

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

For the Year Ended
December 31, 2004

Issued by:

County Controller/Administrator Office
Michael R. Hoagland, Controller/Administrator

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION ONE: INTRODUCTORY SECTION	
Letter of Transmittal	i - viii
List of Principal Officers	ix
Organizational Chart.....	x
GFOA Certificate.....	xi
SECTION TWO: FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17-18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	19
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	23-24
Health Department	25
Statement of Net Assets – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28-29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Notes to Basic Financial Statements	31-63

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
General Fund	
Schedule of Revenues and Other Financing Sources – Budget and Actual	64-66
Schedule of Expenditures and Other Financing Uses – Budget and Actual.....	67-75
Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	77
Combining Balance Sheet – Special Revenue Funds.....	78-82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	83-87
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – Budget and Actual	88-100
Combining Balance Sheet – Debt Service Funds.....	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	102
Combining Balance Sheet – Capital Project Funds	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	104
Balance Sheet – Permanent Fund – Non-expendable Cemetery Fund.....	105
Statement of Revenues, Expenditures and Changes in Fund Balance – Permanent Fund – Non-expendable Cemetery Fund.....	106
Internal Service Funds	
Combining Statement of Net Assets	107
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	108
Combining Statement of Cash Flows	109
Fiduciary Funds	
Combining Balance Sheet – Fiduciary Funds	110
Combining Statement of Changes in Assets and Liabilities – Agency Funds	111
Component Unit	
Statement of Net Assets and Governmental Fund Balance Sheet – Drain Commission	112
Statement of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balance – Drain Commission	113

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION THREE: STATISTICAL SECTION	
General History	
General Governmental Revenue and Other Financing Sources By Source - Years Ended 1995 through 2004	114
General Fund Revenue and Other Financing Sources - Years Ended 1995 through 2004	115
General Governmental Expenditures and Other Uses By Function - Years Ended 1995 through 2004	116
General Fund Expenditures and Other Uses - Years Ended 1995 through 2004	117
Assessments and Taxes	
Property Tax Levies and Collections - County Operating Levy Only - Years Ended 1995 through 2004.....	118
Assessed and Estimated Actual Value of Property - Years Ended 1995 through 2004	119
Property Tax Rates - All Overlapping Governments - Years Ended 1995 through 2004	120-122
Principal Taxpayers - State Equalized Valuation	123
Long-Term Debt	
Computation of Direct and Overlapping Bonded Debt.....	124
Computation of Legal Debt Margin.....	125
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Years Ended 1995 through 2004.....	126
Ratio of Net Bonded Debt to Equalized Value and Net Bonded Debt Per Capita - Years Ended 1995 through 2004	127
Miscellaneous Statistics	
Demographic Statistics	128-129
Property Value, Construction, and Bank Deposits	130
Miscellaneous Statistics	131-134

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION FOUR: SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	135
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	136-137
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	138-139
Schedule of Findings and Questioned Costs	140-141

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

June 17, 2005

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, 2004.

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, 2004 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, 2004 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 over 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.

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 fund and health department fund, this comparison is presented on pages 22-25 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 64.

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

At the end of March 2005, the county unemployment rate was 9.8%, which is about 2% more than the State average. This is due in part from the 36 jobs eliminated at the Caro Center. The closing of Camp Tuscola by June 1 does not affect the State of Michigan unemployment rate because these jobs are being reassigned, but it does directly affect employment levels and business volume levels in the local area.

The Thumb region continues to have a varied manufacturing and agricultural base that is evidenced by the growth in the Village of Millington Industrial Park and in development of the municipality's new housing subdivision. The continued operations of Michigan Ethanol, LLC in servicing the agricultural base of the area gives the County strong economic activity amid the weaknesses of other county industries.

These facts add to the other major industries with headquarters or divisions located within Tuscola County's boundaries, or in proximity to the county, which include: sugar processing, ethanol production, automobile component manufacturing and several financial institutions. An existing business in Cass City is investing \$2 million in machinery and equipment. The improvements will lead to 15 manufacturing jobs over the next 3 years. Two businesses are planning to construct new facilities on M-24 north of Caro. The investment by these two businesses will total \$3 million by November of this year.

The State of Michigan has a major presence within the county, but with the job losses at the Caro Center and the closure of Camp Tuscola, the governmental presence is lower than prior levels. The work on the major M-81 resurfacing project through the Village of Caro did hurt the volume of some of the county's businesses last year, but in the long-term view, the construction was very important in increasing the volume and cash flow of the business activity in the local Caro economy.

Currently, a regionally known automotive supplier is considering a facility in Tuscola County that could employ up to 50 people by September of 2005. The county has a labor force of approximately 27,452, which is anticipated to grow at a rate of between 1 and 2 percent each year for the next several years. The local county government central business district is in Caro, which is expected to maintain the current 95% occupancy rate with a variety of stores, specialty shops and commercial businesses. The business districts in other parts of the county range from between 60 and 85 percent occupancy.

Long-Term Financial Planning

Bond Rating Upgrade

Bond rating is an important factor in determining overall fiscal stability and in determining interest cost when funds are borrowed. In 2004, an important positive financial development occurred when Standard and Poors upgraded the county bond rating. Primary reasons for this significant upgrade included: strong fiscal management, maintaining adequate fund balance reserves, maintaining a balanced budget on a long-term basis ("living within its fiscal means"), and effective fiscal policies. The County received the upgrade at a time when the state and ratings in many other units of government was downgraded.

State Financial Trends-Historical Perspective

The State of Michigan continues to experience enormous financial problems. These problems are of a severity that may have never been encountered. Massive adjustments have had to be made to annual billion dollar plus structural gaps between state revenues and expenditures in each of the state's last four fiscal years and a fifth year of the same problem is predicted. Unfortunately, because county government, in many respects, is an extension of state government, state financial difficulties have negatively impacted Tuscola County financial capabilities. The state has made major reductions in state revenue sharing (29% or approximately \$400,000) and other state revenue sources such as diverted felon payments (approximately \$200,000). All of these sources of funds are essential to funding county services.

Service Reductions Required in 2003 and 2004

Unprecedented declines in state revenue sources combined with a small county allocated (general fund) millage of 3.93 mills, modest tax base and failed millage funding attempts have negatively impacted the ability to maintain county services. A situation exists where overall revenues are stagnant and therefore are not keeping pace with normal expenditure increases forcing service base reductions.

The 2003 general fund budget was reduced by approximately \$500,000 or 5%. The equivalent to 8 full-time positions were eliminated. Animal control, soil conservation, airport, economic development, Vanderbilt Park, Michigan State University-Extension and county planning services were significantly reduced or eliminated. Expenditures for needed equipment/capital improvement items were postponed. All non-union employee wages were frozen. Even after these cuts the county still needed to transfer \$140,000 in one-time funds (retirement reserves) to maintain the same general fund balance.

The 2004 general fund budget was premised on continued use of one-time reserves and continued postponement of needed equipment and capital improvements. No further staffing reductions were made in 2004 although a hiring freeze was implemented. This hiring freeze kept several positions unfilled during 2004, which lowered 2004 expenditures. This in turn was instrumental in balancing the 2004 budget. The hiring freeze also positioned the county to not refill these vacancies in 2005. Not refilling these vacancies offered a method of balancing the 2005 budget without laying personnel off and without paying unemployment costs.

Property Tax Roll Forward Replaces State Revenue Sharing Payments

Effective with the October 2004 payment, the state discontinued paying state revenue sharing to counties. The state implemented a system whereby taxpayers will pay a portion of their property taxes sooner over the next three years. This is referred to as the "Property Tax Roll Forward". This change will enable the county to at least temporarily replace the loss of state revenue sharing and maintain vital services.

Unfortunately, in the case of Tuscola County these funds will be exhausted in approximately four years. (Tuscola County property tax roll forward funds last the shortest period of any county in the state because the County has a low allocated millage and relatively small tax base). A paramount question is whether the state will again begin making these payments in 2008 when the county fund is depleted. There still may be certain cash flow issues that arise with the roll forward program. This situation makes it that much more significant that the county maintain adequate reserves to deal with cash flow during this period.

Importance of Maintaining Building and Grounds

In 2004, information was presented to the Board showing an annual schedule of needs to maintain the 12 county buildings. Over a 20-year period, these costs were in excess of \$5,000,000. The current draft of the 2005 budget has \$325,000 budgeted to realistically fund the costs to maintain these 12 facilities and support the computer and other equipment which the county is dependent upon to provide public services.

Management of Delinquent Tax Revolving Funds

One of the cornerstones of county finances for many years has been the proper management of delinquent tax revolving funds. The delinquent tax policy of the county is not to spend principle, but to use annual net income for operational and capital improvement needs and to maintain a self-funding arrangement. (Self-funding enables the county to pay local taxing units in full for their share of current taxes that are determined to be delinquent on an annual basis rather than borrow funds).

Over the last several years, the county has experienced major declines in interest earnings, which has negatively affected the general fund and delinquent tax interest earnings. Compared to four years ago, general fund interest earnings have declined by approximately \$200,000 and delinquent tax earnings have declined by approximately \$350,000. The 2005 draft budget is premised on no significant increases in interest earnings from this vital revenue source.

Future Funding of Local Government

As previously noted, an overriding question in the preparation of county budgets for 2006, 2007, and 2008 is whether the state will resume paying state revenue sharing to the county when property tax roll forward funds are exhausted. This source of funds exceeds \$1,000,000 annually and represents approximately 10% of the total General Fund revenue. Will the state begin paying the county state revenue sharing payments in 2009? If the state does not continue these payments the county would have to come to grips with a \$1,000,000 plus financial problem. This is a serious financial matter that needs attention now and not in 2008.

The governor has formed a Task Force of state and local officials to determine new effective methods to fund county and local government. It is called Task Force on Local Government Services and Fiscal Stability. What type of changes

will be proposed, and how would these changes provide relief to the county budget? With six failed millage attempts in Tuscola County in the last two years to provide funding for county services, it is unlikely that the property tax will be the solution to on-going fiscal problems. How much of the county financial planning should be placed on relief that could come through implementation of the Task Force's recommendations? Task Force recommendations are due by November 30, 2005.

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 are 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 post employment benefits

The county sponsors a defined-benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the county must pay for each of the existing units in the plan to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, Tuscola County fully funds each year's annual required contribution to the pension plan as determined by the actuary. The county is currently funded 94.2% on an average of all units (as of December 2004). During years 1999, 2000, 2001, 2002, and 2003 the county was funded 115%, 106%, 99%, 94% and 94.1% respectively. The decline in funding is primarily due to the poor return on investments. That trend is currently on the upswing and hopefully will help Tuscola County to return to a 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, 2003. This was the fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

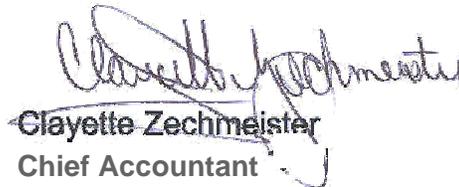
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Michael R. Hoagland
Controller/Administrator



Clayette Zechmeister
Chief Accountant

The Board of Commissioners

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

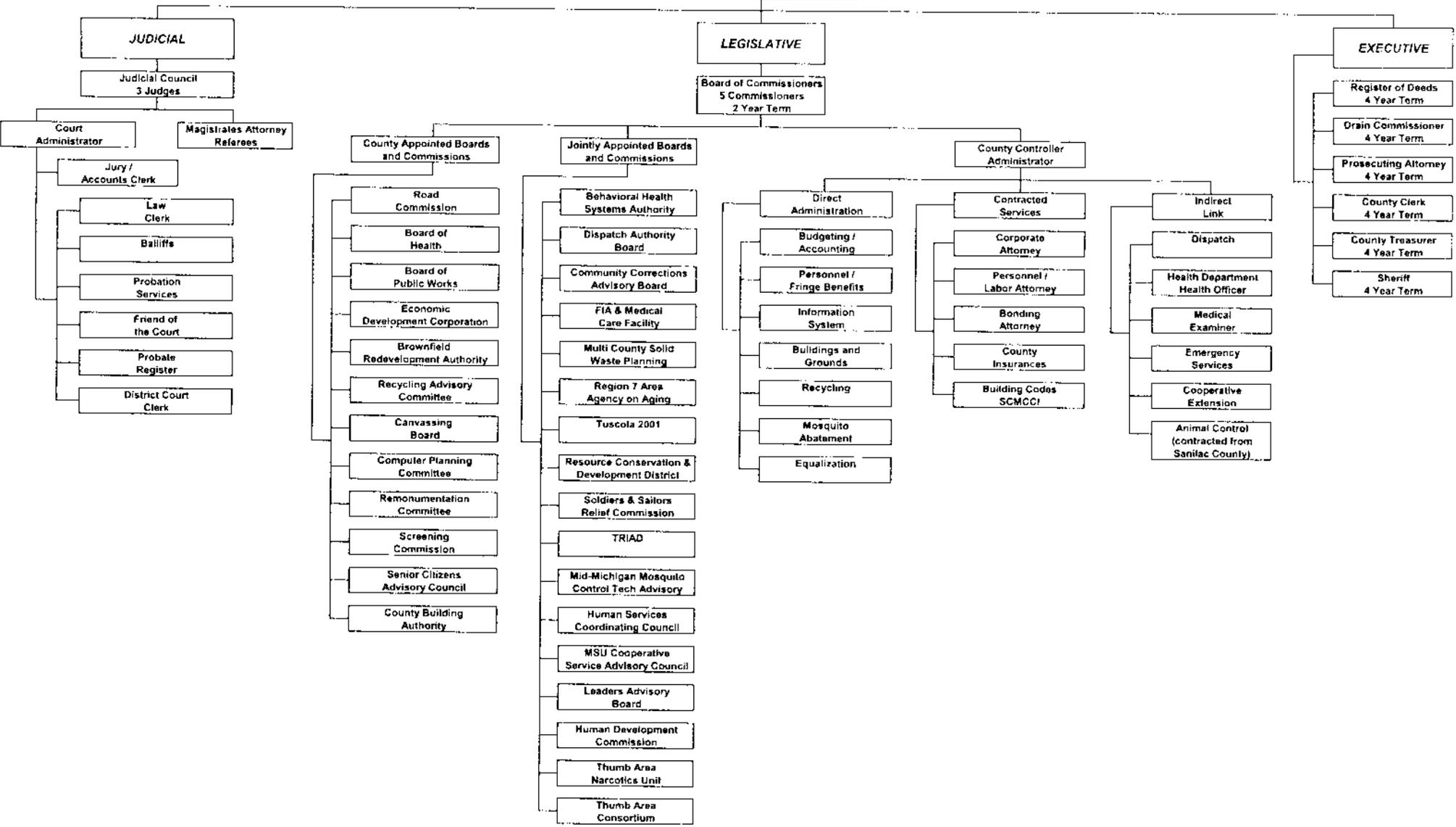
Patrick Joslyn
Kim Glaspie
William Kent
Mark Reene
Thomas Kern
Margie White-Cormier
Virginia McLaren
Sarah Pistro
Patricia Donovan

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
Clayette Zechmeister

CITIZENS OF TUSCOLA COUNTY



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, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT

April 7, 2005

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, 2004, 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 69% and 85% 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 opinions, insofar as they relate to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, are based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund and Health Department Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2005, on our consideration of ***Tuscola County, Michigan's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3-15, 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 reports 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 black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

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, 2004. 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 \$25,948,963 (net assets). Of this amount, \$8,271,060 (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 \$2,069,036 as restated from the previous year. However, it is important to note that the unrestricted portion of net assets declined sharply with many previous unrestricted assets moving to the capital assets category.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,019,378. Approximately 64 percent of this total amount or \$4,523,235 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 approximately 10 percent of the total general fund expenditures. The total fund balance for the general fund was \$1,678,500.
- In peak year 2000, net income was \$900,848 from the Delinquent Tax Revolving Fund compared to a 2004 net income before transfers of \$640,760. From 2003 to 2004 net income from delinquent taxes increased \$41,599 or approximately 7%.

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 16-18 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 51 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 49 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 16-30 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 26-29 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 30 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 31-63 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 64-111 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 \$25,948,963 at the close of the most recent fiscal year.

The following tables show net assets for governmental and business-type activities, in addition, a comparison of 2003 and 2004 net assets is provided.

Tuscola County's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$ 19,347,830	\$ 18,813,794	\$ 24,589,264	\$ 11,442,042	\$ 43,937,094	\$ 30,255,836
Capital assets, net	<u>6,753,452</u>	<u>6,478,037</u>	<u>2,304,843</u>	<u>16,420,863</u>	<u>9,058,295</u>	<u>22,898,900</u>
Total assets	<u>26,101,282</u>	<u>25,291,831</u>	<u>26,894,107</u>	<u>27,862,905</u>	<u>52,995,389</u>	<u>53,154,736</u>
Long-term liabilities outstanding	5,703,956	5,784,896	11,700,000	13,228,584	17,403,956	19,013,480
Other liabilities	<u>8,308,254</u>	<u>6,476,686</u>	<u>3,403,252</u>	<u>1,074,847</u>	<u>11,711,506</u>	<u>7,551,533</u>
Total liabilities	<u>14,012,210</u>	<u>12,261,582</u>	<u>15,103,252</u>	<u>14,303,431</u>	<u>29,115,462</u>	<u>26,565,013</u>
Net Assets						
Invested in capital assets, net of related debt	4,595,288	4,565,125	2,319,219	10,400,322	6,914,507	14,965,447
Restricted	1,811,720	1,851,900	-	860,556	1,811,720	2,712,456
Unrestricted	<u>5,682,064</u>	<u>6,613,224</u>	<u>9,471,636</u>	<u>1,657,836</u>	<u>15,153,700</u>	<u>8,271,060</u>
Total net assets	<u>\$ 12,089,072</u>	<u>\$ 13,030,249</u>	<u>\$ 11,790,855</u>	<u>\$ 12,918,714</u>	<u>\$ 23,879,927</u>	<u>\$ 25,948,963</u>

One of the largest portions of the County's net assets, \$14,965,447 (58 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, \$2,712,456 (10 Percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$8,271,060 (32 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. The same situation held true for the prior fiscal year.

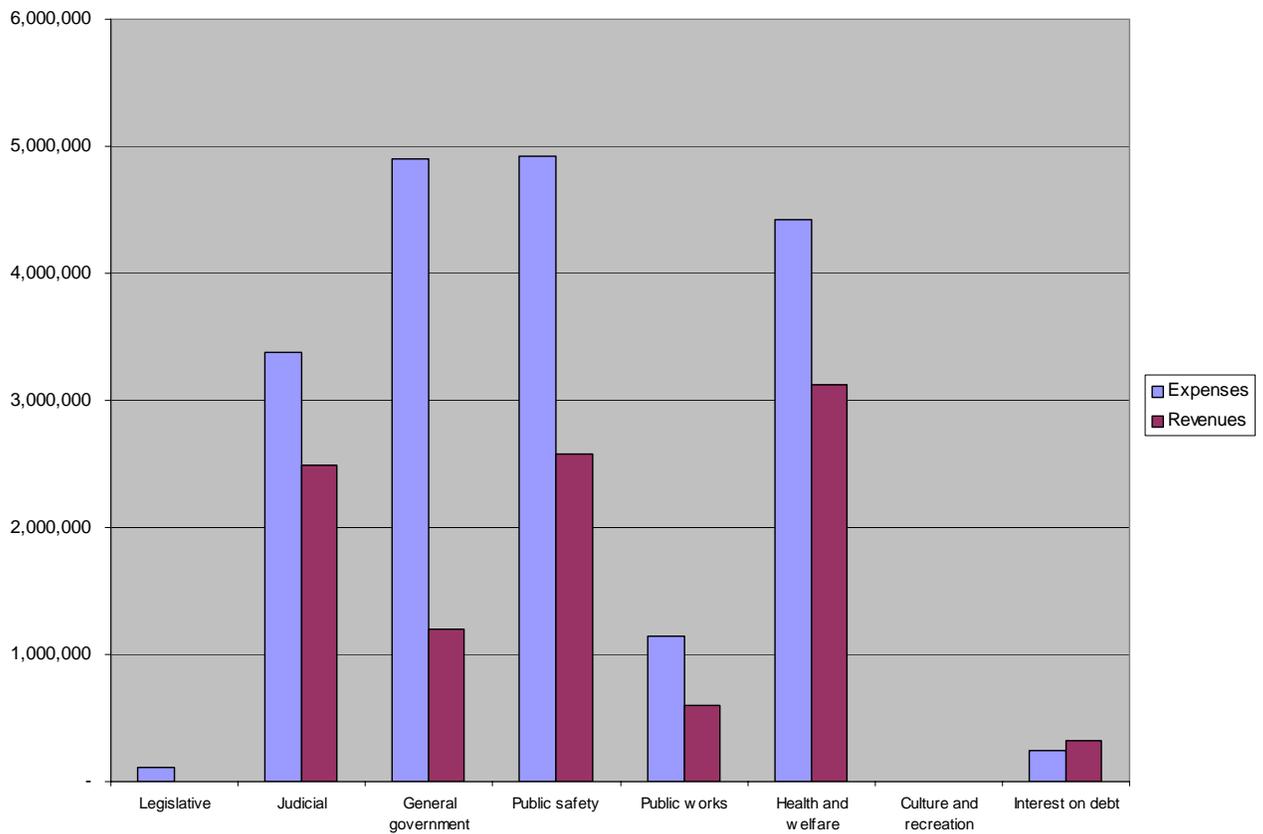
Tuscola County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2003	2004	2003	2004	2003	2004
Revenues:						
Program revenue:						
Charges for services	\$ 5,681,712	\$ 5,507,671	\$ 762,830	\$ 8,107,047	\$ 6,444,542	\$ 13,614,718
Operating grants and contributions	4,374,809	4,429,950	-	212,476	4,374,809	4,642,426
Capital grants and contributions	570,969	374,660	-	-	570,969	374,660
General Revenue:						
Property Taxes	6,541,061	8,352,320	1,358,078	1,431,875	7,899,139	9,784,195
Grants and contributions not restricted to specific programs	1,115,501	516,767	-	-	1,115,501	516,767
Other	135,575	197,072	246,222	422,017	381,797	619,089
Total revenues	<u>18,419,627</u>	<u>19,378,440</u>	<u>2,367,130</u>	<u>10,173,415</u>	<u>20,786,757</u>	<u>29,551,855</u>
Expenses:						
Legislative	104,985	107,275	-	-	104,985	107,275
Judicial	3,293,066	3,373,694	-	-	3,293,066	3,373,694
General Government	4,621,668	4,905,058	-	-	4,621,668	4,905,058
Public Safety	4,713,775	4,927,107	-	-	4,713,775	4,927,107
Public Works	1,185,845	1,141,879	-	-	1,185,845	1,141,879
Health and Welfare	4,478,759	4,425,578	-	-	4,478,759	4,425,578
Culture and Recreation	1,841	1,938	-	-	1,841	1,938
Interest on debt	552,866	245,467	-	-	552,866	245,467
Delinquent property tax	-	-	195	42	195	42
Medical Care Facility	-	-	685,209	8,404,754	685,209	8,404,754
Total expenses	<u>18,952,805</u>	<u>19,127,996</u>	<u>685,404</u>	<u>8,404,796</u>	<u>19,638,209</u>	<u>27,532,792</u>
Increase in net assets						
before transfers	(533,178)	250,444	1,681,726	1,768,619	1,148,548	2,019,063
Transfers	<u>632,355</u>	<u>690,733</u>	<u>(599,161)</u>	<u>(640,760)</u>	<u>33,194</u>	<u>49,973</u>
Change in net assets	99,177	941,177	1,082,565	1,127,859	1,181,742	2,069,036
Net assets-beginning of year, as restated						
	<u>11,989,895</u>	<u>12,089,072</u>	<u>9,489,684</u>	<u>11,790,855</u>	<u>21,479,579</u>	<u>23,879,927</u>
Net assets-end of year	<u>\$12,089,072</u>	<u>\$ 13,030,249</u>	<u>\$10,572,249</u>	<u>\$ 12,918,714</u>	<u>\$ 22,661,321</u>	<u>\$ 25,948,963</u>

