23%
Kaumagraph Flint Corp	Automotive Screen Printing	2,856,800	0.19%
Totals		<u>\$ 60,113,293</u>	

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

# Tuscola County

Table 7

## Computation of Direct and Overlapping Bonded Debt- Unaudited (1) December 31, 2003

2000 Census Totals 2003 Taxable Value	58,266 \$ 1,154,259,430	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Building Authority		\$ 2,155,000	\$ 2,155,000	\$ -
Sewer		3,394,000	3,394,000	-
Capital Leases		3,164	-	3,164
		<u>\$ 5,552,164</u>	<u>\$ 5,549,000</u>	<u>\$ 3,164</u>
Per-Capita County Net Direct Debt				0.05
Percent County Net Direct Debt to 2003 Taxable				0.0003%
Overlapping Debt of County:				
School Districts				\$ 37,928,112
Townships				3,246,251
Intermediate School District				27,300
Village				5,240,084
Net Overlapping Debt				<u>\$ 46,441,747</u>
Net County and Overlapping Debt				<u>\$ 46,444,911</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 797.12
Percent Net Direct and Overlapping Debt to 2003 Taxable Value				4.0238%

(1) Includes Primary Government

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

# Tuscola County

Table 8

## Computation of Legal Debt Margin -Unaudited December 31, 2003

State Equalized Value of Real Property	\$ 1,498,604,955
State Equalized Value of Personal Property	<u>75,640,501</u>
Total State Equalized Value of Real and Personal Property	<u>1,574,245,456</u>
Legal Debt Limit - 10% of State Equalized Value	157,424,546
Gross Debt applicable to debt limit(1)	\$ 5,552,164
Less:	
Assets in Debt Service Funds	
Available for payment of principal	<u>130,587</u>
Total Amount of Debt Applicable to Debt Limit	<u>5,421,577</u>
Legal Debt Margin	<u><u>\$ 152,002,969</u></u>

(1) Includes Primary Government

# Tuscola County

Table 9

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service(2)</u>	<u>Total General Expenditures (3)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
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%
2003	520,000	266,641	786,641	20,990,653	3.7%

(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 Permanent funds.

# Tuscola County

Table 10

## 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)	Long-term Debt (5)	Service Monies Available	Net Long-term Debt	Long-term Debt to Assessed or Taxable Value	Long-term Debt Per Capita
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	854,685,326	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
2003	58,266 (3)	1,154,259,430	5,552,164	130,587	5,421,577	0.47%	93.05

(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 for 1994, Taxable values represented from 1995 through 2003.

(5) Discloses governmental activities in the Primary Government, except for compensated absences

**TUSCOLA COUNTY**  
Demographic Statistics-Unaudited

Table 11

**Population count:**

1940	35,694
1950	38,258
1960	43,305
1970	48,603
1980	56,961
1990	55,498
2000	58,266

**2000 Age Distribution:**

<u>Age</u>	
19 and Under	17,202
20-44 Years	19,558
45-59 Years	11,510
60-64 Years	2,546
65-84 Years	6,578
85 and over	872

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1994	56,761	34.7	14,144	7.9%
1995	57,294	34.7	13,407	7.8%
1996	57,709	34.7	13,845	6.5%
1997	57,955	34.7	13,801	5.3%
1998	57,965	34.7	13,731	5.3%
1999	58,195	34.9	13,597	5.5%
2000	58,266	34.9	13,423	3.1%
2001	58,266	37	13,277	5.3%
2002	58,266	37	13,103	8.8%
2003	58,266	37	13,225	9.9%

# Tuscola County

## Demographic Statistics-Unaudited

Table 11

**Employment Distribution:**

	<b>2000</b>			
	Tuscola County		State of Michigan	
	Number Of Workers	Percent of Total Workers	Number Of Workers	Percent of Total Workers
<b>Occupation</b>				
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, transportatation, and material moving	6,646	25.7%	856,932	18.5%
<b>Total</b>	<u>25,823</u>		<u>4,637,461</u>	

	<b>2000</b>			
	Tuscola County		State of Michigan	
	Number Of Workers	Percent of Total Workers	Number Of Workers	Percent of Total Workers
<b>Industry</b>				
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%
<b>Total</b>	<u>25,823</u>		<u>4,637,461</u>	

# Tuscola County

Table 12

## Construction, Property Value, and Bank Deposits - Unaudited

Last Ten Fiscal Years

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Property Value (2)			Bank Deposits (3) (\$000)
	Number of Units	Value	Number of Units	Value	Industrial, Commercial & Developmental	Residential	Timber-Cut & Agricultural	
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
2003	45	8,132,816	259	22,530,687	108,796,984	943,905,449	445,902,522	554,393

(1) Source: SCMCCI

(2) Source: Tuscola County Equalization reports.

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

# Tuscola County

## Miscellaneous Statistics - Unaudited

Table 13

<b>Land area :</b>	<b>813 sq. miles</b>		
<b>Miles of streets:</b>		<b>Main Highways</b>	M-46, M-138, M-24, M-81, M-25, M-15
State	128		
Primary	349		
Local	1285	<b>Truck Lines</b>	5
<b>Rail Lines</b>	Grand Trunk Western; Chesapeake & Ohio; Tuscola & Saginaw Bay		
<b>Public Education:</b>			
Number of students:			
Elementary Schools	4,657		
Middle/Intermediate Schools	2,519		
High Schools	3,995		
Special Education	449		
Total	11,620		
Number of public schools:			
Elementary Schools	13		
Middle/Intermediate Schools	7		
High Schools	9		
Total	29		
Number of public school personnel:			
Teachers	687		
Pupils/Teacher ratio	17/1		
Administrative personnel	308		
Tuscola Intermediate:			
Highland Pines Enrollment	240		
Number of private schools:			
Students Enrolled	914		
Colleges:			
Davenport University			
Baker			