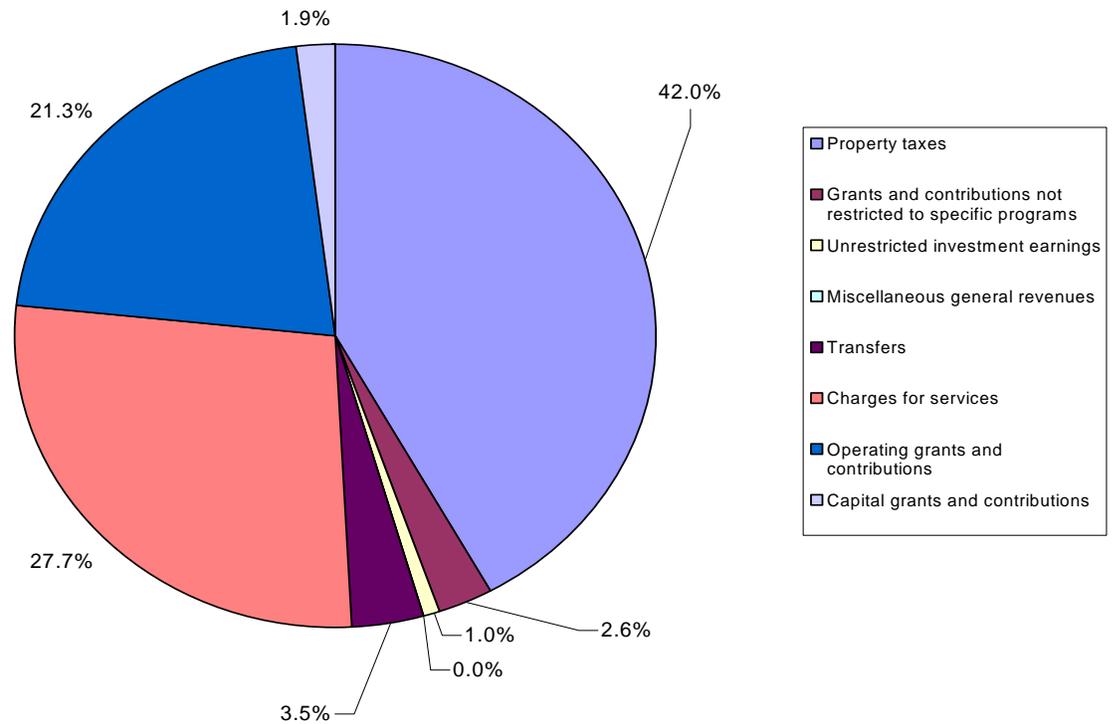
Governmental activities. Governmental activities increased the County’s net assets by \$941,177 accounting for 8 percent of the total growth in the net assets of the County. However, all of this increase results from growth in capital assets because it is significant that unrestricted assets for governmental activities declined by \$876,710 or 15% from 2003 to 2004.

- Property taxes including general operating and all special purpose millages increased by approximately \$1,811,259 during the year. Most of this increase is the product of increased taxable values and residential growth.

Expenses and Program Revenues – Governmental Activities



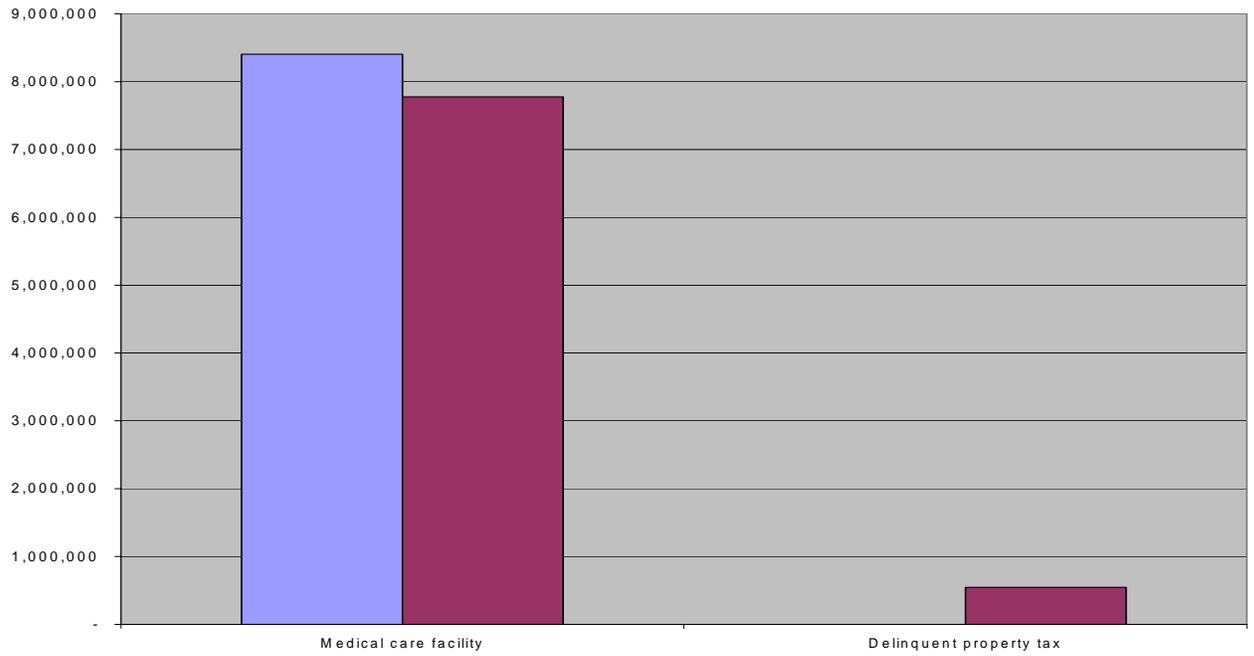
Revenues by Source – Governmental Activities



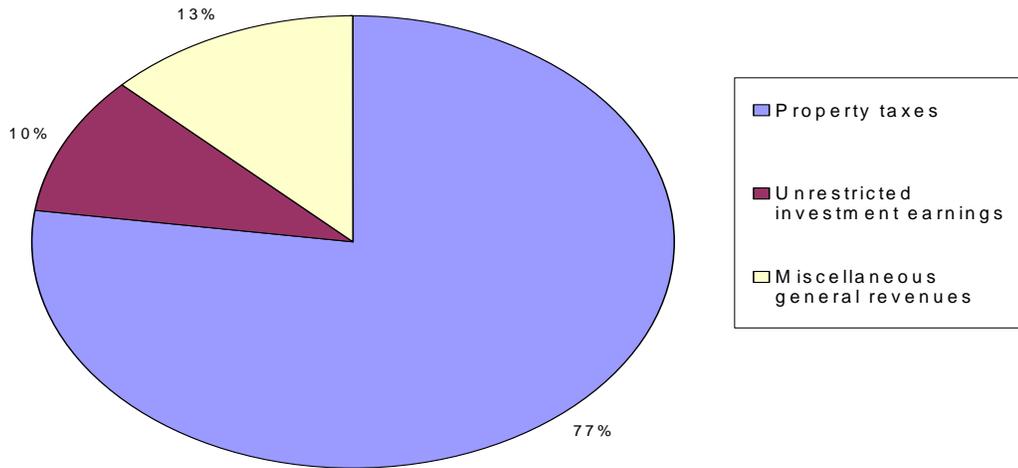
Business-type activities. Business-type activities increased the County’s net assets by \$1,127,859 accounting for 54 percent of the total growth in the government’s net assets for the current year. Key elements of this increase are as follows:

- Medical Care Facilities net assets continue to grow due to a construction project that is underway. This is to remodel the existing building, and also new construction of an Alzheimer unit.
- Net income for the Delinquent tax revolving fund increased by \$41,599 from \$599,161 in 2003 to \$640,760 in 2004.

- **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 \$7,019,378. Of this total amount 64 percent (\$4,523,235) 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* (\$234,749) and *unreserved-undesignated fund balance* (\$4,288,486). 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 it has already been committed to: 1) cover advances to component units (\$610,000), 2) cover cemetery maintenance (\$6,800), 3) to pay debt service (\$140,429), 4) capital projects (\$1,702,185), 5) cover prepaid items (\$15,080), 6) restricted contributions (\$21,649).

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 10 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 \$43,860 for an ending undesignated fund balance of \$384,513.

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 an increase of \$77,389, whereas the difference between the original budget and final amended budget for revenues resulted in a decrease of \$570,419.

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, 2004, amounted to \$18,137,575 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, vehicles and equipment.

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

- Medical Care Facility expansion continues to grow with construction in progress. This accounts for 80% of the growth in the business-type activities.

**County of Tuscola’s
Capital assets (net of depreciation)**

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
Land	\$ 507,359	\$ -	\$ 507,359
Construction in Progress	-	1,308,936	1,308,936
Buildings	3,349,323	6,185,754	9,535,077
Improvements	1,085,383	369,324	1,454,707
Vehicles	329,581	-	329,581
Equipment	1,206,391	3,795,524	5,001,915
Total	<u>\$ 6,478,037</u>	<u>\$ 11,659,538</u>	<u>\$ 18,137,575</u>

Additional information on the County’s capital assets can be found in note III C on pages 42-45 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$29,165,329. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$12,447,329 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

The County's bond rating was upgraded in 2004 from BBB+ to A-.

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 \$163,631,341, 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 47-51 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 2005 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2004 was 8.9 percent, which is a decrease from an average rate of 9.9 percent a year ago. This is higher than the State's average unemployment rate of 7.1 percent and the national average rate of 5.5 percent.
- Public Act 357 of 2004 essentially created a funding mechanism to serve as a substitute to state revenue sharing payments whereas the County will gradually shift its county operating property tax millage from a winter tax levy to a summer tax levy over three consecutive years. The County is required to deposit an amount equal to the county's December 2004 property tax levy into a separate special revenue fund in three separate distributions as follows:
 - in 2005, 1/3 from the December 2004 property tax levy
 - in 2006, 1/3 from the December 2005 property tax levy
 - in 2007, 1/3 from the December 2006 property tax levy

The County is then allowed to make distributions from the special revenue fund in an amount not to exceed its October 1, 2003 through September 30, 2004 revenue sharing payments adjusted for inflation. This amount for 2005 is \$1,003,147. The 2005 budget is a minimal increase over the 2004 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.

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 requests for additional financial information should be addressed to the Tuscola County Controller's office, 207 E. Grant St., Caro, Michigan 48723.

BASIC FINANCIAL STATEMENTS

TUSCOLA COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 2,006,001	\$ 2,198,776	\$ 4,204,777	\$ 1,146,760	\$ 2,816,952	\$ 3,963,712
Investments	4,534,383	4,040,398	8,574,781	-	3,737,513	3,737,513
Accounts receivable	11,832,451	4,311,259	16,143,710	537,853	10,319,943	10,857,796
Advance to component units	610,000	-	610,000	-	-	-
Internal balances	(250,849)	250,849	-	-	-	-
Prepaid items and other assets	29,718	80,465	110,183	236,502	-	236,502
Inventory	52,090	-	52,090	308,809	-	308,809
Restricted cash	-	950,866	950,866	481,653	-	481,653
Restricted investments	-	3,729,994	3,729,994	-	-	-
Restricted receivables	-	-	-	1,330,841	-	1,330,841
Capital assets, net:						
Assets not being depreciated	507,359	1,308,936	1,816,295	22,308,637	1,356,104	23,664,741
Assets being depreciated	5,970,678	10,350,602	16,321,280	36,127,192	9,449,994	45,577,186
Total assets	25,291,831	27,222,145	52,513,976	62,478,247	27,680,506	90,158,753
Liabilities						
Accounts payable	990,234	206,160	1,196,394	113,138	27,462	140,600
Accrued liabilities	3,360	868,687	872,047	79,135	-	79,135
Advance from primary government	-	-	-	-	610,000	610,000
Unearned revenue	5,483,092	1,647,937	7,131,029	183,623	-	183,623
Noncurrent liabilities:						
Due within one year	1,019,844	600,000	1,619,844	50,000	1,809,734	1,859,734
Due in more than one year	4,765,052	10,980,647	15,745,699	120,967	10,637,595	10,758,562
Total liabilities	12,261,582	14,303,431	26,565,013	546,863	13,084,791	13,631,654
Net Assets						
Invested in capital assets, net of related debt	4,565,125	10,400,322	14,965,447	58,285,829	(1,641,231)	56,644,598
Restricted for:						
Debt service	140,429	-	140,429	-	2,251,827	2,251,827
Capital projects	1,702,185	841,737	2,543,922	1,812,494	3,665,176	5,477,670
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	53	-	53	-	-	-
Other purposes	2,433	18,820	21,253	-	-	-
Unrestricted	6,613,224	1,657,835	8,271,059	1,833,061	10,319,943	12,153,004
Total net assets	\$ 13,030,249	\$ 12,918,714	\$ 25,948,963	\$ 61,931,384	\$ 14,595,715	\$ 76,527,099

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

TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 107,275	\$ -	\$ -	\$ (107,275)
Judicial	3,373,694	1,405,760	1,085,773	(882,161)
General government	4,905,058	990,730	210,767	(3,703,561)
Public safety	4,927,107	1,696,680	875,956	(2,354,471)
Public works	1,141,879	601,692	-	(540,187)
Health and welfare	4,425,578	812,629	2,257,454	(1,303,797)
Culture and recreation	1,938	180	-	(1,758)
Interest on debt	245,467	-	-	77,495
Total governmental activities	<u>19,127,996</u>	<u>5,507,671</u>	<u>4,429,950</u>	<u>(8,815,715)</u>
Business-type activities:				
Medical care facility	8,404,754	7,561,350	212,476	(630,928)
Delinquent property tax	42	545,697	-	545,655
Total business-type activities	<u>8,404,796</u>	<u>8,107,047</u>	<u>212,476</u>	<u>(85,273)</u>
Total primary government	<u>\$ 27,532,792</u>	<u>\$ 13,614,718</u>	<u>\$ 4,642,426</u>	<u>\$ (8,900,988)</u>
Component units				
Road Commission	\$ 7,404,997	\$ -	\$ 10,371,451	\$ 2,966,454
Drain Commission	<u>1,543,642</u>	<u>-</u>	<u>-</u>	<u>703,231</u>
Total component units	<u>\$ 8,948,639</u>	<u>\$ -</u>	<u>\$ 10,371,451</u>	<u>\$ 3,669,685</u>

continued...

TUSCOLA COUNTY
STATEMENT OF ACTIVITIES (CONCLUDED)
YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Changes in net assets						
Net (expense) revenue	\$ (8,815,715)	\$ (85,273)	\$ (8,900,988)	\$ 2,966,454	\$ 703,231	\$ 3,669,685
General revenues:						
Property taxes	8,352,320	1,431,875	9,784,195	1,330,840	-	1,330,840
Grants and contributions not restricted to specific programs	516,767	-	516,767	-	-	-
Unrestricted investment earnings	193,516	187,313	380,829	26,662	76,196	102,858
Miscellaneous general revenues	3,556	234,704	238,260	59,367	5,876	65,243
Transfers - internal activities	690,733	(640,760)	49,973	-	-	-
Total general revenues, contributions and transfers	9,756,892	1,213,132	10,970,024	1,416,869	82,072	1,498,941
Change in net assets	941,177	1,127,859	2,069,036	4,383,323	785,303	5,168,626
Net assets, beginning of year, as restated	12,089,072	11,790,855	23,879,927	57,548,061	13,810,412	71,358,473
Net assets, end of year	\$ 13,030,249	\$ 12,918,714	\$ 25,948,963	\$ 61,931,384	\$ 14,595,715	\$ 76,527,099

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

**TUSCOLA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	General	Health Department (F.Y.E. 9-30-04)	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,000	\$ 670,448	\$ 1,026,390	\$ 1,703,838
Investments	2,606,200	-	1,928,183	4,534,383
Receivables:				
Taxes receivable	4,098,134	-	2,266,693	6,364,827
Taxes receivable - delinquent	35,043	-	23,257	58,300
Accounts receivable	195,511	103,042	145,339	443,892
Due from other funds	1,275,845	-	2,364,123	3,639,968
Due from State	55,322	9,452	410,997	475,771
Prepaid expenditures	14,638	15,080	-	29,718
Inventory	-	52,090	-	52,090
Advances to component unit	610,000	-	-	610,000
TOTAL ASSETS	\$ 8,897,693	\$ 850,112	\$ 8,164,982	\$ 17,912,787
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	126,667	84,732	115,992	327,391
Accrued liabilities	88,056	75,604	77,801	241,461
Due to other funds	3,806,030	-	937,136	4,743,166
Deposits payable	-	-	40,000	40,000
Deferred revenue	3,198,440	53,001	2,289,950	5,541,391
TOTAL LIABILITIES	7,219,193	213,337	3,460,879	10,893,409
Fund balance				
Reserved for:				
Advances to component units	610,000	-	-	610,000
Reserved for cemetery maintenance	-	-	6,800	6,800
Restricted contributions	-	2,433	19,216	21,649
Debt service	-	-	140,429	140,429
Capital projects	-	-	1,702,185	1,702,185
Prepaid items	-	15,080	-	15,080
Unreserved:				
Designated for subsequent years' expenditures	-	234,749	-	234,749
Undesignated	1,068,500	384,513	-	1,453,013
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	2,835,420	2,835,420
Permanent funds	-	-	53	53
Total fund balance	1,678,500	636,775	4,704,103	7,019,378
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,897,693	\$ 850,112	\$ 8,164,982	\$ 17,912,787

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

TUSCOLA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Fund balances - total governmental funds	\$	7,019,378
--	----	-----------

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

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: Capital assets		11,337,277
Subtract: Accumulated depreciation		(4,859,240)

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		58,299
Add: Long-term receivables - Due from other governments		4,483,000

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		776,431
--	--	---------

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		(5,105,912)
Subtract: compensated absences		(678,984)

Net assets of governmental activities	\$	<u>13,030,249</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, 2004

	General	Health Department (F.Y.E. 9-30-04)	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 4,630,129	\$ -	\$ 3,721,850	\$ 8,351,979
Licenses and permits	710,938	206,882	-	917,820
Intergovernmental				
Federal	169,512	1,019,143	640,672	1,829,327
State	1,414,668	439,553	1,371,987	3,226,208
Local	11,800	14,362	607,595	633,757
Charges for services	1,907,299	419,313	1,175,289	3,501,901
Fines and forfeits	103,307	-	7,637	110,944
Interest and rents	239,683	-	48,666	288,349
Reimbursements and refunds	525,243	-	14,339	539,582
Other	-	28,291	135,941	164,232
TOTAL REVENUES	9,712,579	2,127,544	7,723,976	19,564,099
EXPENDITURES				
Current:				
Legislative	107,275	-	-	107,275
Judicial	2,235,788	-	1,125,872	3,361,660
General government	3,297,781	-	1,056,843	4,354,624
Public safety	2,011,556	-	2,504,803	4,516,359
Public works	1,140,165	-	-	1,140,165
Health and welfare	471,288	2,370,179	1,497,524	4,338,991
Culture and recreation	-	-	1,938	1,938
Other	288,904	-	-	288,904
Capital outlay	-	96,891	432,609	529,500
Debt service	-	49,181	823,045	872,226
TOTAL EXPENDITURES	9,552,757	2,516,251	7,442,634	19,511,642
REVENUES OVER (UNDER) EXPENDITURES	159,822	(388,707)	281,342	52,457
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	46,017	134,490	180,507
Transfer in	1,341,843	386,550	1,416,356	3,144,749
Transfer out	(1,501,665)	-	(954,562)	(2,456,227)
TOTAL OTHER FINANCING SOURCES (USES)	(159,822)	432,567	596,284	869,029
NET CHANGE IN FUND BALANCES	-	43,860	877,626	921,486
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	1,678,500	592,915	3,826,477	6,097,892
FUND BALANCE, END OF YEAR	\$ 1,678,500	\$ 636,775	\$ 4,704,103	\$ 7,019,378

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, 2004

Net change in fund balances - total governmental funds \$ 921,486

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	388,816
Subtract: depreciation expense	(545,015)

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	58,299
Subtract: prior year deferred delinquent property taxes	(57,958)
Subtract: change in long-term receivables	(186,000)

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	626,759
Subtract: note proceeds	(180,507)

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

Add: decrease in the accrual of compensated absences	41,300
Subtract: loss on the disposal of capital assets	(119,217)

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	(8,997)
Add: internal activities (transfers) accounted for in internal service funds	2,211

Change in net assets of governmental activities	\$ 941,177
---	------------

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

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 4,626,500	\$ 4,628,090	\$ 4,630,129	\$ 2,039
Licenses and permits	588,742	718,162	710,938	(7,224)
Intergovernmental				
Federal	130,520	155,533	169,512	13,979
State	1,959,204	1,368,816	1,414,668	45,852
Local	18,000	16,500	11,800	(4,700)
Charges for services	2,085,145	1,942,128	1,907,299	(34,829)
Fines and forfeits	96,100	102,160	103,307	1,147
Interest and rents	190,776	214,831	239,683	24,852
Other	563,047	541,395	525,243	(16,152)
TOTAL REVENUES	10,258,034	9,687,615	9,712,579	24,964
EXPENDITURES				
Legislative				
Board of Commissioners	101,039	110,826	107,275	(3,551)
Judicial				
Unified Court	2,152,629	2,194,483	2,194,483	-
Jury Commission	4,850	4,850	4,047	(803)
Adult Probation	14,600	16,596	16,596	-
Friend of the court - medical enforcement	-	20,662	20,662	-
Total Judicial	2,172,079	2,236,591	2,235,788	(803)
General government				
Elections	62,250	45,000	36,132	(8,868)
Legal	50,000	40,000	39,995	(5)
County Clerk	337,822	329,862	329,861	(1)
Controller	313,872	311,769	304,717	(7,052)
Equalizations	172,106	171,106	167,042	(4,064)
Prosecuting attorney	429,243	420,000	413,891	(6,109)
Cooperative reimbursement - prosecutor	146,577	145,290	141,771	(3,519)
Register of deeds	233,979	234,658	232,963	(1,695)
Treasurer	317,751	320,625	320,624	(1)
Cooperative extension	82,440	91,292	91,292	-
Computer operations	382,027	375,000	365,679	(9,321)
Building and grounds	681,270	701,031	699,228	(1,803)
Drain Commission	161,124	159,252	154,396	(4,856)
Livestock claims	825	825	190	(635)
Total general government	3,371,286	3,345,710	3,297,781	(47,929)
Public safety				
Courthouse security	112,741	100,000	98,332	(1,668)
Sheriff's department	1,516,850	1,429,441	1,421,525	(7,916)
Marine safety	28,808	30,821	30,777	(44)
Secondary road patrol	134,094	134,094	133,077	(1,017)
Thumb area narcotics group	86,588	86,588	82,214	(4,374)
Planning commission	1,200	2,500	2,385	(115)
Plat Board	776	776	363	(413)
Emergency services	78,905	80,709	78,320	(2,389)
Emergency preparedness	60,000	72,405	72,241	(164)
Animal shelter	65,250	93,500	92,322	(1,178)
Total public safety	2,085,212	2,030,834	2,011,556	(19,278)

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Public works				
Building codes	\$ 512,800	\$ 567,500	\$ 564,677	\$ (2,823)
Drains at large	575,488	575,488	575,488	-
Total public works	<u>1,088,288</u>	<u>1,142,988</u>	<u>1,140,165</u>	<u>(2,823)</u>
Health and welfare				
Substance abuse	47,000	47,663	47,663	-
Medical examiner	26,038	35,964	35,962	(2)
Veterans' burial	14,000	22,340	22,340	-
Economic development	25,500	25,500	25,500	-
Mental health appropriations	288,243	288,243	288,243	-
Environmental health	28,999	28,999	27,927	(1,072)
Cigarette tax	34,461	25,715	23,653	(2,062)
Total health and welfare	<u>464,241</u>	<u>474,424</u>	<u>471,288</u>	<u>(3,136)</u>
Other	<u>293,944</u>	<u>312,105</u>	<u>288,904</u>	<u>(23,201)</u>
TOTAL EXPENDITURES	<u>9,576,089</u>	<u>9,653,478</u>	<u>9,552,757</u>	<u>(100,721)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>681,945</u>	<u>34,137</u>	<u>159,822</u>	<u>125,685</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	834,421	1,472,850	1,341,843	(131,007)
Transfer out	<u>(1,572,711)</u>	<u>(1,542,626)</u>	<u>(1,501,665)</u>	<u>40,961</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(738,290)</u>	<u>(69,776)</u>	<u>(159,822)</u>	<u>(90,046)</u>
NET CHANGE IN FUND BALANCE	(56,345)	(35,639)	-	35,639
FUND BALANCE, BEGINNING OF YEAR	<u>1,678,500</u>	<u>1,678,500</u>	<u>1,678,500</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 1,622,155</u>	<u>\$ 1,642,861</u>	<u>\$ 1,678,500</u>	<u>\$ 35,639</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, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ 268,236	\$ 194,356	\$ 206,882	\$ 12,526
Intergovernmental				
Federal	905,734	919,817	1,019,143	99,326
State	390,640	396,714	439,553	42,839
Local	12,557	10,315	14,362	4,047
Charges for services	327,890	415,544	419,313	3,769
Other	2,808	2,914	28,291	25,377
TOTAL REVENUES	<u>1,907,865</u>	<u>1,939,660</u>	<u>2,127,544</u>	<u>187,884</u>
EXPENDITURES				
Current				
Health and Welfare	2,283,323	2,265,692	2,370,179	104,487
Capital outlay	34,000	75,228	96,891	21,663
Debt service	5,200	50,268	49,181	(1,087)
TOTAL EXPENDITURES	<u>2,322,523</u>	<u>2,391,188</u>	<u>2,516,251</u>	<u>125,063</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(414,658)</u>	<u>(451,528)</u>	<u>(388,707)</u>	<u>62,821</u>
OTHER FINANCING SOURCES				
Note proceeds	-	40,242	46,017	5,775
Transfer in	414,658	411,286	386,550	(24,736)
TOTAL OTHER FINANCING SOURCES	<u>414,658</u>	<u>451,528</u>	<u>432,567</u>	<u>(18,961)</u>
NET CHANGE IN FUND BALANCE	-	-	43,860	43,860
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>575,785</u>	<u>575,785</u>	<u>592,915</u>	<u>17,130</u>
FUND BALANCE, END OF YEAR	<u>\$ 575,785</u>	<u>\$ 575,785</u>	<u>\$ 636,775</u>	<u>\$ 60,990</u>

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

TUSCOLA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax		Internal Service Funds
		Revolving Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,010,228	\$ 1,188,548	\$ 2,198,776	\$ 302,163
Investments	1,436,558	2,603,840	4,040,398	-
Receivables:				
Taxes receivable	1,502,266	-	1,502,266	-
Taxes receivable - delinquent	7,861	1,557,802	1,565,663	-
Accounts receivable	1,474,781	52,476	1,527,257	6,661
Allowance for uncollectible accounts	(321,384)	-	(321,384)	-
Due from other governmental units	-	37,457	37,457	-
Due from other funds	-	891,609	891,609	852,349
Total current assets	5,110,310	6,331,732	11,442,042	1,161,173
Noncurrent assets:				
Restricted cash	950,866	-	950,866	-
Restricted investments	3,729,994	-	3,729,994	-
Capital assets	11,659,538	-	11,659,538	-
Other assets	80,465	-	80,465	-
Total noncurrent assets	16,420,863	-	16,420,863	-
Total assets	21,531,173	6,331,732	27,862,905	1,161,173
Liabilities				
Current liabilities:				
Accounts payable	118,705	87,455	206,160	-
Accrued and other liabilities	90,853	210	91,063	384,742
Retainage payable	754,344	-	754,344	-
Due to other funds	-	640,760	640,760	-
Patient trust fund	13,280	-	13,280	-
Deposits payable	10,000	-	10,000	-
Bonds payable current	600,000	-	600,000	-
Total current liabilities	1,587,182	728,425	2,315,607	384,742
Noncurrent liabilities:				
Long-term debt	11,100,000	-	11,100,000	-
Deferred costs	(119,353)	-	(119,353)	-
Unearned revenue	1,647,937	-	1,647,937	-
Total long-term liabilities	12,628,584	-	12,628,584	-
Total liabilities	14,215,766	728,425	14,944,191	384,742
Net assets				
Invested in capital assets, net of related debt	10,400,322	-	10,400,322	-
Restricted for:				
Donor contributions	18,820	-	18,820	-
Capital projects	841,737	-	841,737	-
Unrestricted	(3,945,472)	5,603,307	1,657,835	776,431
Total net assets	\$ 7,315,407	\$ 5,603,307	\$ 12,918,714	\$ 776,431

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, 2004

	Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Total	Internal Service Funds
Operating revenue				
Taxes	\$ 281,149	\$ -	\$ 281,149	\$ -
Charges for services	7,561,350	200,968	7,762,318	1,623,928
Interest on taxes	-	343,039	343,039	-
Other operating revenue	234,704	1,690	236,394	-
Total operating revenue	<u>8,077,203</u>	<u>545,697</u>	<u>8,622,900</u>	<u>1,623,928</u>
Operating expenses				
Operation and maintenance	7,951,622	42	7,951,664	1,607,291
Benefits and claims	-	-	-	25,634
Depreciation	189,942	-	189,942	-
Total operating expenses	<u>8,141,564</u>	<u>42</u>	<u>8,141,606</u>	<u>1,632,925</u>
Operating income (loss)	<u>(64,361)</u>	<u>545,655</u>	<u>481,294</u>	<u>(8,997)</u>
Non-operating revenue (expenses)				
Property taxes for debt service	1,150,726	-	1,150,726	-
Intergovernmental transfers	212,476	-	212,476	-
Interest income	92,208	95,105	187,313	-
Loss on disposal of capital assets	(242,752)	-	(242,752)	-
Interest expense and fiscal charges	(20,438)	-	(20,438)	-
Total non-operating revenue (expenses)	<u>1,192,220</u>	<u>95,105</u>	<u>1,287,325</u>	<u>-</u>
Income (loss) before transfers	<u>1,127,859</u>	<u>640,760</u>	<u>1,768,619</u>	<u>(8,997)</u>
Transfers				
Transfer in	-	-	-	25,000
Transfers out	-	(640,760)	(640,760)	(22,789)
Net Transfers	<u>-</u>	<u>(640,760)</u>	<u>(640,760)</u>	<u>2,211</u>
Change in net assets	1,127,859	-	1,127,859	(6,786)
Net assets, beginning of year, as restated	<u>6,187,548</u>	<u>5,603,307</u>	<u>11,790,855</u>	<u>783,217</u>
Net assets, end of year	<u>\$ 7,315,407</u>	<u>\$ 5,603,307</u>	<u>\$ 12,918,714</u>	<u>\$ 776,431</u>

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

**TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2004**

	Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund		Internal Service Funds
		Total	Total	
Cash flows from operating activities				
Cash received from customers	\$ 7,990,175	\$ 926,080	\$ 8,916,255	\$ 1,623,708
Interfund services used	-	(885,211)	(885,211)	(852,349)
Cash payments to suppliers for goods and services	(4,611,902)	(42)	(4,611,944)	(1,632,925)
Cash payments to employees for services	(3,488,229)	-	(3,488,229)	-
Net cash provided (used) by operating activities	(109,956)	40,827	(69,129)	(861,566)
Cash flows from non-capital financing activities				
Transfers in	-	-	-	25,000
Transfers out	-	(640,760)	(640,760)	(22,789)
Net cash provided(used) by non-capital financing activities	-	(640,760)	(640,760)	2,211
Cash flows from capital and related financing activities				
Property taxes for debt services	1,150,726	-	1,150,726	-
Proceeds from disposal of capital assets	364	-	364	-
Intergovernmental transfers	212,476	-	212,476	-
Principal payments	(550,000)	-	(550,000)	-
Interest payments	(438,006)	-	(438,006)	-
Purchases of capital assets	(8,609,781)	-	(8,609,781)	-
Net cash provided (used) by capital and related financing activities	(8,234,221)	-	(8,234,221)	-
Cash flows from investing activities				
Interest received	222,146	95,105	317,251	-
Sale of investments	8,376,259	14,244	8,390,503	-
Net cash provided (used) by investing activities	8,598,405	109,349	8,707,754	-
Net increase (decrease) in cash and cash equivalents	254,228	(490,584)	(236,356)	(859,355)
Cash and cash equivalents, beginning of year	1,706,866	1,679,132	3,385,998	1,161,518
Cash and cash equivalents, end of year	\$ 1,961,094	\$ 1,188,548	\$ 3,149,642	\$ 302,163
Balance sheet classification of cash and cash equivalents				
Cash and cash equivalents	1,010,228	1,188,548	2,198,776	302,163
Restricted assets	950,866	-	950,866	-
	\$ 1,961,094	\$ 1,188,548	\$ 3,149,642	\$ 302,163

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, 2004**

	Enterprise Funds			Governmental Activities
	Medical Care Facility	Combined Revolving Tax	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(64,361)	545,655	481,294	(8,997)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	189,942	-	189,942	-
Bad debt expense	928	-	928	-
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	(107,748)	210,681	102,933	(220)
Due from other governments	-	43,471	43,471	-
Due from other funds	-	(885,211)	(885,211)	(852,349)
Accounts payable	(3,712)	87,417	83,705	-
Accrued and other liabilities	(145,725)	(2,785)	(148,510)	-
Due to other funds	-	41,599	41,599	-
Unearned revenue	20,720		20,720	-
Net cash provided (used) by operating activities	<u>\$ (109,956)</u>	<u>\$ 40,827</u>	<u>\$ (69,129)</u>	<u>\$ (861,566)</u>

**TUSCOLA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,197,603
Investments at fair value	7,761
Accounts receivable	<u>39,346</u>
TOTAL ASSETS	<u><u>\$ 1,244,710</u></u>
LIABILITIES	
Accrued liabilities	\$ 271,103
Due to other governmental units	348,159
Undistributed receipts	30,014
Undistributed taxes	<u>595,434</u>
TOTAL LIABILITIES	<u><u>\$ 1,244,710</u></u>

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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 following component units are reported separately on the government-wide financial statements to emphasize that they are legally separate from the County.

Tuscola County Road Commission (the “Road Commission”) - The 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, 2004

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, 2004

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

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

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

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, 2004

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. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and Medical Care Facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of operation and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

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

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, 2004

3. INVENTORIES AND PREPAIDS

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

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

4. RESTRICTED ASSETS

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

In the Drain Commissioner component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2003.

The Road Commission component unit has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets. The Road Commission will retroactively capitalize the major infrastructure assets acquired on or before December 31, 2003, as permitted by GASB 34.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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

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

Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from 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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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.
- 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, 2004.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
HEALTH DEPARTMENT			
Health and welfare	\$ 2,265,692	\$2,370,179	\$(104,487)
Capital outlay	75,228	96,891	(21,663)

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 4,204,777
Investments	8,574,781
Restricted cash	950,866
Restricted investments	3,729,994
Component Units:	
Cash and cash equivalents	3,963,712
Investments	3,737,513
Restricted cash	481,653
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,197,603
Investments	<u>7,761</u>
 Total	 <u>\$ 26,848,660</u>
 Notes to Financial Statements:	
Deposits	\$ 15,220,247
Investments	11,621,113
Cash on hand	<u>7,300</u>
 Total	 <u>\$ 26,848,660</u>

Deposits - At December 31, 2004, the carrying amount of the County's deposits was \$15,220,247 and the bank balance was \$11,763,315. Of the bank balance, \$500,000 was covered by Federal Depository Insurance and \$11,263,315 was neither insured nor collateralized.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004

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

	Category			Fair Value/ Carrying Amount
	1	2	3	
Government securities	\$ 4,527,234	\$ -	\$ -	\$ 4,527,234
Commercial paper	6,916,947	-	-	6,916,947
	<u>\$ 11,444,181</u>	<u>\$ -</u>	<u>\$ -</u>	11,444,181
Uncategorized as to risk:				
Mutual funds				176,932
Total investments				<u>\$ 11,621,113</u>

B. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 6,423,127	\$ 3,067,929	\$ -
Accounts	450,553	1,527,257	537,853
Special assessments			
Due within one year	-	-	433,974
Due after one year	-	-	9,885,969
Due from component units	-	-	-
Intergovernmental			
Due within one year	475,771	37,457	-
Due after one year	4,483,000	-	-
Less: allowance for uncollectible accounts	-	(321,384)	-
Total	<u>\$ 11,832,451</u>	<u>\$ 4,311,259</u>	<u>\$ 10,857,796</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, 2004

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 35,043	\$3,155,397
Property taxes receivable (Nonmajor Governmental fund types)	23,256	2,266,694
Inventory	-	53,001
Grant drawdowns prior to meeting all eligibility requirements	-	8,000
Total	<u>\$ 58,299</u>	<u>\$5,483,092</u>

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2004 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 507,359	\$ -	\$ -	\$ 507,359
Capital assets being depreciated:				
Buildings	6,015,702	-	-	6,015,702
Improvements	1,376,614	-	-	1,376,614
Equipment	2,414,972	236,064	(189,532)	2,461,504
Vehicles	995,205	152,752	(171,859)	976,098
Total capital assets being depreciated	<u>10,802,493</u>	<u>388,816</u>	<u>(361,391)</u>	<u>10,829,918</u>
Less accumulated depreciation				
Buildings	(2,485,578)	(175,654)	-	(2,661,232)
Improvements	(228,082)	(63,149)	-	(291,231)
Equipment	(755,406)	(163,531)	10,822	(908,115)
Vehicles	(678,474)	(114,996)	157,563	(635,907)
Health Department	(408,859)	(27,685)	73,789	(362,755)
Total accumulated depreciation	<u>(4,556,399)</u>	<u>(545,015)</u>	<u>242,174</u>	<u>(4,859,240)</u>
Total capital assets being				

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

depreciated, net	<u>6,246,094</u>	<u>(156,199)</u>	<u>(119,217)</u>	<u>5,970,678</u>
------------------	------------------	------------------	------------------	------------------

Governmental activities

capital assets, net	<u>\$ 6,753,453</u>	<u>\$(156,199)</u>	<u>\$(119,217)</u>	<u>\$ 6,478,037</u>
----------------------------	---------------------	--------------------	--------------------	---------------------

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 not being not being depreciated:				
Construction in progress	\$ <u>1,178,974</u>	\$ <u>730,858</u>	\$ <u>(600,896)</u>	\$ <u>1,308,936</u>
Capital assets being depreciated:				
Land improvements	\$ 18,471	\$ 358,566	\$ (4,174)	372,863
Buildings	801,834	6,006,580	(447,528)	6,360,886
Equipment	<u>1,152,481</u>	<u>3,292,644</u>	<u>(92,750)</u>	<u>4,352,375</u>
Total capital assets being depreciated	<u>1,972,786</u>	<u>9,657,790</u>	<u>(544,452)</u>	<u>11,086,124</u>
Less accumulated depreciation				
Land improvements	(4,272)	(2,734)	3,467	(3,539)
Buildings	(350,810)	(70,807)	246,485	(175,132)
Equipment	<u>(491,835)</u>	<u>(116,401)</u>	<u>51,385</u>	<u>(556,851)</u>
Total accumulated depreciation	<u>(846,917)</u>	<u>(189,942)</u>	<u>301,337</u>	<u>(735,522)</u>
Total capital assets being depreciated, net	<u>1,125,869</u>	<u>9,467,848</u>	<u>(243,115)</u>	<u>10,350,602</u>
Business-type activities capital assets, net	<u>\$ 2,304,843</u>	<u>\$10,198,706</u>	<u>\$(844,011)</u>	<u>\$11,659,538</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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

Governmental activities:

Judicial	\$ 5,735
General government	125,956
Public safety	301,476
Public works	1,714
Health and welfare	82,449
Health department	<u>27,685</u>

Total depreciation expense – governmental activities **\$ 545,015**

Business-type activities:

Total depreciation expense – Medical Care Facility **\$ 189,942**

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$1,356,104	\$ -	\$ 1,356,104
Capital assets being depreciated:				
Infrastructure	9,843,744	-	-	9,843,744
Less accumulated depreciation				
Infrastructure	<u>(196,875)</u>	<u>(196,875)</u>	<u>-</u>	<u>(393,750)</u>
Total capital assets being depreciated	<u>9,646,869</u>	<u>(196,875)</u>	<u>-</u>	<u>9,449,994</u>
Drain commission capital assets, net	<u>\$ 9,646,869</u>	<u>\$1,159,229</u>	<u>\$ -</u>	<u>\$10,806,098</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Activity for the Road Commission for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and right of ways	\$ 294,218	\$ -	\$ -	\$ 294,218
Land improvements	<u>20,648,312</u>	<u>1,366,107</u>	<u>-</u>	<u>22,014,419</u>
Total capital assets not being depreciated	<u>20,942,530</u>	<u>1,366,107</u>	<u>-</u>	<u>22,308,637</u>
Capital assets being depreciated:				
Infrastructure	56,798,675	5,137,983	-	61,936,658
Building	2,167,373	3,824	-	2,171,197
Equipment	4,615,263	440,055	(356,536)	4,698,782
Depletable assets	<u>82,738</u>	<u>199,980</u>	<u>-</u>	<u>282,718</u>
Total capital assets being depreciated	<u>63,664,049</u>	<u>5,781,842</u>	<u>(356,536)</u>	<u>69,089,355</u>
Less accumulated depreciation				
Infrastructure	(25,214,742)	(2,683,990)	-	(27,898,732)
Building	(1,051,856)	(56,357)	-	(1,108,213)
Equipment	(4,037,062)	(222,839)	345,260	(3,914,641)
Depletable assets	<u>(40,192)</u>	<u>(385)</u>	<u>-</u>	<u>(40,577)</u>
Total accumulated depreciation	<u>(30,343,852)</u>	<u>(2,963,571)</u>	<u>345,260</u>	<u>(32,962,163)</u>
Total capital assets being depreciated, net	<u>33,320,197</u>	<u>2,818,271</u>	<u>(11,276)</u>	<u>36,127,192</u>
Road commission capital assets, net	<u>\$ 54,262,727</u>	<u>\$ 4,184,378</u>	<u>\$ (11,276)</u>	<u>\$ 58,435,829</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To	Due From			Total
	General Fund	Combined Revolving Tax Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 640,760	\$ 635,085	\$ 1,275,845
Combined Revolving Tax Fund	887,221	-	4,388	891,609
Nonmajor Governmental Funds	2,066,460	-	297,663	2,364,123
Internal Service Funds	852,349	-	-	852,349
Total	<u>\$ 3,806,030</u>	<u>\$ 640,760</u>	<u>\$ 937,136</u>	<u>\$ 5,383,926</u>

The balance of \$635,085 due to the general fund from the non-major governmental funds resulted from amounts due, but not yet transferred to the general fund during the year as a result of the new State Revenue Sharing Reserve fund.

The balance of \$2,066,460 due to the nonmajor governmental funds from the general fund resulted from amounts due, but not yet transferred to the nonmajor governmental funds during the year to subsidize operations of the nonmajor governmental funds.

The balance of \$852,349 due to the Internal Service Funds from the general fund resulted from amounts due, but not year transferred to the Internal Service Funds during the year to help fund the retirement internal service fund.