(continued)

# Tuscola County

Table 13

## Miscellaneous Statistics - Unaudited

<b>Elections:</b>	<b><u>1988</u></b>	<b><u>1990</u></b>	<b><u>1992</u></b>	<b><u>1994</u></b>	<b><u>1996</u></b>	<b><u>1998</u></b>	<b><u>2000</u></b>	<b><u>2002</u></b>
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%
 <b>Hospitals:</b>								
Caro Community Hospital								
Hills and Dales Hospital								
 <b>Churches:</b>								
Methodist	20		Charismatic	3				
Baptist	12		Latter Day Saints	2				
Lutheran	12		Church of God	2				
Catholic	7		Evangelical	2				
Nazarene	7		Free Methodist	2				
Presbyterian	5		Seventh Day Adventist	2				
Assembly of God	5		Apostolic	1				
Church of Christ	5		Jehovah's Witnesses	1				
Missionary	5		Other	14				
			Total	<u><u>107</u></u>				

(continued)

# Tuscola County

Table 13

## Miscellaneous Statistics - Unaudited

<b>Police departments:</b>	<b><u>Stations</u></b>	<b><u>Officers (1)</u></b>	<b><u>Vehicles</u></b>
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 Sheriff's	1	48	24
Unionville	1	1	1
Vassar	1	30	4
Watertown	1	2	1

(1) includes part time and reserve officers

<b>Fire departments:</b>	<b><u>Stations</u></b>	<b><u>Firefighters Pd./Vol. (2)</u></b>	<b><u>Vehicles</u></b>	<b><u>Sq. Miles</u></b>
Akron	1	0/20	3	53
Caro	1	1/22	7	117
Elkland Twp	1	1/25	5	157
Fairgrove	1	0/25	6	65
Gagetown-Elmwood Twp	1	0/18	4	44
Kingston	1	0/35	5	68
Mayville	1	0/26	7	69
Millington-Arbela Twp	1	0/24	6	82
Reese Blumfield	1	0/30	5	69
Richville	1	0/27	7	25
ACW Unionville	1	0/25	5	76
Vassar	1	0/21	7	52
Watertown Twp	1	0/21	4	36

(2) includes paid per call and volunteer firefighters

(continued)

# Tuscola County

## Miscellaneous Statistics - Unaudited

Table 13

**Parks & Recreation:**

	<b>Acres</b>
County Parks:	
Vanderbilt Park	17
 Township/Village Community Parks:	 35      589
Other:	
AYSO Soccer Park	1
Public Golf Courses	9
Community Pools	4

**State Game Areas:**

Cass City State Game Area	440
Fish Point Wildlife Area	3,076
Deford State Game Area	9,607
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

**Utilities:**

Electric:	Gas:
Consumers Power	Consumers Power
Detroit Edison	
Thumb Electric	

**Local Phone Companies:**

Ameritech  
 Century  
 GTE  
 Wolverine

**Airports:**

Caro Municipal Airport

**Certified Industrial Parks:**

	<b>Acres</b>
Caro Industrial Park	73
Cass City Industrial Park	60
Millington Village Industrial Park	60



**IV. SINGLE AUDIT**

**TUSCOLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL AWARDS EXPENDED
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed-through Michigan Family Independence Agency:			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 03-79002	\$ 50,668
Friend of Court Cooperative Reimbursement Program (Major Program)	93.563	CSFOC 03-79001	385,093
Medical Enforcement	93.563	CSMED 03-79001	21,238
Title IV-D Incentive Program	93.563	N/A	86,463
Building Strong Families	93.556	SFSC 00-79002	21,249
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>564,711</b>
<b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed-through Michigan Department of State Police:			
Emergency Management Performance Grant	83.552	N/A	21,330
Supplemental Planning	97.051	N/A	18,440
Emergency Preparedness	16.007	N/A	99,939
<b>TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			<b>139,709</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed-through Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grant	16.540		8,009
Passed-through Office of Community Health			
Victims of Crime Act	16.575	20587-5 V 2000	54,693
Local Law Enforcement	16.579		25,496
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>88,198</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed-through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG) Housing Program	14.228	MSC-1997-0815-HO	116,955
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 909,573</b>

**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 financial statements

**NOTE 2 RECONCILIATION TO FINANCIAL STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance reflects total federal awards of \$1,990,728. The Statement includes federal funds received by the Tuscola County Health Department of \$1,081,155. These federal awards were excluded from the accompanying schedule of expenditures of federal awards because they were audited by other auditors and a separate single audit report was issued by those other auditors.





**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 26, 2004

Board of Commissioners  
County of Tuscola  
Tuscola, Michigan

We have audited the financial statements of *Tuscola County, Michigan*, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 26, 2004. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% of the assets and 81% of the revenues of the aggregate discretely presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether *Tuscola County's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

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 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 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 26, 2004.

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 "Rehmann Johnson".



**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 26, 2004

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, 2003. *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* financial statements include the operations of the Tuscola County Health Department and the Tuscola County Road Commission, which received \$1,081,155 and \$627,172 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2003. 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, 2003.

#### 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 is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% of assets and 81% of revenues of the aggregate discretely presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors.

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, reading "Lehmann Lohman".

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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

**Financial Statements**

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ 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

**CFDA Number(s)**

**Name of Federal Program or Cluster**

93.563

Child Support Enforcement – Incentive  
 Title IV-D

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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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**

None.

**PRIOR YEAR FINDINGS**

None.