The balance of \$433,894 due to the nonmajor governmental funds from the internal service funds resulted from negative cash balances in the County's pooled cash account.

All remaining 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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Advances to/from component units:

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

Transfers To

		General Fund	Health Department	Nonmajor Governmental Funds	Internal Service Funds	Total
General	\$	-	\$ 336,577	\$ 1,140,088	\$25,000	\$ 1,501,665
Nonmajor governmental funds		678,294	-	276,268	-	954,562
Delinquent Tax Revolving Fund		640,760	-	-	-	640,760
Internal Service Funds		22,789	-	-	-	22,789
		1,341,843	336,577	1,416,356	\$25,000	\$ 3,119,776
Reconciling item		-	49,973	-	-	49,973
		-	-	-	-	-
Total		\$ 1,341,843	\$ 386,550	\$ 1,416,356	\$25,000	\$ 3,169,749

Reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2004.

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, 2004 was as follows:

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental activities:					
General obligation bonds:					
Mayville Storm Sewer	\$ 1,259,000	\$ -	\$ (16,000)	\$ 1,243,000	\$ 16,000
Richville Water System	920,000	-	(60,000)	860,000	60,000
Caro Area Sewage System	1,215,000	-	(125,000)	1,090,000	100,000
Notes Payable	3,164	180,507	(95,759)	87,912	43,105
Building Authority:					
General obligation bonds:					
Tuscola County Series 1996	780,000	-	(245,000)	535,000	260,000
Tuscola County Series 1999	1,375,000	-	(85,000)	1,290,000	90,000
Compensated absences	<u>720,284</u>	<u>409,439</u>	<u>(450,739)</u>	<u>678,984</u>	<u>450,739</u>
Governmental activity					
Long-term liabilities	<u>\$ 6,272,448</u>	<u>\$ 589,946</u>	<u>\$ (1,077,498)</u>	<u>\$ 5,784,896</u>	<u>\$ 1,019,844</u>
Business-type activities					
General obligation bonds	\$ 12,250,000	\$ -	\$ (550,000)	\$ 11,700,000	\$ 600,000
Less deferred amounts	<u>(119,353)</u>	<u>-</u>	<u>-</u>	<u>(119,353)</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 12,130,647</u>	<u>\$ -</u>	<u>\$ (550,000)</u>	<u>\$ 11,580,647</u>	<u>\$ 600,000</u>
Component Units:					
Road Commission:					
Compensated absences	\$ 21,949	\$ -	\$ (982)	\$ 20,967	\$ -
Installment purchase agreement	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>50,000</u>
Total Road Commission	<u>\$ 21,949</u>	<u>\$ 150,000</u>	<u>\$ (982)</u>	<u>\$ 170,967</u>	<u>\$ 50,000</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain Commission:					
General obligation bonds:					
Southgate Drain	\$ 375,000	\$ -	\$ (125,000)	\$ 250,000	\$ 125,000
Alder Creek Drain	1,200,000	-	(100,000)	1,100,000	100,000
S.O. Drain	210,000	-	(50,000)	160,000	50,000
Sucker Creek Drain	450,000	-	(100,000)	350,000	100,000
Shebon I/C Drain	66,780	-	(9,540)	57,240	9,540
State and Colling Drain	1,300,000	-	(150,000)	1,150,000	175,000
Northwest Drain	5,530,000	-	(325,000)	5,205,000	325,000
Sebewaing River Intercounty Drain	-	2,705,000	-	2,705,000	250,000
Reese Drain	490,000	-	(25,000)	465,000	25,000
Notes Payable	<u>1,723,510</u>	<u>299,999</u>	<u>(1,018,420)</u>	<u>1,005,089</u>	<u>650,194</u>
 Total Drain Commission	 <u>\$ 11,345,290</u>	 <u>\$ 3,004,999</u>	 <u>\$(1,902,960)</u>	 <u>\$ 12,447,329</u>	 <u>\$ 1,809,734</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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 for governmental activities and \$12,800,000 for business-type activities.

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%	\$ 5,105,912
Business-type activities	7.2 – 8.7%	11,700,000

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 December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 569,105	\$ 225,109	\$ 600,000	\$ 420,506
2006	592,807	199,927	625,000	402,131
2007	293,000	179,899	700,000	382,256
2008	324,000	167,081	775,000	359,647
2009	325,000	153,359	800,000	334,538
2010-2014	1,601,000	545,937	4,775,000	1,190,287
2015-2019	514,000	270,969	3,425,000	219,806
2020-2024	190,000	203,750	-	-
2025-2029	242,000	151,200	-	-
2030-2034	310,000	84,250	-	-
2035-2036	145,000	10,950	-	-
Total	<u>\$ 5,105,912</u>	<u>\$2,192,431</u>	<u>\$ 11,700,000</u>	<u>\$ 3,309,171</u>

Component Units

Road Commission. During the fiscal year the Road Commission entered into an installment purchase agreement for 36.2 acres of land in Watertown Township. This agreement entails annual installments of \$50,000, plus interest at 5.5% per annual.

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

obligation bonds and notes issued in prior years was \$15,400,081. 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. During the year the Drain Commission issued general obligation bonds in the amount of \$2,705,000 and notes in the amount of \$299,999. General obligation bonds and notes currently outstanding are as follows.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75 – 6.5%	\$ 12,447,329

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,809,734	\$ 488,844
2006	1,297,313	421,165
2007	1,207,513	366,969
2008	1,005,113	318,513
2009	995,107	275,168
2010-2014	4,168,574	814,864
2015-2019	<u>1,963,975</u>	<u>205,881</u>
Total	<u>\$12,447,329</u>	<u>\$2,891,404</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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Funding Policy. The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are .83%-12.83% 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 3.0%-5.0% of their annual covered payroll. The contribution requirements of the County, Medical Care Facility, Health Department, and Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, Medical Care Facility, Health Department, and Road Commission Boards depending on the MERS contribution program adopted by the appropriate Board.

Annual Pension Cost. For the year ended December 31, 2004, the annual pension cost of \$576,381 for the County, \$0 for the Medical Care Facility, \$75,202 for the Health Department, and \$106,668 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, 2003, the date of the latest actuarial valuation, was 26 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>
12/31/02	\$166,127	100%	\$0
12/31/03	453,252	100	0
12/31/04	576,381	100	0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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)
12/31/01	\$15,307,036	\$15,434,219	\$ 127,183	99%	\$5,519,139	2.0 %
12/31/02	15,663,350	16,623,674	960,324	94	5,717,902	16.7
12/31/03	16,770,078	17,822,109	1,052,031	94	5,732,232	18.0

Medical Care Facility Plan

The Medical Care Facility's annual pension cost and net pension obligation to MERS for the current year were as follows:

Annual required contribution	\$ -
Less: Interest on net pension asset	(8,865)
Plus: Adjustment to annual required contribution	<u>9,237</u>
Annual pension cost	372
Contributions made	<u>(55,500)</u>
Increase in net pension asset	(55,128)
Net pension (asset), beginning of year	<u>(110,814)</u>
Net pension (asset), end of year	<u><u>\$ (165,942)</u></u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/02	\$ 0	100%	\$ 55,000
12/31/03	0	100	110,814
12/31/04	0	100	165,942

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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)
12/31/01	\$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)
12/31/03	8,315,528	7,082,988	(1,232,540)	117	4,071,072	(30.0)

Health Department Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/02	\$ 0	0%	\$0
9/30/03	30,848	100	0
9/30/04	75,202	100	0

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)
12/31/01	\$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
12/31/03	4,300,960	4,478,686	177,726	96	1,219,315	15

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Road Commission Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/02	\$97,204	100%	\$0
12/31/03	93,048	100	0
12/31/04	106,668	100	0

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)
12/31/01	\$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
12/31/03	1,901,863	2,758,692	856,829	68.9	767,401	111.6

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 \$.44 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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Commissioners. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

Annual Pension Cost. For the year ended December 31, 2004, the Road Commission's annual pension cost of \$14,961 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, 2004, 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 6% and (b) projected salary increases of 4.9% 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 over 30 years.

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>
04/01/02	\$13,202	100%	\$0
04/01/03	14,618	100	0
04/01/04	14,961	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, 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
April 1, 2004	141,138	433,863	234,066	32.5	2,310,579	10.1

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004, 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.

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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.

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 Statement of Net Assets 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>2004</u>	<u>2003</u>
Unpaid Claims, beginning of year	\$ 129,962	\$ 129,962
Incurred Claims (including IBNR)	(25,026)	(41,810)
Claims Paid	<u>25,026</u>	<u>41,810</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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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. 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 Statement of Net Assets 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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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

	<u>2004</u>	<u>2003</u>
Unpaid Claims, beginning of year	\$ 254,780	\$ 254,780
Incurred Claims (including IBNR)	1,589,989	1,639,830
Claims Paid	<u>(1,589,989)</u>	<u>(1,639,830)</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.

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, 2003 totaled \$1,148,641,783. The tax levy for fiscal year 2004 operations was based on the following rates:

General Operating	3.9417 mills
Road Patrol	.8867 mills
Senior Citizens	.1970 mills
Mosquito	.6362 mills
Recycling	.1495 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2492 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2004 operations was as follows:

Primary Road	.9578 mills
Bridge	.4766 mills

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

D. RESTATEMENTS

During the year ended September 30, 2004, a prior period adjustment in the amount of \$17,130 was necessary to properly account for the understatement of a receivable in the Health Department Fund, during the year ended September 30, 2003. The effect on the Health Department fund balance was as follows:

Fund balance, beginning of year, as previously stated	\$ 575,785
Prior period adjustments	<u>17,130</u>
Fund balance, beginning of year, as restated	<u>\$ 592,915</u>

During the year ended December 31, 2004, a prior period adjustment in the amount of \$19,366 was necessary to properly account for the overstatement of capital assets in the Statement of Net Assets, during the year ended December 31, 2003. The effect on the Statement of Net Assets net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$12,091,308
Prior period adjustments - Health Department Fund Statement of Net Assets	<u>17,130</u> <u>(19,366)</u>
Net assets, beginning of year, as restated	<u>\$12,089,072</u>

During the year ended December 31, 2004, a prior period adjustment in the amount of \$76,558 was necessary to properly account for the overstatement of a payable in the Drain Commission Capital Projects fund, during the year ended December 31, 2003. The effect on the Drain Commission Capital Projects fund balance was as follows:

Fund balance, beginning of year, as previously stated	\$ 2,623,608
Prior period adjustments	<u>76,558</u>
Fund balance, beginning of year, as restated	<u>\$ 2,700,166</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

During the year ended December 31, 2004, a prior period adjustment in the amount of \$9,646,869 was necessary to properly account for the understatement of capital assets in the Drain Commission statement of net assets, during the year ended December 31, 2003. The effect on the Drain Commission statement of net assets was as follows:

Net assets, beginning of year, as previously stated	\$ 4,086,985
Prior period adjustments - Capital projects fund	76,558
Statement of Net Assets	<u>9,646,869</u>
Net assets, beginning of year, as restated	<u>\$ 13,810,412</u>

During the year ended December 31, 2004, a prior period adjustment in the amount of \$1,218,606 was necessary to properly account for the overstatement of unearned revenue, understatement of deferred assets and costs, and the overstatement of accumulated depreciation in the Medical Care Facility statement of net assets, during the year ended December 31, 2003. The effect on the Medical Care Facility statement of net assets was as follows:

Net assets, beginning of year, as previously stated	\$ 4,968,942
Prior period adjustments	<u>1,218,606</u>
Net assets, beginning of year, as restated	<u>\$ 6,187,548</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, 2004

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, 2004 was \$57,306. The original cost of the building is \$1,066,371, which has \$604,277 of accumulated depreciation leaving a carrying value of \$462,094 and annual depreciation expense of \$35,546. The future rental payments to be received by the County are as follows:

Fiscal Year <u>Ended</u>	<u>Principal</u>
2005	\$ 46,308
2006	46,308
2007	46,308
2008	<u>3,859</u>
Total	<u>\$ 142,783</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 original cost of the building is \$1,226,783, which has \$572,499 of accumulated depreciation leaving a carrying value of \$654,284 and annual depreciation expense of \$40,893. The total rental expense under this operating lease for the year ended September 30, 2004 was \$85,676. Lease payments are determined annually by Tuscola County.

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

Fiscal Year <u>Ended</u>	<u>Principal</u>
2005	\$ 250,730
2006	200,610
2007	145,960
2008	<u>86,175</u>
Total	<u>\$ 683,475</u>

SUPPLEMENTARY INFORMATION

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

REVENUES	Original Budget	Amended Budget	Actual	Over (Under) Budget
Taxes				
Property taxes	\$ 4,616,000	\$ 4,618,500	\$ 4,620,515	\$ 2,015
Payment in lieu of taxes	5,000	4,069	4,069	-
Trailer park taxes	5,500	5,521	5,545	24
Total Taxes	4,626,500	4,628,090	4,630,129	2,039
Licenses and Permits				
Marriage licenses	2,300	2,400	2,361	(39)
Building code licenses	500,000	555,000	551,491	(3,509)
Dog licenses	62,000	122,000	119,071	(2,929)
Unified court licenses	15,000	17,500	16,509	(991)
Other	9,442	21,262	21,506	244
Total Licenses and Permits	588,742	718,162	710,938	(7,224)
Intergovernmental				
Federal				
Co-op Reimbursement - Prosecutor	47,520	47,520	53,450	5,930
Civil defense	23,000	21,500	25,887	4,387
Friend of the court - medical enforcement	-	17,000	20,662	3,662
Emergency preparedness	60,000	69,513	69,513	-
State				
Co-op Reimbursement - Prosecutor	24,480	24,480	27,535	3,055
Marine safety	14,000	13,540	13,540	-
SCAAP	1,000	1,428	1,428	-
Judges	241,000	238,790	238,924	134
Juvenile officer	27,500	27,500	27,317	(183)
State Payment Courts	309,000	315,000	356,511	41,511
Secondary Road Patrol	134,094	127,000	133,536	6,536
SSI Incentive	1,600	4,400	4,800	400
State sales tax	997,000	421,441	421,441	-
Liquor licenses	9,000	9,102	9,103	1
Hotel liquor tax	94,000	95,326	95,326	-
DSS Building Payment	57,300	57,300	51,698	(5,602)
Cigarette tax	49,230	33,509	33,509	-
Total Intergovernmental - Federal/State	2,089,724	1,524,349	1,584,180	59,831
Local				
Local Contributions T.N.U.	18,000	16,500	11,800	(4,700)

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Charges for Services				
Unified Court costs	\$ 450,400	\$ 340,350	\$ 335,025	\$ (5,325)
Unified Court - Probation	296,000	238,500	231,735	(6,765)
County Clerk costs	88,200	88,400	88,324	(76)
Friend of the Court costs	23,000	15,500	15,530	30
Bond costs	10,000	7,500	7,194	(306)
Unified Court				
Screening assessment	40,000	33,500	32,032	(1,468)
Probate Court	47,000	59,000	60,193	1,193
Civil	145,000	152,000	151,442	(558)
Warrant fees	35,000	12,000	11,204	(796)
Friend of the Court	6,000	5,200	5,138	(62)
Child Care	16,000	11,500	11,754	254
Court	1,000	1,050	1,068	18
Searches and motion fees	16,650	16,250	15,519	(731)
Jury, entry and forensic fees	45,000	19,000	19,054	54
Other	1,350	1,150	1,169	19
County Clerk				
DBA/Co-partnership	7,500	7,500	7,430	(70)
Certified	34,500	32,000	32,025	25
Copies	7,000	6,000	5,780	(220)
Other	13,275	16,875	16,514	(361)
Equalization	300	300	299	(1)
Register of Deeds				
Transfer	120,000	148,000	151,533	3,533
Recordings	295,000	280,000	266,308	(13,692)
Copies	43,000	53,000	52,280	(720)
Other	900	1,100	999	(101)
County Treasurer	74,700	84,600	81,443	(3,157)
Sheriff	45,170	57,670	56,305	(1,365)
Jail	174,000	200,000	196,049	(3,951)
Other	11,600	11,135	10,924	(211)
Sales				
Sheriff				
Canteen	1,600	1,700	1,664	(36)
Auction	6,000	20,498	20,498	-
Other	11,500	13,350	13,226	(124)
Film	18,500	7,500	7,641	141
Total Charges for Services	<u>2,085,145</u>	<u>1,942,128</u>	<u>1,907,299</u>	<u>(34,829)</u>
Fines and Forfeits				
Unified Court				
Bond forfeitures	17,000	16,000	14,995	(1,005)
Ordinance fines and warrant fees	70,100	71,160	72,998	1,838
County Treasurer	8,000	15,000	15,314	314
Sheriff	1,000	-	-	-
Total Fines and Forfeits	<u>96,100</u>	<u>102,160</u>	<u>103,307</u>	<u>1,147</u>

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Interest and Rents				
Interest	\$ 100,000	\$ 120,000	\$ 144,850	\$ 24,850
Rentals	90,776	94,831	94,833	2
Total Interest and Rent	<u>190,776</u>	<u>214,831</u>	<u>239,683</u>	<u>24,852</u>
Other Revenue				
Reimbursements and Refunds	<u>563,047</u>	<u>541,395</u>	<u>525,243</u>	<u>(16,152)</u>
TOTAL REVENUES	<u>10,258,034</u>	<u>9,687,615</u>	<u>9,712,579</u>	<u>24,964</u>
TRANSFERS IN				
Revolving Tax	687,155	600,000	640,760	40,760
Spotlight	37,266	30,915	30,915	-
Computer tech fund	-	12,294	12,294	-
Revenue sharing reserve fund	-	635,085	635,085	-
County Retirement	110,000	194,556	22,789	(171,767)
TOTAL TRANSFERS IN	<u>834,421</u>	<u>1,472,850</u>	<u>1,341,843</u>	<u>(131,007)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 11,092,455</u>	<u>\$ 11,160,465</u>	<u>\$ 11,054,422</u>	<u>\$ (106,043)</u>

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Over (Under) Budget
LEGISLATIVE				
Board of Commissioners				
Salaries and fringes	\$ 80,489	\$ 87,687	\$ 83,692	\$ (3,995)
Supplies, printing and postage	3,500	3,200	2,735	(465)
Memberships and subscription	10,500	10,500	10,086	(414)
Travel	2,600	6,689	7,303	614
Advertising	1,500	-	504	504
Telephone	200	500	334	(166)
Employee training	2,250	2,250	2,621	371
TOTAL LEGISLATIVE	101,039	110,826	107,275	(3,551)
JUDICIAL				
Unified Court				
Salaries and fringes	1,561,054	1,559,625	1,536,601	(23,024)
Supplies, printing and postage	39,200	39,100	35,587	(3,513)
Screening assessment	3,200	3,200	2,820	(380)
Contracted services	6,000	7,000	4,149	(2,851)
Court appointed counsel	330,000	362,000	376,824	14,824
Court appointed appeal of right	7,000	4,000	13,557	9,557
Gal attorney fees	66,000	74,000	86,145	12,145
Guardianship service	2,000	2,000	1,605	(395)
Steno transcript	5,000	8,500	9,817	1,317
Steno appeal transcript	9,000	9,000	11,115	2,115
Jury fees, meals and travel	80,000	90,000	73,803	(16,197)
Witness fees and travel	8,500	8,500	8,353	(147)
Memberships and subscriptions	5,000	5,000	6,276	1,276
Visiting judge	10,000	6,000	10,576	4,576
Travel	7,000	5,000	4,881	(119)
Telephone	1,500	1,500	1,352	(148)
Advertising	1,000	500	790	290
Repairs and maintenance	5,000	4,000	4,002	2
Employee training	3,175	2,500	2,626	126
Books	3,000	3,058	3,604	546
Total Unified Court	2,152,629	2,194,483	2,194,483	-
Jury Commission				
Salaries and fringes	1,850	1,850	1,217	(633)
Supplies, printing and postage	2,700	2,700	2,637	(63)
Travel	300	300	193	(107)
Total Jury Commission	4,850	4,850	4,047	(803)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Adult Probation				
Supplies, printing and postage	\$ 5,600	\$ 5,711	\$ 5,711	\$ -
Utilities	3,000	3,097	3,097	-
Lease payments	6,000	7,788	7,788	-
Total Adult Probation	14,600	16,596	16,596	-
Friend of the court - medical enforcement	-	20,662	20,662	-
TOTAL JUDICIAL	2,172,079	2,236,591	2,235,788	(803)
GENERAL GOVERNMENT				
Elections				
Salaries and fringes	2,000	2,000	2,196	196
Supplies, printing and postage	60,000	42,750	33,705	(9,045)
Travel	250	250	231	(19)
Total Elections	62,250	45,000	36,132	(8,868)
Legal	50,000	40,000	39,995	(5)
County Clerk				
Salaries and fringes	323,422	315,462	314,358	(1,104)
Supplies, printing and postage	12,000	12,000	12,976	976
Memberships and subscription	550	550	569	19
Employee training	1,600	1,600	1,884	284
Travel	250	250	74	(176)
Total County Clerk	337,822	329,862	329,861	(1)
Controller				
Salaries and fringes	304,972	302,969	298,099	(4,870)
Supplies, printing and postage	3,600	3,500	2,927	(573)
Memberships and subscription	1,100	1,100	795	(305)
Health services	2,000	1,800	1,487	(313)
Travel	200	400	246	(154)
Employee training	2,000	2,000	1,163	(837)
Total Controller	313,872	311,769	304,717	(7,052)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Equalizations				
Salaries and fringes	\$ 167,806	\$ 166,806	\$ 164,691	\$ (2,115)
Supplies, printing and postage	1,100	1,100	1,248	148
Memberships and subscription	800	800	915	115
Travel	2,000	2,000	188	(1,812)
Employee training	400	400	-	(400)
Total Equalization	<u>172,106</u>	<u>171,106</u>	<u>167,042</u>	<u>(4,064)</u>
Prosecuting Attorney				
Salaries and fringes	405,793	396,550	395,456	(1,094)
Supplies, printing and postage	7,100	7,100	7,050	(50)
Contracted services	500	500	414	(86)
Steno transcript	1,800	1,800	718	(1,082)
Steno appeal transcript	500	500	456	(44)
Memberships and subscription	5,000	5,000	3,534	(1,466)
Travel	1,250	1,250	72	(1,178)
Employee training	1,300	1,300	1,542	242
Books	6,000	6,000	4,649	(1,351)
Total Prosecuting Attorney	<u>429,243</u>	<u>420,000</u>	<u>413,891</u>	<u>(6,109)</u>
Cooperative reimbursement - Prosecutor				
Salaries and fringes	140,402	139,115	138,006	(1,109)
Supplies, printing and postage	2,500	2,500	1,595	(905)
Contracted services	1,000	1,000	1,060	60
Memberships and subscription	350	350	395	45
Telephone	650	650	715	65
Travel	600	600	-	(600)
Repairs and maintenance	325	325	-	(325)
Employee training	750	750	-	(750)
Total Cooperative Reimbursement - Prosecutor	<u>146,577</u>	<u>145,290</u>	<u>141,771</u>	<u>(3,519)</u>
Register of Deeds				
Salaries and fringes	225,379	226,058	227,677	1,619
Supplies, printing and postage	5,800	5,800	3,316	(2,484)
Memberships and subscription	600	600	632	32
Travel	1,200	1,200	560	(640)
Employee training	1,000	1,000	778	(222)
Total Register of Deeds	<u>233,979</u>	<u>234,658</u>	<u>232,963</u>	<u>(1,695)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Treasurer				
Salaries and fringes	\$ 266,001	\$ 268,875	\$ 269,658	\$ 783
Supplies, printing and postage	50,000	50,000	49,224	(776)
Memberships and subscription	250	250	250	-
Travel	500	500	498	(2)
Employee training	1,000	1,000	994	(6)
Total Treasurer	<u>317,751</u>	<u>320,625</u>	<u>320,624</u>	<u>(1)</u>
Cooperative Extension				
Salaries and fringes	30,000	30,000	23,842	(6,158)
Supplies, printing and postage	7,000	7,000	8,106	1,106
Contractual services	36,000	43,560	50,962	7,402
Memberships and subscription	240	1,532	105	(1,427)
Travel	4,000	4,000	3,923	(77)
Repairs and maintainance	3,700	3,700	3,139	(561)
Employee training	1,500	1,500	1,215	(285)
Total Cooperative Extension	<u>82,440</u>	<u>91,292</u>	<u>91,292</u>	<u>-</u>
Computer Operations				
Salaries and fringes	119,477	117,733	116,397	(1,336)
Supplies, printing and postage	10,850	10,850	10,716	(134)
Microfilm contractual service	5,500	5,500	6,515	1,015
Memberships and subscription	500	500	316	(184)
Travel	300	300	-	(300)
Telephone	-	-	102	102
Employee training	900	900	500	(400)
Computer service contract	229,000	223,717	212,722	(10,995)
Computer repairs and maintainance	10,000	10,000	12,866	2,866
Computer contractual	5,500	5,500	5,545	45
Total Computer Operations	<u>382,027</u>	<u>375,000</u>	<u>365,679</u>	<u>(9,321)</u>
Building and Grounds				
Salaries and fringes	311,580	302,477	299,219	(3,258)
Supplies, printing and postage	12,450	12,450	9,355	(3,095)
Uniforms and accessories	2,700	2,700	2,674	(26)
Gas, oil and grease	5,000	5,000	6,024	1,024
Janitorial supplies	15,500	15,500	15,907	407
Telephone	63,300	62,300	63,443	1,143
Utilities	174,840	191,523	185,592	(5,931)
Repairs and maintainance	90,200	104,081	109,786	5,705
Grounds care and maintainance	5,700	5,000	7,228	2,228
Total Building and Grounds	<u>681,270</u>	<u>701,031</u>	<u>699,228</u>	<u>(1,803)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Drain Commission				
Salaries and fringes	\$ 148,724	\$ 146,852	\$ 146,413	\$ (439)
Supplies, printing and postage	7,700	7,700	4,380	(3,320)
Memberships and subscription	700	700	527	(173)
Travel	2,500	2,500	2,125	(375)
Employee training	1,500	1,500	951	(549)
Total Drain Commission	<u>161,124</u>	<u>159,252</u>	<u>154,396</u>	<u>(4,856)</u>
Livestock Claims				
Trustee fees	25	25	-	(25)
Dog damages	800	800	190	(610)
Total Livestock Claims	<u>825</u>	<u>825</u>	<u>190</u>	<u>(635)</u>
TOTAL GENERAL GOVERNMENT	<u>3,371,286</u>	<u>3,345,710</u>	<u>3,297,781</u>	<u>(47,929)</u>
PUBLIC SAFETY				
Courthouse Security				
Salaries and fringes	111,041	98,400	95,489	(2,911)
Supplies, printing and postage	600	600	388	(212)
Laundry - employees	500	400	288	(112)
Employee training	600	600	2,167	1,567
Total Courthouse Security	<u>112,741</u>	<u>100,000</u>	<u>98,332</u>	<u>(1,668)</u>
Sheriff's Department				
Salaries and fringes	1,239,997	1,186,653	1,180,260	(6,393)
Supplies, printing and postage	11,250	10,250	10,462	212
Food	74,000	73,000	72,605	(395)
Vehicle operating supplies	1,200	1,200	850	(350)
Kitchen supplies	1,000	750	951	201
Other supplies	700	400	511	111
Clothing and bedding	5,500	5,500	5,550	50
Uniforms and accessories	6,000	6,000	5,764	(236)
Gas, oil and grease	5,000	5,000	5,401	401
Drugs and prescriptions	12,000	10,000	11,182	1,182
Janitorial supplies	8,000	8,000	5,865	(2,135)
Contractual services	48,400	29,200	26,805	(2,395)
Memberships and subscription	1,200	1,200	1,302	102
Laundry - employees	4,500	5,000	5,649	649
Laundry - inmates	3,500	3,500	4,278	778
Health services	30,800	25,800	27,403	1,603
Telephone	35,000	35,000	35,296	296

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Sheriff - Continued				
Travel	\$ 800	\$ 800	\$ 642	\$ (158)
Advertising (help bids)	1,100	800	509	(291)
Insurance and bonds	11,265	7,000	6,627	(373)
Repairs and maintainance	5,750	4,500	4,163	(337)
Equipment rental	3,388	3,388	3,338	(50)
Employee training	6,500	6,500	6,112	(388)
Total Sheriff's Department	1,516,850	1,429,441	1,421,525	(7,916)
Marine Safety				
Salaries and fringes	20,712	20,712	19,690	(1,022)
Supplies, printing and postage	250	250	193	(57)
Uniforms and accessories	700	500	475	(25)
Gas, oil and grease	1,400	1,400	1,902	502
Equipment maintainance and supplies	300	500	192	(308)
Insurance	-	2,013	2,012	(1)
Repairs and maintainance	1,200	1,200	2,416	1,216
Rentals	3,050	3,050	3,050	-
Employee training	496	496	92	(404)
Equipment	700	700	755	55
Total Marine Safety	28,808	30,821	30,777	(44)
Secondary Road Patrol				
Salaries and fringes	118,429	118,429	120,335	1,906
Uniforms and accessories	400	400	276	(124)
Gas, oil and grease	4,000	4,000	4,548	548
Laundry	450	450	516	66
Liability and blanket bond	6,856	6,856	5,118	(1,738)
Equipment	3,959	3,959	2,284	(1,675)
Total Secondary Road Patrol	134,094	134,094	133,077	(1,017)
Thumb Area Narcotics Group				
Salaries and fringes	82,221	82,221	79,531	(2,690)
Uniforms and accessories	300	300	375	75
Insurance	4,067	4,067	2,308	(1,759)
Total Thumb Area Narcotics Group	86,588	86,588	82,214	(4,374)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Planning Commission				
Salaries and fringes	\$ 900	\$ 1,700	\$ 1,659	\$ (41)
Supplies, printing and postage	300	300	137	(163)
Travel	-	500	589	89
Total Planning Commission	<u>1,200</u>	<u>2,500</u>	<u>2,385</u>	<u>(115)</u>
Plat Board				
Salaries and fringes	<u>776</u>	<u>776</u>	<u>363</u>	<u>(413)</u>
Emergency Services				
Salaries and fringes	65,939	66,339	66,391	52
Supplies, printing and postage	2,550	2,850	2,464	(386)
Uniforms and accessories	400	400	434	34
Gas, oil and grease	700	1,000	864	(136)
Memberships and subscription	350	350	341	(9)
Telephone	1,000	1,300	1,238	(62)
Travel	400	400	191	(209)
Vehicle Insurance	4,066	4,066	2,811	(1,255)
Repairs and maintainance	2,500	3,004	2,575	(429)
Employee training	<u>1,000</u>	<u>1,000</u>	<u>1,011</u>	<u>11</u>
Total Emergency Services	<u>78,905</u>	<u>80,709</u>	<u>78,320</u>	<u>(2,389)</u>
Emergency preparedness	<u>60,000</u>	<u>72,405</u>	<u>72,241</u>	<u>(164)</u>
Animal Shelter				
Salaries and fringes	24,000	24,000	24,198	198
Contractual services	41,000	65,050	63,822	(1,228)
Supplies, printing and postage	-	700	668	(32)
Dog license and collection fees	150	3,650	3,634	(16)
Telephone	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total Animal Shelter	<u>65,250</u>	<u>93,500</u>	<u>92,322</u>	<u>(1,178)</u>
TOTAL PUBLIC SAFETY	<u>2,085,212</u>	<u>2,030,834</u>	<u>2,011,556</u>	<u>(19,278)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
PUBLIC WORKS				
Building Codes				
Salaries and fringes	\$ 12,800	\$ 12,800	\$ 13,023	\$ 223
Contractual services	500,000	554,700	551,491	(3,209)
Travel	-	-	163	163
Total Building Codes	<u>512,800</u>	<u>567,500</u>	<u>564,677</u>	<u>(2,823)</u>
Drains at Large	<u>575,488</u>	<u>575,488</u>	<u>575,488</u>	<u>-</u>
TOTAL PUBLIC WORKS	<u>1,088,288</u>	<u>1,142,988</u>	<u>1,140,165</u>	<u>(2,823)</u>
HEALTH AND WELFARE				
Substance abuse	<u>47,000</u>	<u>47,663</u>	<u>47,663</u>	<u>-</u>
Medical Examiner				
Salaries and fringes	-	10,365	3,984	(6,381)
Supplies, printing and postage	2,000	2,000	2,151	151
Body Transport	3,000	3,000	1,661	(1,339)
Autopsies	11,000	14,234	21,430	7,196
Telephone	-	-	71	71
Contractual services	<u>10,038</u>	<u>6,365</u>	<u>6,665</u>	<u>300</u>
Total Medical Examiner	<u>26,038</u>	<u>35,964</u>	<u>35,962</u>	<u>(2)</u>
Veterans' Burial	<u>14,000</u>	<u>22,340</u>	<u>22,340</u>	<u>-</u>
Economic Development	<u>25,500</u>	<u>25,500</u>	<u>25,500</u>	<u>-</u>
Mental Health Appropriations	<u>288,243</u>	<u>288,243</u>	<u>288,243</u>	<u>-</u>
Environmental health	<u>28,999</u>	<u>28,999</u>	<u>27,927</u>	<u>(1,072)</u>
Cigarette tax	<u>34,461</u>	<u>25,715</u>	<u>23,653</u>	<u>(2,062)</u>
TOTAL HEALTH AND WELFARE	<u>464,241</u>	<u>474,424</u>	<u>471,288</u>	<u>(3,136)</u>
OTHER				
Insurance and bonds	170,000	223,650	225,726	2,076
Tax refunds and rebates	-	5,000	7,190	2,190
Appropriations	81,444	29,805	3,683	(26,122)
Audit	25,000	28,200	28,200	-
Accounting services	<u>17,500</u>	<u>25,450</u>	<u>24,105</u>	<u>(1,345)</u>
TOTAL OTHER	<u>293,944</u>	<u>312,105</u>	<u>288,904</u>	<u>(23,201)</u>
TOTAL EXPENDITURES	<u>9,576,089</u>	<u>9,653,478</u>	<u>9,552,757</u>	<u>(100,721)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
TRANSFERS OUT				
Road Patrol	\$ 160,000	\$ 130,000	\$ 130,000	\$ -
Friend of the Court	454,440	350,000	350,000	-
Health Department	281,667	281,667	281,667	-
Veterans Counsel	54,910	54,910	54,910	-
Equipment/Capital Improvement	110,000	127,662	127,662	-
State Survey Grant	4,000	4,015	4,015	-
Retirement	-	40,961	-	(40,961)
Child Care - Family Independence Agency	52,000	94,000	94,000	-
JAIB Block Grant	744	744	744	-
Family Independence Agency	5,750	5,750	5,750	-
Probate Child Care	411,200	414,917	414,917	-
Soldiers' Relief	13,000	13,000	13,000	-
Worker's compensation	25,000	25,000	25,000	-
TOTAL TRANSFERS OUT	<u>1,572,711</u>	<u>1,542,626</u>	<u>1,501,665</u>	<u>(40,961)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 11,148,800</u>	<u>\$ 11,196,104</u>	<u>\$ 11,054,422</u>	<u>\$ (141,682)</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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.

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

SPECIAL REVENUE FUNDS: (continued)

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 countywide millage. The revenue is used to reduce the risk of mosquito-borne diseases in Tuscola County. The goal is also to minimize the nuisance population of mosquitoes whenever possible.

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

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

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

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

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

SPECIAL REVENUE FUNDS: (continued)

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.

Revenue Sharing Reserve (287) Public Act 357 of 2004 provides a funding mechanism to serve as a substitute to County revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy and additionally, requires the establishment of this fund to be known as the Revenue Sharing Reserve Fund.

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) This fund 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.

Local Corrections Officer Training (265) The revenue source for this fund is established from Public Act 134 of 2003 as amended in new section MCL 801.4b. This new source of revenue will allow training programs for local correctional officers.

**TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 837,543	\$ 107,417	\$ 81,430	\$ -	\$ 1,026,390
Investments	267,563	33,012	1,620,755	6,853	1,928,183
Taxes receivable	2,266,693	-	-	-	2,266,693
Taxes receivable - delinquent	23,257	-	-	-	23,257
Accounts receivable	145,339	-	-	-	145,339
Due from other funds	2,364,123	-	-	-	2,364,123
Due from State	410,997	-	-	-	410,997
TOTAL ASSETS	\$ 6,315,515	\$ 140,429	\$ 1,702,185	\$ 6,853	\$ 8,164,982
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 115,992	\$ -	\$ -	\$ -	\$ 115,992
Accrued liabilities	77,801	-	-	-	77,801
Due to other funds	937,136	-	-	-	937,136
Deposits payable	40,000	-	-	-	40,000
Deferred revenue	2,289,950	-	-	-	2,289,950
TOTAL LIABILITIES	3,460,879	-	-	-	3,460,879
FUND BALANCE					
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Reserved for construction	-	-	1,702,185	-	1,702,185
Reserved for debt retirement	-	140,429	-	-	140,429
Reserved for restricted contributions	19,216	-	-	-	19,216
Unreserved					
Undesignated	2,835,420	-	-	53	2,854,689
TOTAL FUND BALANCE	2,854,636	140,429	1,702,185	6,853	4,704,103
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,315,515	\$ 140,429	\$ 1,702,185	\$ 6,853	\$ 8,164,982

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 3,721,850	\$ -	\$ -	\$ -	\$ 3,721,850
Intergovernmental					
Federal	640,672	-	-	-	640,672
State	1,209,853	162,134	-	-	1,371,987
Local	260,767	346,828	-	-	607,595
Charges for services	1,175,289	-	-	-	1,175,289
Fines and forfeits	7,637	-	-	-	7,637
Interest and rent	18,601	1,079	28,917	69	48,666
Reimbursements and refunds	14,339	-	-	-	14,339
Other	135,941	-	-	-	135,941
TOTAL REVENUES	7,184,949	510,041	28,917	69	7,723,976
EXPENDITURES					
Current					
Judicial	1,125,872	-	-	-	1,125,872
General Government	1,056,843	-	-	-	1,056,843
Public Safety	2,504,803	-	-	-	2,504,803
Health and Welfare	1,497,524	-	-	-	1,497,524
Culture and recreation	1,881	-	-	57	1,938
Capital outlay	432,605	-	4	-	432,609
Debt service	46,578	776,467	-	-	823,045
TOTAL EXPENDITURES	6,666,106	776,467	4	57	7,442,634
REVENUES OVER (UNDER) EXPENDITURES	518,843	(266,426)	28,913	12	281,342
OTHER FINANCING SOURCES (USES)					
Note proceeds	134,490	-	-	-	134,490
Transfer in	1,140,088	276,268	-	-	1,416,356
Transfer out	(954,562)	-	-	-	(954,562)
TOTAL OTHER FINANCING SOURCES (USES)	320,016	276,268	-	-	596,284
NET CHANGE IN FUND BALANCE	838,859	9,842	28,913	12	877,626
FUND BALANCE, BEGINNING OF YEAR	2,015,777	130,587	1,673,272	6,841	3,826,477
FUND BALANCE, END OF YEAR	\$ 2,854,636	\$ 140,429	\$ 1,702,185	\$ 6,853	\$ 4,704,103

**TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004**

ASSETS	Parks and Recreation	County Disaster	Local Government Police Contract
Cash and cash equivalents	\$ 4,521	\$ 2,692	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	8,307
Due from other funds	-	-	-
Due from State	-	-	-
TOTAL ASSETS	\$ 4,521	\$ 2,692	\$ 8,307
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 127	\$ -	\$ 62
Accrued liabilities	-	-	1,898
Due to other funds	-	-	6,347
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	127	-	8,307
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	4,394	2,692	-
TOTAL FUND BALANCE	4,394	2,692	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,521	\$ 2,692	\$ 8,307

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Building Strong Families
\$ -	\$ 39,893	\$ 37,436	\$ -	\$ 106,155	\$ 1,840
-	-	24,918	-	17,565	-
-	-	-	-	179,497	-
-	-	71	-	504	-
6,297	-	97,366	11,066	751	-
6,116	-	195,494	-	-	-
224,162	-	-	-	-	3,134
<u>\$ 236,575</u>	<u>\$ 39,893</u>	<u>\$ 355,285</u>	<u>\$ 11,066</u>	<u>\$ 304,472</u>	<u>\$ 4,974</u>
\$ 2,253	\$ 180	\$ 4,067	\$ 59	\$ 790	\$ 113
13,191	-	26,281	1,387	2,734	-
179,527	-	-	9,620	4,388	-
-	-	-	-	-	-
-	-	71	-	180,001	-
<u>194,971</u>	<u>180</u>	<u>30,419</u>	<u>11,066</u>	<u>187,913</u>	<u>113</u>
-	-	-	-	-	-
41,604	39,713	324,866	-	116,559	4,861
41,604	39,713	324,866	-	116,559	4,861
<u>\$ 236,575</u>	<u>\$ 39,893</u>	<u>\$ 355,285</u>	<u>\$ 11,066</u>	<u>\$ 304,472</u>	<u>\$ 4,974</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

ASSETS	Victim Services	Millington Township Police Contract	Access/ Visitation
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	13,331	-
Due from other funds	-	-	-
Due from State	10,791	-	-
TOTAL ASSETS	\$ 10,791	\$ 13,331	\$ -
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 46	\$ 103	\$ -
Accrued liabilities	-	3,360	-
Due to other funds	9,154	9,868	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	9,200	13,331	-
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	1,591	-	-
TOTAL FUND BALANCE	1,591	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,791	\$ 13,331	\$ -

Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant	Criminal Forfeiture
\$ 192,041	\$ 89,843	\$ -	\$ -	\$ -	\$ 733
92,728	-	-	-	-	-
763,825	-	-	-	-	-
6,966	-	-	-	-	-
-	-	-	-	-	-
-	36,187	-	-	-	-
-	-	-	35,467	8,284	-
<u>\$ 1,055,560</u>	<u>\$ 126,030</u>	<u>\$ -</u>	<u>\$ 35,467</u>	<u>\$ 8,284</u>	<u>\$ 733</u>

\$ 9,631	\$ 9,465	\$ -	\$ 4,389	\$ 69	\$ -
-	-	-	-	-	-
-	-	-	12,583	4,582	-
-	-	-	-	-	-
770,791	-	-	-	-	-
<u>780,422</u>	<u>9,465</u>	<u>-</u>	<u>16,972</u>	<u>4,651</u>	<u>-</u>
-	-	-	-	-	-
275,138	116,565	-	18,495	3,633	733
<u>275,138</u>	<u>116,565</u>	<u>-</u>	<u>18,495</u>	<u>3,633</u>	<u>733</u>
<u>\$ 1,055,560</u>	<u>\$ 126,030</u>	<u>\$ -</u>	<u>\$ 35,467</u>	<u>\$ 8,284</u>	<u>\$ 733</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

ASSETS	Community Corrections Services	Drug Enforcement	Law Library	LEADERS
Cash and cash equivalents	\$ -	\$ 13,735	\$ 7,573	\$ 31,080
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	23,853
Due from State	3,894	-	-	-
TOTAL ASSETS	\$ 3,894	\$ 13,735	\$ 7,573	\$ 54,933
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 38	\$ -	\$ -	\$ 41
Accrued liabilities	-	-	-	212
Due to other funds	1,702	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	1,740	-	-	253
FUND BALANCE				
Reserved for restricted contributions	-	-	-	-
Unreserved				
Undesignated	2,154	13,735	7,573	54,680
TOTAL FUND BALANCE	2,154	13,735	7,573	54,680
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,894	\$ 13,735	\$ 7,573	\$ 54,933

Revenue Sharing Reserve	Computer Tech Grant Phase II	Michigan Justice Training	Child Care F.I.A.	JAIB Block Grant	Family Independence Agency
\$ -	\$ 6,033	\$ 4,334	\$ -	\$ -	\$ 85,295
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,222	-	999	-
1,577,698	-	-	-	-	-
-	-	-	35,985	1,107	27,048
<u>\$ 1,577,698</u>	<u>\$ 6,033</u>	<u>\$ 11,556</u>	<u>\$ 35,985</u>	<u>\$ 2,106</u>	<u>\$ 112,343</u>

\$ -	\$ -	\$ -	\$ -	\$ 990	\$ 847
-	-	-	-	-	-
635,085	-	-	21,411	740	-
-	-	-	-	-	40,000
-	-	-	-	-	-
<u>635,085</u>	<u>-</u>	<u>-</u>	<u>21,411</u>	<u>1,730</u>	<u>40,847</u>
-	-	-	-	-	19,216
<u>942,613</u>	<u>6,033</u>	<u>11,556</u>	<u>14,574</u>	<u>376</u>	<u>52,280</u>
<u>942,613</u>	<u>6,033</u>	<u>11,556</u>	<u>14,574</u>	<u>376</u>	<u>71,496</u>
<u>\$ 1,577,698</u>	<u>\$ 6,033</u>	<u>\$ 11,556</u>	<u>\$ 35,985</u>	<u>\$ 2,106</u>	<u>\$ 112,343</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

ASSETS	Probate Child Care	Soldiers' Relief	Veterans' Trust
Cash and cash equivalents	\$ 62,556	\$ 63	\$ 1,352
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from State	61,125	-	-
TOTAL ASSETS	\$ 123,681	\$ 63	\$ 1,352
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 55,474	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	55,474	-	-
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	68,207	63	1,352
TOTAL FUND BALANCE	68,207	63	1,352
TOTAL LIABILITIES AND FUND BALANCE	\$ 123,681	\$ 63	\$ 1,352

Voted Senior Citizens	Building and Site	Employee Vacation and Sick Time	Register of Deeds Automation	Road Patrol
\$ 101,125	\$ -	\$ -	\$ 33,921	\$ -
33,905	-	-	3,676	94,771
240,613	-	-	-	1,082,758
2,688	-	-	-	13,028
-	-	-	-	-
-	-	479,376	42,129	3,270
-	-	-	-	-
<u>\$ 378,331</u>	<u>\$ -</u>	<u>\$ 479,376</u>	<u>\$ 79,726</u>	<u>\$ 1,193,827</u>

\$ 11,246	\$ -	\$ -	\$ 9,449	\$ 6,553
-	-	-	-	28,738
-	-	-	-	42,129
-	-	-	-	-
243,301	-	-	-	1,095,786
<u>254,547</u>	<u>-</u>	<u>-</u>	<u>9,449</u>	<u>1,173,206</u>
-	-	-	-	-
123,784	-	479,376	70,277	20,621
<u>123,784</u>	<u>-</u>	<u>479,376</u>	<u>70,277</u>	<u>20,621</u>
<u>\$ 378,331</u>	<u>\$ -</u>	<u>\$ 479,376</u>	<u>\$ 79,726</u>	<u>\$ 1,193,827</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

ASSETS	Local Correction Officer's Training	Totals
	\$	\$
Cash and cash equivalents	15,322	837,543
Investments	-	267,563
Taxes receivable	-	2,266,693
Taxes receivable - delinquent	-	23,257
Accounts receivable	-	145,339
Due from other funds	-	2,364,123
Due from State	-	410,997
	15,322	6,315,515
TOTAL ASSETS		
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	-	115,992
Accrued liabilities	-	77,801
Due to other funds	-	937,136
Deposits payable	-	40,000
Deferred revenue	-	2,289,950
	-	3,460,879
TOTAL LIABILITIES		
FUND BALANCE		
Reserved for restricted contributions	-	19,216
Unreserved		
Undesignated	15,322	2,835,420
	15,322	2,854,636
TOTAL FUND BALANCE		
	15,322	6,315,515
TOTAL LIABILITIES AND FUND BALANCE		

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Parks and Recreation	County Disaster	Local Government Police Contract
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	65,557
Charges for services	180	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	<u>180</u>	<u>-</u>	<u>65,557</u>
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	65,657
Health and Welfare	-	-	-
Culture and recreation	1,881	-	-
Capital outlay	-	-	-
Debt service - principle	-	-	-
TOTAL EXPENDITURES	<u>1,881</u>	<u>-</u>	<u>65,657</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,701)</u>	<u>-</u>	<u>(100)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds capital lease	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,701)	-	(100)
FUND BALANCE, BEGINNING OF YEAR	<u>6,095</u>	<u>2,692</u>	<u>100</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,394</u>	<u>\$ 2,692</u>	<u>\$ -</u>

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Building Strong Families
\$ -	\$ -	\$ -	\$ -	\$ 172,816	\$ -
517,494	-	-	-	-	24,450
200,391	-	125,338	-	-	-
-	-	-	65,759	-	-
51,817	6,765	1,012,777	-	41,471	-
-	-	-	-	-	-
-	-	3,130	-	1,387	-
-	1,347	-	-	-	-
7,426	-	20,847	-	13,478	-
777,128	8,112	1,162,092	65,759	229,152	24,450
1,115,132	4,501	-	-	-	-
-	-	-	-	150,042	-
-	-	941,088	65,759	-	-
-	-	-	-	-	24,442
-	-	-	-	-	-
2,962	-	4,645	-	1,390	-
-	-	-	-	-	-
1,118,094	4,501	945,733	65,759	151,432	24,442
(340,966)	3,611	216,359	-	77,720	8
-	-	-	-	-	-
350,000	-	-	-	-	-
-	-	(276,268)	-	-	-
350,000	-	(276,268)	-	-	-
9,034	3,611	(59,909)	-	77,720	8
32,570	36,102	384,775	-	38,839	4,853
\$ 41,604	\$ 39,713	\$ 324,866	\$ -	\$ 116,559	\$ 4,861

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Victim Services	Millington Township Police Contract	Access/ Visitation
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	49,459	-	-
Local	-	129,451	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	49,459	129,451	-
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	49,504	129,452	-
Health and Welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principle	-	-	-
TOTAL EXPENDITURES	49,504	129,452	-
REVENUES OVER (UNDER) EXPENDITURES	(45)	(1)	-
OTHER FINANCING SOURCES (USES)			
Proceeds capital lease	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(45)	(1)	-
FUND BALANCE, BEGINNING OF YEAR	1,636	1	-
FUND BALANCE, END OF YEAR	\$ 1,591	\$ -	\$ -

Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant	Criminal Forfeiture
\$ 729,207	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	38,238	-	51,550	-
-	-	-	81,994	531	-
-	-	-	-	-	-
-	-	-	-	-	-
6,111	-	-	-	-	-
11,407	-	-	-	-	-
-	-	-	-	-	-
746,725	-	38,238	81,994	52,081	-
-	-	-	-	-	-
667,787	-	38,238	65,050	-	-
-	-	-	-	52,742	-
-	-	-	-	-	-
-	-	-	-	-	-
49,149	222,194	-	2,465	-	-
-	-	-	-	-	-
716,936	222,194	38,238	67,515	52,742	-
29,789	(222,194)	-	14,479	(661)	-
-	-	-	-	-	-
-	127,662	-	4,015	-	-
-	-	-	-	-	-
-	127,662	-	4,015	-	-
29,789	(94,532)	-	18,494	(661)	-
245,349	211,097	-	1	4,294	733
\$ 275,138	\$ 116,565	\$ -	\$ 18,495	\$ 3,633	\$ 733

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Community Corrections Services	Drug Enforcement	Law Library
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	43,216	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	1,137	6,500
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	43,216	1,137	6,500
EXPENDITURES			
Current			
Judicial	-	-	6,239
General Government	-	-	-
Public Safety	48,854	1,457	-
Health and Welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principle	-	-	-
TOTAL EXPENDITURES	48,854	1,457	6,239
REVENUES OVER (UNDER) EXPENDITURES	(5,638)	(320)	261
OTHER FINANCING SOURCES (USES)			
Proceeds capital lease	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(5,638)	(320)	261
FUND BALANCE, BEGINNING OF YEAR	7,792	14,055	7,312
FUND BALANCE, END OF YEAR	\$ 2,154	\$ 13,735	\$ 7,573

LEADERS	Revenue Sharing Reserve	Computer Tech Grant Phase II	Michigan Justice Training	Child Care F.I.A.	JAIB Block Grant	Family Independence Agency
\$ -	\$ 1,577,698	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	8,940	-
-	-	-	7,222	122,460	-	271,012
-	-	-	-	-	-	-
-	-	-	-	16,618	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
284	-	-	-	-	-	-
284	1,577,698	-	7,222	139,078	8,940	271,012
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,336	-	-	2,383	-	9,815	-
-	-	-	-	260,626	-	269,566
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,336	-	-	2,383	260,626	9,815	269,566
(23,052)	1,577,698	-	4,839	(121,548)	(875)	1,446
-	-	-	-	-	-	-
-	-	-	-	94,000	744	5,750
-	(635,085)	(12,294)	-	-	-	-
-	(635,085)	(12,294)	-	94,000	744	5,750
(23,052)	942,613	(12,294)	4,839	(27,548)	(131)	7,196
77,732	-	18,327	6,717	42,122	507	64,300
\$ 54,680	\$ 942,613	\$ 6,033	\$ 11,556	\$ 14,574	\$ 376	\$ 71,496

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Probate Child Care	Soldiers' Relief	Veterans' Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	300,922	-	7,308
Local	-	-	-
Charges for services	29,871	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	1,585	-	-
Other	-	-	-
TOTAL REVENUES	332,378	-	7,308
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	705,371	13,016	6,817
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principle	-	-	-
TOTAL EXPENDITURES	705,371	13,016	6,817
REVENUES OVER (UNDER) EXPENDITURES	(372,993)	(13,016)	491
OTHER FINANCING SOURCES (USES)			
Proceeds capital lease	-	-	-
Transfer in	414,917	13,000	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	414,917	13,000	-
NET CHANGE IN FUND BALANCE	41,924	(16)	491
FUND BALANCE, BEGINNING OF YEAR	26,283	79	861
FUND BALANCE, END OF YEAR	\$ 68,207	\$ 63	\$ 1,352

Voted Senior Citizens	Building and Site	Employee Vacation and Sick Time	Register of Deeds Automation	Road Patrol
\$ 226,954	\$ -	\$ -	\$ -	\$ 1,015,175
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,452	-	-	534	4,987
-	-	-	-	-
-	-	-	90,535	3,371
229,406	-	-	91,069	1,023,533
-	-	-	-	-
-	-	75,920	59,806	-
-	-	-	-	1,114,288
217,686	-	-	-	-
-	-	-	-	-
-	-	-	-	149,800
-	-	-	-	46,578
217,686	-	75,920	59,806	1,310,666
11,720	-	(75,920)	31,263	(287,133)
-	-	-	-	134,490
-	-	-	-	130,000
-	(30,915)	-	-	-
-	(30,915)	-	-	264,490
11,720	(30,915)	(75,920)	31,263	(22,643)
112,064	30,915	555,296	39,014	43,264
\$ 123,784	\$ -	\$ 479,376	\$ 70,277	\$ 20,621

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Local Correction Officer's	
	Training	Totals
	<hr/>	
REVENUES		
Taxes	\$ -	\$ 3,721,850
Intergovernmental		
Federal	-	640,672
State	-	1,209,853
Local	-	260,767
Charges for services	15,790	1,175,289
Fines and forfeits	-	7,637
Interest and rent	-	18,601
Reimbursements and refunds	-	14,339
Other	-	135,941
	<hr/>	
TOTAL REVENUES	15,790	7,184,949
	<hr/>	
EXPENDITURES		
Current		
Judicial	-	1,125,872
General Government	-	1,056,843
Public Safety	468	2,504,803
Health and Welfare	-	1,497,524
Culture and recreation	-	1,881
Capital outlay	-	432,605
Debt service - principle	-	46,578
	<hr/>	
TOTAL EXPENDITURES	468	6,666,106
	<hr/>	
REVENUES OVER (UNDER) EXPENDITURES	15,322	518,843
	<hr/>	
OTHER FINANCING SOURCES (USES)		
Proceeds capital lease	-	134,490
Transfer in	-	1,140,088
Transfer out	-	(954,562)
	<hr/>	
TOTAL OTHER FINANCING SOURCES (USES)	-	320,016
	<hr/>	
NET CHANGE IN FUND BALANCE	15,322	838,859
	<hr/>	
FUND BALANCE, BEGINNING OF YEAR	-	2,015,777
	<hr/>	
FUND BALANCE, END OF YEAR	\$ 15,322	\$ 2,854,636
	<hr/> <hr/>	

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Parks and Recreation			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	180	180
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	180	180
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	1,800	1,881	1,881	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	1,800	1,881	1,881	-
REVENUES OVER (UNDER) EXPENDITURES	(1,800)	(1,881)	(1,701)	180
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,800)	(1,881)	(1,701)	180
FUND BALANCE, BEGINNING OF YEAR	6,095	6,095	6,095	-
FUND BALANCE, END OF YEAR	\$ 4,295	\$ 4,214	\$ 4,394	\$ 180

County Disaster				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,244	69,244	65,557	(3,687)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,244	69,244	65,557	(3,687)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,244	69,244	65,657	(3,587)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,244	69,244	65,657	(3,587)
-	-	-	-	-	-	(100)	(100)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(100)	(100)
2,692	2,692	2,692	-	100	100	100	-
\$ 2,692	\$ 2,692	\$ 2,692	\$ -	\$ 100	\$ 100	\$ -	\$ (100)

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2004

	Friend of the Court Act 294			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	538,813	514,557	517,494	2,937
State	236,120	237,241	200,391	(36,850)
Local	-	-	-	-
Charges for services	49,500	49,500	51,817	2,317
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	9,050	9,050	7,426	(1,624)
TOTAL REVENUES	833,483	810,348	777,128	(33,220)
EXPENDITURES				
Current				
Judicial	1,284,923	1,189,918	1,115,132	(74,786)
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	3,000	3,000	2,962	(38)
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	1,287,923	1,192,918	1,118,094	(74,824)
REVENUES OVER (UNDER) EXPENDITURES	(454,440)	(382,570)	(340,966)	41,604
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	454,440	350,000	350,000	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	454,440	350,000	350,000	-
NET CHANGE IN FUND BALANCE	-	(32,570)	9,034	41,604
FUND BALANCE, BEGINNING OF YEAR	32,570	32,570	32,570	-
FUND BALANCE, END OF YEAR	<u>\$ 32,570</u>	<u>\$ -</u>	<u>\$ 41,604</u>	<u>\$ 41,604</u>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	80,000	80,000	125,338	45,338
-	-	-	-	-	-	-	-
6,300	6,300	6,765	465	1,146,810	1,146,810	1,012,777	(134,033)
-	-	-	-	-	-	-	-
-	-	-	-	1,700	1,700	3,130	1,430
7,000	7,000	1,347	(5,653)	-	-	-	-
-	-	-	-	23,400	23,400	20,847	(2,553)
<u>13,300</u>	<u>13,300</u>	<u>8,112</u>	<u>(5,188)</u>	<u>1,251,910</u>	<u>1,251,910</u>	<u>1,162,092</u>	<u>(89,818)</u>
13,396	13,396	4,501	(8,895)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	921,988	941,088	941,088	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	14,000	29,000	4,645	(24,355)
-	-	-	-	-	-	-	-
<u>13,396</u>	<u>13,396</u>	<u>4,501</u>	<u>(8,895)</u>	<u>935,988</u>	<u>970,088</u>	<u>945,733</u>	<u>(24,355)</u>
<u>(96)</u>	<u>(96)</u>	<u>3,611</u>	<u>3,707</u>	<u>315,922</u>	<u>281,822</u>	<u>216,359</u>	<u>(65,463)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(276,268)	(276,268)	(276,268)	-
-	-	-	-	(276,268)	(276,268)	(276,268)	-
(96)	(96)	3,611	3,707	39,654	5,554	(59,909)	(65,463)
<u>36,102</u>	<u>36,102</u>	<u>36,102</u>	<u>-</u>	<u>384,775</u>	<u>384,775</u>	<u>384,775</u>	<u>-</u>
<u>\$ 36,006</u>	<u>\$ 36,006</u>	<u>\$ 39,713</u>	<u>\$ 3,707</u>	<u>\$ 424,429</u>	<u>\$ 390,329</u>	<u>\$ 324,866</u>	<u>\$ (65,463)</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, 2004

	Vassar Township Police Contract			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	67,124	67,124	65,759	(1,365)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>67,124</u>	<u>67,124</u>	<u>65,759</u>	<u>(1,365)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	67,124	67,124	65,759	(1,365)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	<u>67,124</u>	<u>67,124</u>	<u>65,759</u>	<u>(1,365)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Recycling				Building Strong Families			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 171,500	\$ 171,500	\$ 172,816	\$ 1,316	\$ -	\$ -	\$ -	\$ -
-	-	-	-	25,000	25,000	24,450	(550)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
42,000	42,000	41,471	(529)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,387	1,387	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	13,478	8,478	-	-	-	-
<u>218,500</u>	<u>218,500</u>	<u>229,152</u>	<u>10,652</u>	<u>25,000</u>	<u>25,000</u>	<u>24,450</u>	<u>(550)</u>
-	-	-	-	-	-	-	-
156,517	156,517	150,042	(6,475)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	24,442	(558)
-	-	-	-	-	-	-	-
-	1,390	1,390	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>156,517</u>	<u>157,907</u>	<u>151,432</u>	<u>(6,475)</u>	<u>25,000</u>	<u>25,000</u>	<u>24,442</u>	<u>(558)</u>
<u>61,983</u>	<u>60,593</u>	<u>77,720</u>	<u>17,127</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
61,983	60,593	77,720	17,127	-	-	8	8
38,839	38,839	38,839	-	4,853	4,853	4,853	-
<u>\$ 100,822</u>	<u>\$ 99,432</u>	<u>\$ 116,559</u>	<u>\$ 17,127</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>	<u>\$ 4,861</u>	<u>\$ 8</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, 2004

	Victim Services			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	53,549	53,549	49,459	(4,090)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>53,549</u>	<u>53,549</u>	<u>49,459</u>	<u>(4,090)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	53,549	53,549	49,504	(4,045)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	<u>53,549</u>	<u>53,549</u>	<u>49,504</u>	<u>(4,045)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(45)</u>	<u>(45)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(45)	(45)
FUND BALANCE, BEGINNING OF YEAR	<u>1,636</u>	<u>1,636</u>	<u>1,636</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,636</u>	<u>\$ 1,636</u>	<u>\$ 1,591</u>	<u>\$ (45)</u>

Millington Township Police Contract				Access/Visitation			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
141,706	143,706	129,451	(14,255)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
141,706	143,706	129,451	(14,255)	-	-	-	-
-	-	-	-	-	-	-	-
141,706	141,706	129,452	(12,254)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
141,706	141,706	129,452	(12,254)	-	-	-	-
-	2,000	(1)	(2,001)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,000	(1)	(2,001)	-	-	-	-
1	1	1	-	-	-	-	-
<u>\$ 1</u>	<u>\$ 2,001</u>	<u>\$ -</u>	<u>\$ (2,001)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2004

	Voted Mosquito			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ 735,190	\$ 735,190	\$ 729,207	\$ (5,983)
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	3,500	3,500	6,111	2,611
Reimbursements and refunds	-	-	11,407	11,407
Other	-	-	-	-
TOTAL REVENUES	738,690	738,690	746,725	8,035
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	681,625	679,160	667,787	(11,373)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	59,530	49,149	(10,381)
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	681,625	738,690	716,936	(21,754)
REVENUES OVER (UNDER) EXPENDITURES	57,065	-	29,789	29,789
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	57,065	-	29,789	29,789
FUND BALANCE, BEGINNING OF YEAR	245,349	245,349	245,349	-
FUND BALANCE, END OF YEAR	<u>\$ 302,414</u>	<u>\$ 245,349</u>	<u>\$ 275,138</u>	<u>\$ 29,789</u>

Equipment and Capital Improvement				CDBG Housing Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	358,000	358,000	38,238	(319,762)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	358,000	358,000	38,238	(319,762)
-	-	-	-	-	-	-	-
-	-	-	-	358,000	358,000	38,238	(319,762)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
213,693	258,489	222,194	(36,295)	-	-	-	-
-	-	-	-	-	-	-	-
213,693	258,489	222,194	(36,295)	358,000	358,000	38,238	(319,762)
(213,693)	(258,489)	(222,194)	36,295	-	-	-	-
-	-	-	-	-	-	-	-
110,000	127,662	127,662	-	-	-	-	-
-	-	-	-	-	-	-	-
110,000	127,662	127,662	-	-	-	-	-
(103,693)	(130,827)	(94,532)	36,295	-	-	-	-
211,097	211,097	211,097	-	-	-	-	-
\$ 107,404	\$ 80,270	\$ 116,565	\$ 36,295	\$ -	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2004

	State Survey Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	59,433	116,319	81,994	(34,325)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	59,433	116,319	81,994	(34,325)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	61,433	117,871	65,050	(52,821)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	2,000	2,465	2,465	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	63,433	120,336	67,515	(52,821)
REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(4,017)	14,479	18,496
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	4,000	4,016	4,015	(1)
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	4,000	4,016	4,015	(1)
NET CHANGE IN FUND BALANCE	-	(1)	18,494	18,495
FUND BALANCE, BEGINNING OF YEAR	1	1	1	-
FUND BALANCE, END OF YEAR	\$ 1	\$ -	\$ 18,495	\$ 18,495

Victim of Crime Act Grant				Criminal Forfeiture			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,826	54,826	51,550	(3,276)	-	-	-	-
-	-	531	531	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54,826	54,826	52,081	(2,745)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54,826	54,826	52,742	(2,084)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54,826	54,826	52,742	(2,084)	-	-	-	-
-	-	(661)	(661)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(661)	(661)	-	-	-	-
4,294	4,294	4,294	-	733	733	733	-
\$ 4,294	\$ 4,294	\$ 3,633	\$ (661)	\$ 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, 2004

	Community Corrections Services			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	48,674	48,674	43,216	(5,458)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	48,674	48,674	43,216	(5,458)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	49,520	49,520	48,854	(666)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	49,520	49,520	48,854	(666)
REVENUES OVER (UNDER) EXPENDITURES	(846)	(846)	(5,638)	(4,792)
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(846)	(846)	(5,638)	(4,792)
FUND BALANCE, BEGINNING OF YEAR	7,792	7,792	7,792	-
FUND BALANCE, END OF YEAR	<u>\$ 6,946</u>	<u>\$ 6,946</u>	<u>\$ 2,154</u>	<u>\$ (4,792)</u>

Drug Enforcement				Law Library			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,200	1,200	1,137	(63)	6,500	6,500	6,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,200</u>	<u>1,200</u>	<u>1,137</u>	<u>(63)</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
-	-	-	-	6,500	6,500	6,239	(261)
-	-	-	-	-	-	-	-
1,302	1,457	1,457	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,302</u>	<u>1,457</u>	<u>1,457</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>6,239</u>	<u>(261)</u>
<u>(102)</u>	<u>(257)</u>	<u>(320)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>261</u>	<u>261</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(102)</u>	<u>(257)</u>	<u>(320)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>261</u>	<u>261</u>
<u>14,055</u>	<u>14,055</u>	<u>14,055</u>	<u>-</u>	<u>7,312</u>	<u>7,312</u>	<u>7,312</u>	<u>-</u>
<u>\$ 13,953</u>	<u>\$ 13,798</u>	<u>\$ 13,735</u>	<u>\$ (63)</u>	<u>\$ 7,312</u>	<u>\$ 7,312</u>	<u>\$ 7,573</u>	<u>\$ 261</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, 2004

	LEADERS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	284	284
TOTAL REVENUES	-	-	284	284
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	46,811	46,811	23,336	(23,475)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	46,811	46,811	23,336	(23,475)
REVENUES OVER (UNDER) EXPENDITURES	(46,811)	(46,811)	(23,052)	23,759
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(46,811)	(46,811)	(23,052)	23,759
FUND BALANCE, BEGINNING OF YEAR	77,732	77,732	77,732	-
FUND BALANCE, END OF YEAR	<u>\$ 30,921</u>	<u>\$ 30,921</u>	<u>\$ 54,680</u>	<u>\$ 23,759</u>

Revenue Sharing Reserve				Computer Tech Grant Phase II			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ 1,577,698	\$ 1,577,698	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,577,698	1,577,698	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	18,327	18,327	-	(18,327)
-	-	-	-	-	-	-	-
-	-	-	-	18,327	18,327	-	(18,327)
-	-	1,577,698	1,577,698	(18,327)	(18,327)	-	18,327
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(635,085)	(635,085)	-	-	(12,294)	(12,294)
-	-	(635,085)	(635,085)	-	-	(12,294)	(12,294)
-	-	942,613	942,613	(18,327)	(18,327)	(12,294)	6,033
-	-	-	-	18,327	18,327	18,327	-
\$ -	\$ -	\$ 942,613	\$ 942,613	\$ -	\$ -	\$ 6,033	\$ 6,033

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2004

	Michigan Justice Training			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	6,000	6,000	7,222	1,222
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	6,000	6,000	7,222	1,222
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	6,100	6,100	2,383	(3,717)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	6,100	6,100	2,383	(3,717)
REVENUES OVER (UNDER) EXPENDITURES	(100)	(100)	4,839	4,939
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(100)	(100)	4,839	4,939
FUND BALANCE, BEGINNING OF YEAR	6,717	6,717	6,717	-
FUND BALANCE, END OF YEAR	\$ 6,617	\$ 6,617	\$ 11,556	\$ 4,939

Child Care F.I.A.				JAIB Block Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	11,693	11,693	8,940	(2,753)
82,000	82,000	122,460	40,460	-	-	-	-
-	-	-	-	-	-	-	-
63,000	63,000	16,618	(46,382)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>145,000</u>	<u>145,000</u>	<u>139,078</u>	<u>(5,922)</u>	<u>11,693</u>	<u>11,693</u>	<u>8,940</u>	<u>(2,753)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,437	12,437	9,815	(2,622)
227,000	260,626	260,626	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>227,000</u>	<u>260,626</u>	<u>260,626</u>	<u>-</u>	<u>12,437</u>	<u>12,437</u>	<u>9,815</u>	<u>(2,622)</u>
<u>(82,000)</u>	<u>(115,626)</u>	<u>(121,548)</u>	<u>(5,922)</u>	<u>(744)</u>	<u>(744)</u>	<u>(875)</u>	<u>(131)</u>
-	-	-	-	-	-	-	-
52,000	94,000	94,000	-	744	744	744	-
-	-	-	-	-	-	-	-
<u>52,000</u>	<u>94,000</u>	<u>94,000</u>	<u>-</u>	<u>744</u>	<u>744</u>	<u>744</u>	<u>-</u>
(30,000)	(21,626)	(27,548)	(5,922)	-	-	(131)	(131)
<u>42,122</u>	<u>42,122</u>	<u>42,122</u>	<u>-</u>	<u>507</u>	<u>507</u>	<u>507</u>	<u>-</u>
<u>\$ 12,122</u>	<u>\$ 20,496</u>	<u>\$ 14,574</u>	<u>\$ (5,922)</u>	<u>\$ 507</u>	<u>\$ 507</u>	<u>\$ 376</u>	<u>\$ (131)</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, 2004

	Family Independence Agency			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	326,000	326,000	271,012	(54,988)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	326,000	326,000	271,012	(54,988)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	321,000	321,000	269,566	(51,434)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	321,000	321,000	269,566	(51,434)
REVENUES OVER (UNDER) EXPENDITURES	5,000	5,000	1,446	(3,554)
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	5,750	5,750	5,750	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,750	5,750	5,750	-
NET CHANGE IN FUND BALANCE	10,750	10,750	7,196	(3,554)
FUND BALANCE, BEGINNING OF YEAR	64,300	64,300	64,300	-
FUND BALANCE, END OF YEAR	\$ 75,050	\$ 75,050	\$ 71,496	\$ (3,554)

Probate Child Care				Soldiers' Relief			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
303,000	303,000	300,922	(2,078)	-	-	-	-
-	-	-	-	-	-	-	-
40,000	40,000	29,871	(10,129)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	2,000	1,585	(415)	-	-	-	-
-	-	-	-	-	-	-	-
<u>345,000</u>	<u>345,000</u>	<u>332,378</u>	<u>(12,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
786,200	786,200	705,371	(80,829)	13,000	13,016	13,016	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>786,200</u>	<u>786,200</u>	<u>705,371</u>	<u>(80,829)</u>	<u>13,000</u>	<u>13,016</u>	<u>13,016</u>	<u>-</u>
<u>(441,200)</u>	<u>(441,200)</u>	<u>(372,993)</u>	<u>68,207</u>	<u>(13,000)</u>	<u>(13,016)</u>	<u>(13,016)</u>	<u>-</u>
-	-	-	-	-	-	-	-
411,200	414,917	414,917	-	13,000	13,000	13,000	-
-	-	-	-	-	-	-	-
<u>411,200</u>	<u>414,917</u>	<u>414,917</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
<u>(30,000)</u>	<u>(26,283)</u>	<u>41,924</u>	<u>68,207</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>	<u>-</u>
<u>26,283</u>	<u>26,283</u>	<u>26,283</u>	<u>-</u>	<u>79</u>	<u>79</u>	<u>79</u>	<u>-</u>
<u>\$ (3,717)</u>	<u>\$ -</u>	<u>\$ 68,207</u>	<u>\$ 68,207</u>	<u>\$ 79</u>	<u>\$ 63</u>	<u>\$ 63</u>	<u>\$ -</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, 2004

	Veterans Trust			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	27,000	27,000	7,308	(19,692)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>27,000</u>	<u>27,000</u>	<u>7,308</u>	<u>(19,692)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	27,000	27,000	6,817	(20,183)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	<u>27,000</u>	<u>27,000</u>	<u>6,817</u>	<u>(20,183)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>491</u>	<u>491</u>
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	491	491
FUND BALANCE, BEGINNING OF YEAR	<u>861</u>	<u>861</u>	<u>861</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 861</u>	<u>\$ 861</u>	<u>\$ 1,352</u>	<u>\$ 491</u>

Voted Senior Citizens				Building and Site			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 226,400	\$ 226,400	\$ 226,954	\$ 554	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,500	1,500	2,452	952	4,123	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>227,900</u>	<u>227,900</u>	<u>229,406</u>	<u>1,506</u>	<u>4,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
216,264	217,686	217,686	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>216,264</u>	<u>217,686</u>	<u>217,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,636</u>	<u>10,214</u>	<u>11,720</u>	<u>1,506</u>	<u>4,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(30,915)	(30,915)
-	-	-	-	-	-	(30,915)	(30,915)
11,636	10,214	11,720	1,506	4,123	-	(30,915)	(30,915)
<u>112,064</u>	<u>112,064</u>	<u>112,064</u>	<u>-</u>	<u>30,915</u>	<u>30,915</u>	<u>30,915</u>	<u>-</u>
<u>\$ 123,700</u>	<u>\$ 122,278</u>	<u>\$ 123,784</u>	<u>\$ 1,506</u>	<u>\$ 35,038</u>	<u>\$ 30,915</u>	<u>\$ -</u>	<u>\$ (30,915)</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, 2004

	Employee Vacation and Sick Time			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	53,825	75,920	75,920	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	<u>53,825</u>	<u>75,920</u>	<u>75,920</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(53,825)</u>	<u>(75,920)</u>	<u>(75,920)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(53,825)	(75,920)	(75,920)	-
FUND BALANCE, BEGINNING OF YEAR	<u>555,296</u>	<u>555,296</u>	<u>555,296</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 501,471</u>	<u>\$ 479,376</u>	<u>\$ 479,376</u>	<u>\$ -</u>

Register of Deeds Automation				Road Patrol			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 1,024,922	\$ 1,024,922	\$ 1,015,175	\$ (9,747)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
80,000	24,982	-	(24,982)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	534	534	5,500	5,500	4,987	(513)
-	-	-	-	-	-	-	-
-	80,000	90,535	10,535	-	3,371	3,371	-
<u>80,000</u>	<u>104,982</u>	<u>91,069</u>	<u>(13,913)</u>	<u>1,030,422</u>	<u>1,033,793</u>	<u>1,023,533</u>	<u>(10,260)</u>
-	-	-	-	-	-	-	-
53,334	59,806	59,806	-	-	-	-	-
-	-	-	-	1,179,099	1,179,099	1,114,288	(64,811)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	72,000	149,800	149,800	-
-	-	-	-	-	46,578	46,578	-
<u>53,334</u>	<u>59,806</u>	<u>59,806</u>	<u>-</u>	<u>1,251,099</u>	<u>1,375,477</u>	<u>1,310,666</u>	<u>(64,811)</u>
<u>26,666</u>	<u>45,176</u>	<u>31,263</u>	<u>(13,913)</u>	<u>(220,677)</u>	<u>(341,684)</u>	<u>(287,133)</u>	<u>54,551</u>
-	-	-	-	160,000	168,720	134,490	(34,230)
-	-	-	-	160,000	130,000	130,000	-
-	-	-	-	(300)	(300)	-	300
-	-	-	-	319,700	298,420	264,490	(33,930)
26,666	45,176	31,263	(13,913)	99,023	(43,264)	(22,643)	20,621
-	-	39,014	39,014	43,264	43,264	43,264	-
<u>\$ 26,666</u>	<u>\$ 45,176</u>	<u>\$ 70,277</u>	<u>\$ 25,101</u>	<u>\$ 142,287</u>	<u>\$ -</u>	<u>\$ 20,621</u>	<u>\$ 20,621</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, 2004

	Local Corrections Officer's Training			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	22,680	22,680	15,790	(6,890)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	22,680	22,680	15,790	(6,890)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	22,680	22,680	468	(22,212)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principle	-	-	-	-
TOTAL EXPENDITURES	22,680	22,680	468	(22,212)
REVENUES OVER (UNDER) EXPENDITURES	-	-	15,322	15,322
OTHER FINANCING SOURCES (USES)				
Proceeds capital lease	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	15,322	15,322
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,322</u>	<u>\$ 15,322</u>

Total

Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 2,158,012	\$ 2,158,012	\$ 3,721,850	\$ 1,563,838
988,332	964,076	640,672	(323,404)
1,221,776	1,279,783	1,209,853	(69,930)
278,074	280,074	260,767	(19,307)
1,450,290	1,395,272	1,175,289	(219,983)
7,700	7,700	7,637	(63)
16,323	12,200	18,601	6,401
9,000	9,000	14,339	5,339
37,450	120,821	135,941	15,120
<u>6,166,957</u>	<u>6,226,938</u>	<u>7,184,949</u>	<u>958,011</u>
1,304,819	1,209,814	1,125,872	(83,942)
1,364,734	1,447,274	1,056,843	(390,431)
2,626,386	2,645,641	2,504,803	(140,838)
1,615,464	1,650,528	1,497,524	(153,004)
1,800	1,881	1,881	-
323,020	522,001	432,605	(89,396)
-	46,578	46,578	-
<u>7,236,223</u>	<u>7,523,717</u>	<u>6,666,106</u>	<u>(857,611)</u>
<u>(1,069,266)</u>	<u>(1,296,779)</u>	<u>518,843</u>	<u>1,815,622</u>
160,000	168,720	134,490	(34,230)
1,211,134	1,140,089	1,140,088	(1)
<u>(276,568)</u>	<u>(276,568)</u>	<u>(954,562)</u>	<u>(677,994)</u>
<u>1,094,566</u>	<u>1,032,241</u>	<u>320,016</u>	<u>(712,225)</u>
25,300	(264,538)	838,859	1,103,397
<u>1,976,763</u>	<u>1,976,763</u>	<u>2,015,777</u>	<u>39,014</u>
<u>\$ 2,002,063</u>	<u>\$ 1,712,225</u>	<u>\$ 2,854,636</u>	<u>\$ 1,142,411</u>

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

Caro Refinanced Area Sewer (376)
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 DEBT SERVICE FUNDS
 DECEMBER 31, 2004**

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -
FUND BALANCE			
Reserved for debt retirement	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -

Dispatch Building and Equipment	State Police Post Building	F.I.A. Building	Total
\$ -	\$ 98,638	\$ 8,779	\$ 107,417
-	8,170	24,842	33,012
<u>\$ -</u>	<u>\$ 106,808</u>	<u>\$ 33,621</u>	<u>\$ 140,429</u>
-	106,808	33,621	140,429
<u>\$ -</u>	<u>\$ 106,808</u>	<u>\$ 33,621</u>	<u>\$ 140,429</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
REVENUES			
Intergovernmental			
State	\$ -	\$ -	\$ -
Local	161,103	78,950	106,775
Interest and rent	-	-	-
TOTAL REVENUES	161,103	78,950	106,775
EXPENDITURES			
Debt service			
Principal	125,000	16,000	60,000
Interest and fiscal charges	36,103	62,950	46,775
TOTAL EXPENDITURES	161,103	78,950	106,775
REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

Dispatch Building and Equipment	State Police Post Building	F.I.A. Building	Total
\$ -	\$ 162,134	\$ -	\$ 162,134
-	-	-	346,828
-	735	344	1,079
-	162,869	344	510,041
245,000	85,000	-	531,000
31,268	68,371	-	245,467
276,268	153,371	-	776,467
(276,268)	9,498	344	(266,426)
276,268	-	-	276,268
-	9,498	344	9,842
-	97,310	33,277	130,587
\$ -	\$ 106,808	\$ 33,621	\$ 140,429

**TUSCOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2004**

	Health Dept. Building Authority Construction	F.I.A. Building Authority Construction
ASSETS		
Cash and cash equivalents	\$ -	\$ 10,562
Investments	-	23,042
TOTAL ASSETS	\$ -	\$ 33,604
	FUND BALANCE	
Reserved for construction	-	33,604
TOTAL FUND BALANCE	\$ -	\$ 33,604

Dispatch Building Construction and Equipment	State Police Post Building Authority	Office Space Project	Total
\$ 35,063	\$ 17,044	\$ 18,761	\$ 81,430
6,944	3,676	1,587,093	1,620,755
<u>\$ 42,007</u>	<u>\$ 20,720</u>	<u>\$ 1,605,854</u>	<u>\$ 1,702,185</u>
42,007	20,720	1,605,854	1,702,185
<u>\$ 42,007</u>	<u>\$ 20,720</u>	<u>\$ 1,605,854</u>	<u>\$ 1,702,185</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2004

	Health Dept. Building Authority Construction	F.I.A. Building Authority Construction
REVENUES		
Interest and rent	\$ -	\$ 352
EXPENDITURES		
Miscellaneous	4	-
NET CHANGE IN FUND BALANCE	(4)	352
FUND BALANCE, BEGINNING OF YEAR	4	33,252
FUND BALANCE, END OF YEAR	\$ -	\$ 33,604

Dispatch Building Construction and Equipment	State Police Post Building Authority	Office Space Projec	Total
\$ 551	\$ 280	\$ 27,734	\$ 28,917
-	-	-	4
551	280	27,734	28,913
41,456	20,440	1,578,120	1,673,272
\$ 42,007	\$ 20,720	\$ 1,605,854	\$ 1,702,185

**TUSCOLA COUNTY
BALANCE SHEET
PERMANENT FUND
DECEMBER 31, 2004**

	<u>Cemetery Trust</u>
ASSETS	
Investments at fair value	\$ 6,853
	<u> </u>
FUND BALANCE	
Reserved for cemetery maintenance	6,800
Unreserved	53
	<u> </u>
TOTAL FUND BALANCE	<u>\$ 6,853</u>

**TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
PERMANENT FUND
YEAR ENDED DECEMBER 31, 2004**

	<u>Cemetery Trust</u>
REVENUES	
Interest and rents	\$ 69
EXPENDITURES	
Current:	
Culture and recreation	57
NET CHANGE IN FUND BALANCE	12
FUND BALANCE, BEGINNING OF YEAR	6,841
FUND BALANCE, END OF YEAR	\$ 6,853

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
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2004

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 284,433	\$ 17,730	\$ 302,163
Accounts receivable	6,661	-	-	6,661
Due from other funds	471,636	40,961	339,752	852,349
TOTAL ASSETS	478,297	325,394	357,482	1,161,173
LIABILITIES				
Accrued liabilities	129,962	-	254,780	384,742
Net Assets				
Unrestricted	\$ 348,335	\$ 325,394	\$ 102,702	\$ 776,431

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
OPERATING REVENUES				
Charges for services	\$ 33,938	\$ -	\$ 1,589,990	\$ 1,623,928
OPERATING EXPENSES				
Insurance costs	17,302	-	1,589,989	1,607,291
Settlements and claims	25,026	-	-	25,026
Other	425	-	183	608
TOTAL OPERATING EXPENSES	42,753	-	1,590,172	1,632,925
OPERATING INCOME (LOSS)	(8,815)	-	(182)	(8,997)
TRANSFERS				
Transfers in	25,000	-	-	25,000
Transfers out	-	(22,789)	-	(22,789)
NET TRANSFERS	25,000	(22,789)	-	2,211
CHANGE IN NET ASSETS	16,185	(22,789)	(182)	(6,786)
Net assets, beginning of year	332,150	348,183	102,884	783,217
Net assets, end of year	\$ 348,335	\$ 325,394	\$ 102,702	\$ 776,431

TUSCOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2004

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 33,718	\$ -	\$ 1,589,990	\$ 1,623,708
Interfund services used	(471,636)	(40,961)	(339,752)	(852,349)
Cash payments to suppliers for goods and services	(42,753)	-	(1,590,172)	(1,632,925)
Net cash provided (used) by operating activities	(480,671)	(40,961)	(339,934)	(861,566)
Cash flows from non-capital financing activities				
Transfers in	25,000	-	-	25,000
Transfers out	-	(22,789)	-	(22,789)
Net cash provided (used) by non-capital financing activities	25,000	(22,789)	-	2,211
Net increase (decrease) in cash and cash equivalents	(455,671)	(63,750)	(339,934)	(859,355)
Cash and cash equivalents, beginning of year	455,671	348,183	357,664	1,161,518
Cash and cash equivalents, end of year	\$ -	\$ 284,433	\$ 17,730	\$ 302,163
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (8,815)	\$ -	\$ (182)	\$ (8,997)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which increase (decrease) cash:				
Due from other funds	(471,636)	(40,961)	(339,752)	(852,349)
Receivables	(220)	-	-	(220)
Net cash provided (used) by operating activities	\$ (480,671)	\$ (40,961)	\$ (339,934)	\$ (861,566)

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, 2004

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total
ASSETS			
Cash and cash equivalents	\$ 1,197,603	\$ -	\$ 1,197,603
Investments at fair value	-	7,761	7,761
Accounts receivable	17,309	22,037	39,346
TOTAL ASSETS	\$ 1,214,912	\$ 29,798	\$ 1,244,710
LIABILITIES			
Accrued liabilities	\$ 271,103	\$ -	\$ 271,103
Due to other governmental units	348,159	-	348,159
Undistributed receipts	216	29,798	30,014
Undistributed taxes	595,434	-	595,434
TOTAL LIABILITIES	\$ 1,214,912	\$ 29,798	\$ 1,244,710

TUSCOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2004

TRUST AND AGENCY	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
ASSETS				
Cash and cash equivalents	\$ 2,769,299	\$ 20,712,206	\$ 22,283,902	\$ 1,197,603
Accounts receivable	49,940	17,309	49,940	17,309
TOTAL ASSETS	\$ 2,819,239	\$ 20,729,515	\$ 22,333,842	\$ 1,214,912
LIABILITIES				
Accrued liabilities	\$ 375,841	\$ 13,157,254	\$ 13,261,992	\$ 271,103
Due to other governmental units	1,323,362	8,283,923	9,259,126	348,159
Undistributed receipts	72	3,395	3,251	216
Undistributed taxes	1,119,964	10,543,840	11,068,370	595,434
TOTAL LIABILITIES	\$ 2,819,239	\$ 31,988,412	\$ 33,592,739	\$ 1,214,912
LIBRARY PENAL FINES				
ASSETS				
Cash and cash equivalents	\$ 31,125	\$ 417,262	\$ 448,387	\$ -
Investments	7,841	-	80	7,761
Accounts receivable	25,706	22,037	25,706	22,037
TOTAL ASSETS	64,672	439,299	474,173	29,798
LIABILITIES				
Undistributed receipts	\$ 64,672	\$ 881,107	\$ 915,981	\$ 29,798
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,800,424	\$ 21,129,468	\$ 22,732,289	\$ 1,197,603
Investments	7,841	-	80	7,761
Accounts receivable	75,646	39,346	75,646	39,346
TOTAL ASSETS	\$ 2,883,911	\$ 21,168,814	\$ 22,808,015	\$ 1,244,710
LIABILITIES				
Accrued liabilities	\$ 375,841	\$ 13,157,254	\$ 13,261,992	\$ 271,103
Due to other governmental units	1,323,362	8,283,923	9,259,126	348,159
Undistributed receipts	64,744	884,502	919,232	30,014
Undistributed tax collections	1,119,964	10,543,840	11,068,370	595,434
TOTAL LIABILITIES	\$ 2,883,911	\$ 32,869,519	\$ 34,508,720	\$ 1,244,710

**TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET ASSETS AND BALANCE SHEET
DECEMBER 31, 2004**

	GOVERNMENTAL FUND TYPES		
	Debt Service	Capital Project	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 326,331	\$ 2,443,291	\$ 47,330
Investments	1,925,496	1,812,017	-
Special assessments receivable	9,347,946	971,997	-
Due from other component units	-	-	565,176
Capital assets, net	-	-	-
TOTAL ASSETS	\$ 11,599,773	\$ 5,227,305	\$ 612,506
LIABILITIES			
Accounts payable	-	24,956	2,506
Due to other component units	-	565,176	-
Deferred revenue	9,347,946	971,997	-
Drain bond payable	-	-	-
Drain notes payable	-	-	-
Advance from primary government	-	-	610,000
TOTAL LIABILITIES	9,347,946	1,562,129	612,506
FUND EQUITY			
Fund balance			
Reserved for debt service	2,251,827	-	-
Reserved for drain projects	-	3,665,176	-
TOTAL FUND EQUITY	2,251,827	3,665,176	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 11,599,773	\$ 5,227,305	\$ 612,506

Net assets:
Invested in capital assets,
net of related debt
Restricted for:
 Debt service
 Acquisition/construction of
 capital assets
Unrestricted

Total net assets

Total Governmental Funds	Adjustments	Statement of Net Assets
\$ 2,816,952	\$ -	\$ 2,816,952
3,737,513	-	3,737,513
10,319,943	-	10,319,943
565,176	(565,176)	-
-	10,806,098	10,806,098
<hr/>		
<u>\$ 17,439,584</u>	10,240,922	27,680,506

27,462	-	27,462
565,176	(565,176)	-
10,319,943	(10,319,943)	-
-	11,442,240	11,442,240
-	1,005,089	1,005,089
610,000	-	610,000
<hr/>		
11,522,581	1,562,210	13,084,791

2,251,827	(2,251,827)	-
3,665,176	(3,665,176)	-
<hr/>		
5,917,003	(5,917,003)	-
<hr/>		
<u>\$ 17,439,584</u>		

(1,641,231)	(1,641,231)
2,251,827	2,251,827
3,665,176	3,665,176
10,319,943	10,319,943
<hr/>	
<u>\$ 14,595,715</u>	<u>\$ 14,595,715</u>

TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2004

	Debt Service	Capital Project	Total Governmental Funds	Adjustments	Statement of Activities
REVENUES					
Taxes	\$ 1,473,861	\$ 985,472	\$ 2,459,333	\$ (348,841)	\$ 2,110,492
Federal	-	136,381	136,381	-	136,381
Interest and rents	27,353	48,843	76,196	-	76,196
Other	-	5,876	5,876	-	5,876
TOTAL REVENUE	1,501,214	1,176,572	2,677,786	(348,841)	2,328,945
EXPENDITURES / EXPENSES					
Capital outlay	-	2,147,493	2,147,493	(1,356,104)	791,389
Depreciation	-	-	-	196,875	196,875
Debt service					
Principal	884,540	1,018,420	1,902,960	(1,902,960)	-
Interest and charges	504,730	50,648	555,378	-	555,378
TOTAL EXPENDITURES / EXPENSES	1,389,270	3,216,561	4,605,831	(3,062,189)	1,543,642
REVENUES OVER (UNDER) EXPENDITURES	111,944	(2,039,989)	(1,928,045)	2,713,348	785,303
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	2,705,000	2,705,000	(2,705,000)	-
Note proceeds	-	299,999	299,999	(299,999)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	3,004,999	3,004,999	(3,004,999)	-
NET CHANGE IN FUND BALANCE	111,944	965,010	1,076,954	(1,076,954)	-
Change in net assets	-	-	-	785,303	785,303
FUND BALANCE / NET ASSETS, BEGINNING OF YEAR AS RESTATED	2,139,883	2,700,166	4,840,049	8,970,363	13,810,412
FUND BALANCE / NET ASSETS, END OF YEAR	\$ 2,251,827	\$ 3,665,176	\$ 5,917,003	\$ 8,678,712	\$ 14,595,715

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

Table 1

<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>Note Proceeds</u>	<u>Transfer-In</u>	<u>Total</u>
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
2004	8,351,979	917,820	5,689,292	3,501,901	110,944	288,349	539,582	164,232	180,507	3,144,749	22,889,355

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

(2) Reimbursement and Refunds classified with Other Revenue.

Tuscola County
General Fund Revenue
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>
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
2004	4,630,129	710,938	1,595,980	1,907,299	103,307	239,683	525,243	(2)	1,341,843	11,054,422

(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 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>Refunding Costs</u>	<u>Transfer Out</u>	<u>Total</u>
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
2004	107,275	3,361,660	4,354,624	4,516,359	1,140,165	4,338,991	1,938	288,904	529,500	872,226	-	2,456,227	21,967,869

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

Source: Tuscola County Controller's Office

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>
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
2004	107,275	2,235,788	3,297,781	2,011,556	1,140,165	471,288	288,904	1,501,665	11,054,422

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>
1995	\$ 3,011,093	\$ 2,757,367	91.6%
1996	3,192,662	2,870,401	89.9%
1997	3,264,935	3,022,426	92.6%
1998	3,434,126	3,176,541	92.5%
1999	3,612,864	3,344,632	92.6%
2000	3,760,718	3,500,476	93.1%
2001	3,929,991	3,715,115	94.5%
2002	4,147,075	3,927,603	94.7%
2003	4,371,367	4,035,099	92.3%
2004	4,549,744	4,008,268	88.1%

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>		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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%
2004	1,557,216,010	3,114,432,020	78,564,681	157,129,362	1,635,780,691	3,271,561,382	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>1995 (2)</u>		<u>1996 (2)</u>		<u>1997 (2)</u>	
		<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>
Township of: (1)							
	Akron	24.7001	42.7001	25.3475	43.3475	23.3868	41.3868
	Almer	20.8194	38.8194	22.9786	40.9786	22.6325	40.6325
	Arbela	23.0060	41.0060	22.7645	40.7645	24.8955	42.8955
	Columbia	23.7885	41.7885	24.8986	42.8986	22.9638	40.9638
	Dayton	21.5274	39.5274	22.9974	40.9974	21.3282	39.3282
	Denmark	20.4582	38.4582	21.4633	39.4633	24.1013	42.1013
	Elkland	22.2732	40.2732	24.0736	42.0736	26.4748	44.4748
	Ellington	23.4708	41.4708	26.4201	44.4201	25.8799	43.8799
	Elmwood	24.4828	42.4828	25.8997	43.8997	22.8552	40.8552
	Fairgrove	21.8171	39.8171	22.9671	40.9671	20.5561	38.5561
	Fremont	20.4322	38.4322	20.5793	38.5793	22.9032	40.9032
	Gilford	21.3651	39.3651	22.7651	40.7651	22.5286	40.5286
	Indianfields	22.8346	40.8346	23.0346	41.0346	24.8325	42.8325
	Juniata	21.8119	39.8119	24.8524	42.8524	22.3559	40.3559
	Kingston	20.0548	38.0548	22.8603	40.8603	23.4745	41.4745
	Koylton	20.7217	38.7217	21.6333	39.6333	24.5336	42.5336
	Millington	25.1393	43.1393	23.7903	41.7903	25.7105	43.7105
	Novesta	19.3767	37.3767	25.7867	43.7867	22.6891	40.6891
	Tuscola	21.2581	39.2581	22.4807	40.4807	23.0963	41.0963
	Vassar	22.0610	40.0610	23.1369	41.1369	21.5349	39.5349
	Watertown	21.6864	39.6864	21.4829	39.4829	25.0806	43.0806
	Wells	20.6839	38.6839	23.1320	41.1320	25.5620	43.5620
	Wisner	24.9450	42.9450	25.8909	43.8909		
Village of:							
	Akron	35.2102	53.2102	35.5345	53.5345	36.0951	54.0951
	Fairgrove	34.2472	53.2472	34.5741	52.5741	35.0427	53.0427
	Caro	38.8298	56.8298	39.3886	57.3886	39.8001	57.8001
	Indianfields	39.4183	57.4183	39.3886	57.3886	39.0986	57.0986
	Cass City	38.0377	56.0377	39.6046	57.6046	43.4178	61.4178
	Fairgrove	31.4649	49.4649	39.6046	57.6046	43.4178	61.4178
	Gagetown	41.8300	59.8300	46.2301	61.4477	32.8857	50.8857
	Kingston	40.5041	58.5041	46.2301	61.4477	32.8857	50.8857
	Koylton	40.5005	58.5005	31.8561	49.8561	39.6090	57.6090
	Mayville	32.3330	50.3330	39.9011	57.9011	41.3651	59.3651
	Millington	40.0989	58.0989	41.7880	59.7880	43.3276	61.3276
	Reese	33.5277	51.5277	41.7897	59.7897	34.4569	52.4569
	Unionville	42.0463	60.0463	41.7897	59.7897	34.4569	52.4569
	Wells	40.0989	58.0989	34.4801	52.4801	39.4057	57.4057
	Denmark	33.5277	51.5277	38.7499	56.7499	35.7429	53.7429
	Columbia	42.0463	60.0463	35.7628	53.7628	42.6741	60.6741
City of:							
	Vassar	42.1884	60.1884	46.0884	64.0884	45.7885	63.7885

(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)	1998 (2)		1999 (2)		2000 (2)		2001 (2)		
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	
Akron	25.3050	43.3050	27.4625	45.4625	27.7125	45.7125	27.8724	45.8724	
Almer	23.6282	41.6282	24.8890	42.8890	25.0556	43.0556	25.2205	43.2205	
Arbela	22.6554	40.6554	23.0802	41.0802	23.0802	41.0802	22.9179	40.9179	
Columbia	26.2980	44.2973	27.5458	45.5055	27.6458	45.6055	27.4148	45.3745	
Dayton	22.8619	40.8619	23.2249	41.1115	23.1704	41.0570	23.1505	40.9740	
Denmark	21.3170	39.3170	22.7411	40.7411	22.7411	40.7411	22.6197	40.6197	
Elkland	23.9162	41.9144	24.5775	42.4767	24.5775	42.4767	23.8940	41.7932	
Ellington	27.1750	45.1750	26.9468	44.9468	26.9468	44.9468	26.6265	44.6265	
Elmwood	25.7481	43.7469	26.1094	44.0422	26.1094	44.0422	25.6668	43.5996	
Fairgrove	22.9256	40.9256	25.7932	43.7932	25.9599	43.9599	25.8774	43.8774	
Fremont	20.4730	38.4730	20.2259	38.2259	42.1938	38.2138	20.1680	38.1644	
Gilford	23.8534	41.8534	27.1362	45.1362	27.3862	45.3862	27.3407	45.3407	
Indianfields	23.5055	41.5055	23.4167	41.4167	23.4167	41.4167	23.3914	41.3914	
Juniata	25.0623	43.0623	26.6793	44.6793	27.1083	45.1083	26.9485	44.9485	
Kingston	24.2042	42.2042	24.3701	42.2609	24.3351	42.2259	23.9947	42.1558	
Koylton	23.1713	41.1713	23.4942	41.3304	23.4942	41.3304	23.4810	41.2227	
Millington	24.5775	42.5775	23.8127	41.8127	23.8127	41.8127	23.7460	41.7460	
Novesta	25.7192	43.7192	25.6161	43.6161	25.5962	43.5962	25.3295	43.3295	
Tuscola	21.7086	39.7086	22.6678	40.6678	23.1632	41.1632	23.0492	41.0492	
Vassar	22.0355	40.0355	21.6459	39.6459	22.1413	40.1413	21.9935	39.9911	
Watertown	21.4825	39.4825	20.8714	38.8714	20.8714	38.8714	20.8217	38.8181	
Wells	25.3730	43.7063	25.6537	43.5781	25.6537	43.5781	25.5614	43.4461	
Wisner	25.5355	43.5355	27.6820	45.6820	27.9320	45.9320	28.0849	46.0849	
Village of:	Twp of:								
Akron	Akron	36.0191	54.0191	40.3187	58.3187	40.6519	58.6519	40.6825	58.6825
	Fairgrove	35.0597	53.0597	40.0772	58.0772	40.4104	58.4104	40.4186	58.4186
Caro	Almer	40.3157	58.3157	40.0517	58.0517	40.0517	58.0517	40.2354	58.2354
	Indianfields	39.7055	57.7055	39.5955	57.5955	39.5955	57.5955	39.5557	57.5557
Cass City	Elkland	43.4174	61.4174	43.3369	61.3369	43.3369	61.3369	43.2034	61.2034
Fairgrove	Fairgrove	32.7845	50.7845	37.6704	55.6704	37.9991	55.9991	38.4025	56.4025
Gagetown	Elmwood	39.0208	57.0172	40.1482	57.9466	40.1482	57.9466	38.7751	56.5735
Kingston	Kingston	43.6266	61.6266	44.5786	62.3518	44.7564	62.5296	44.4264	62.0805
	Koylton	43.5443	61.5443	44.5179	62.2911	44.7307	62.5039	44.3329	61.9870
Mayville	Fremont	34.1848	52.1848	33.5418	51.5418	33.3368	51.3368	33.2910	51.2838
Millington	Millington	39.3118	57.3118	38.4597	56.4597	38.4597	56.4597	38.3832	56.3832
Reese	Denmark	34.7232	52.7232	36.8652	54.8652	36.8652	54.8652	36.7692	54.7692
Unionville	Columbia	45.0221	63.0221	45.0378	63.0378	45.0378	63.0378	45.1473	63.1473
City of:									
Vassar		44.2492	62.2492	42.7187	60.7187	42.0141	60.0141	41.7796	59.7796

(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

Township of: (1)	2002 (2)		2003 (2)		2004 (2)		
	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	
Akron	28.0106	46.0106	27.9718	45.9718	29.9800	47.9793	
Almer	25.6809	43.6809	25.5889	43.5889	26.4787	44.4800	
Arbela	23.0028	40.9770	22.9561	40.8586	24.9212	42.7876	
Columbia	27.3557	45.3154	27.2923	45.1932	28.2011	46.8011	
Dayton	23.6044	41.3604	24.2474	41.8367	28.1885	45.8128	
Denmark	22.6880	40.6622	22.6680	40.5848	23.6153	41.4961	
Elkland	23.5335	41.4327	23.7570	41.5093	24.5956	42.5952	
Ellington	26.8062	44.8062	26.5354	44.5354	27.7124	45.7124	
Elmwood	25.4660	43.3988	27.2107	45.0456	28.1015	46.1015	
Fairgrove	26.0058	44.0058	24.9981	42.9981	25.9684	43.9684	
Fremont	20.2915	38.2204	21.1344	38.9859	25.0922	43.0922	
Gilford	27.1625	45.1625	27.0920	45.0920	27.9890	45.9890	
Indianfields	24.0332	42.0332	24.0033	42.0033	24.9950	42.9950	
Juniaata	27.1676	45.1676	27.1132	45.1132	28.1926	46.1926	
Kingston	24.6882	42.5160	24.4276	42.1050	25.3235	42.8795	
Koylton	23.9223	41.6640	23.6646	41.1807	24.6932	42.0272	
Millington	23.8642	41.8642	23.8201	41.7769	25.8068	43.7636	
Novesta	25.3762	43.3762	25.6533	43.6533	26.4646	44.9646	
Tuscola	23.1386	41.1128	23.1085	41.0110	24.0802	41.9466	
Vassar	22.1022	40.0548	22.0932	39.9798	25.0889	43.0745	
Watertown	20.9483	38.8772	20.9186	38.7485	24.9084	42.8718	
Wells	26.0280	43.9127	25.9000	43.7252	26.7898	44.5393	
Wisner	28.9767	46.9767	28.9129	46.9123	29.8464	47.8464	
Village of: Twp of:							
Akron	Akron	40.6135	58.6135	40.4223	58.4223	42.0083	60.0083
	Fairgrove	40.3532	58.3532	39.1931	57.1931	39.7414	57.7414
Caro	Almer	41.0291	59.0291	41.0042	59.0042	41.9917	59.9917
	Indianfields	40.1975	58.1975	40.1676	58.1676	41.1593	59.1593
Cass City	Elkland	42.8073	60.8073	43.1681	61.1681	43.9424	61.9417
Fairgrove	Fairgrove	38.4181	56.4181	37.4104	55.4104	38.2466	56.2466
Gagetown	Elmwood	46.5237	64.3221	48.3353	65.8400	49.2512	65.2512
Kingston	Kingston	45.0796	62.7337	44.2408	61.7165	44.9975	62.2460
	Koylton	44.9531	62.6072	44.1109	61.5866	44.9130	62.1615
Mayville	Fremont	33.3520	51.2098	33.5642	51.2671	40.0737	58.0737
Millington	Millington	38.5014	56.5014	38.4440	56.4008	40.4307	58.3875
Reese	Denmark	37.3678	55.3678	37.3386	55.3386	38.2703	56.2703
Unionville	Columbia	45.2784	63.2784	45.0208	63.0208	45.7491	63.7491
City of:							
Vassar		39.2770	57.2770	39.3014	57.3014	40.3037	58.3037

(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.

Source: Tuscola County Equalization Department

TUSCOLA COUNTY

Principal Taxpayers - (1)

Unaudited

December 31, 2004

Table 6

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Detroit Edison Company	Utility	\$ 24,100,798	1.99%
Dept. Of Natural Resources	Government	8,926,042	0.74%
Michigan Ethanol - East	Ethanol Processing	7,587,697	0.63%
Consumer Power Company	Utility	5,840,582	0.48%
Wal-Mart Stores #01-1798	Retail	5,579,870	0.46%
TI Group Automotive Sys.	Automotive Manufacturing Assembly	5,285,983	0.44%
Thumb Electric Co-Op	Utility Co-op	3,757,346	0.31%
Michigan Sugar Company	Sugar Processing	3,080,800	0.25%
Means Industries	Automotive Manufacturing Assembly	1,820,600	0.15%
Kaumagraph Flint Corp	Automotive Screen Printing	1,588,800	0.13%
Totals		<u>\$ 67,568,518</u>	

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

Tuscola County

Table 7

Computation of Direct and Overlapping Bonded Debt- Unaudited (1) December 31, 2004

2000 Census Totals 2004 Taxable Value	58,266 \$ 1,212,154,896	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Building Authority		\$ 1,825,000	\$ 1,825,000	\$ -
Sewer		3,193,000	3,193,000	-
Capital Leases		87,912	-	87,912
		<u>\$ 5,105,912</u>	<u>\$ 5,018,000</u>	<u>\$ 87,912</u>
Per-Capita County Net Direct Debt				1.51
Percent County Net Direct Debt to 2004 Taxable				0.0073%
Overlapping Debt of County:				
School Districts				\$ 47,922,484
Townships				3,359,207
Intermediate School District				25,507
Village				4,973,357
City				-
Net Overlapping Debt				<u>\$ 56,280,555</u>
Net County and Overlapping Debt				<u>\$ 56,368,467</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 967.43
Percent Net Direct and Overlapping Debt to 2004 Taxable Value				4.6503%

(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, 2004

State Equalized Value of Real Property	\$ 1,557,748,730
State Equalized Value of Personal Property	<u>78,564,681</u>
Total State Equalized Value of Real and Personal Property	<u>1,636,313,411</u>
Legal Debt Limit - 10% of State Equalized Value	163,631,341
Gross Debt applicable to debt limit(1)	\$ 5,105,912
Less:	
Assets in Debt Service Funds	
Available for payment of principal	<u>140,429</u>
Total Amount of Debt Applicable to Debt Limit	<u>4,965,483</u>
Legal Debt Margin	<u><u>\$ 158,665,858</u></u>

(1) Includes Primary Government

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

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>
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%
2004	569,105	225,109	794,214	21,967,896	3.6%

(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 trust 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)	Taxable Value	Long-term Debt (4)	Service Monies Available	Net Long-term Debt	Long-term Debt to Assessed or Taxable Value	Long-term Debt Per Capita
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
2004	58,266 (3)	1,212,154,896	5,105,912	140,429	4,965,483	0.41%	85.22

(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) 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>
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%
2004	58,266	37	12,652	8.9%

Tuscola County

Demographic Statistics-Unaudited

Table 11

Employment Distribution:

	2000			
	Tuscola County		State of Michigan	
	Number Of Workers	Percent of Total Workers	Number Of Workers	Percent of Total Workers
Occupation				
Management, professional, and related occupations	5,976	23.1%	1,459,767	31.5%
Service Occupations	4,087	15.8%	687,336	14.8%
Sales and office occupations	5,479	21.2%	1,187,015	25.6%
Farming, fishing, and forestry occupations	245	0.9%	21,120	0.5%
Constructions, extraction, and maintenance	3,390	13.1%	425,291	9.2%
Production, transporatation, and material moving	6,646	25.7%	856,932	18.5%
Total	<u>25,823</u>		<u>4,637,461</u>	

	2000			
	Tuscola County		State of Michigan	
	Number Of Workers	Percent of Total Workers	Number Of Workers	Percent of Total Workers
Industry				
Agriculture, forestry, fishing, hunting and mining	789	3.1%	49,496	1.1%
Construction	1,955	7.6%	278,079	6.0%
Manufacturing	6,802	26.3%	1,045,651	22.5%
Wholesale trade	703	2.7%	151,656	3.3%
Retail trade	3,333	12.9%	550,918	11.9%
Transportation and warehousing, and utilities	1,047	4.1%	191,799	4.1%
Information	378	1.5%	98,887	2.1%
Finance, insurance, real estate, and rental and leasing	1,037	4.0%	246,633	5.3%
Professional, scientific, management, administrative, and waste management	944	3.7%	371,119	8.0%
Education, health and social services	5,254	20.3%	921,395	19.9%
Arts, entertainment, recreation, accommodation and food svcs	1,729	6.7%	351,229	7.6%
Other services (except public administration)	1,063	4.1%	212,868	4.6%
Public Administration	789	3.1%	167,731	3.6%
Total	<u>25,823</u>		<u>4,637,461</u>	

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	
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
2004	32	7,956,450	311	22,776,367	100,552,190	731,465,971	302,802,055	507,637

(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

Land area :	816 sq. miles		
Miles of streets:		Main Highways	M-46, M-138, M-24, M-81, M-25, M-15
State	128		
Primary	349		
Local	1285	Truck Lines	5

Rail Lines Grand Trunk Western; Chesapeake & Ohio; Tuscola & Saginaw Bay

Public Education:

Number of students:	12,652
Number of public school teachers:	666
Pupils/Teacher ratio	19/1

Number of public schools:	
Elementary Schools	13
Middle/Intermediate Schools	7
High Schools	9
Total	29

Tuscola Intermediate:	
Highland Pines Enrollment	235
Highland Pines Teachers	39
Pupils/Teacher ratio	6/1

Number of private schools:	
Students Enrolled	883
Teachers	64
Pupils/Teacher ratio	13/1

Colleges:

Davenport University
Baker

(continued)

Tuscola County
Miscellaneous Statistics - Unaudited

Table 13

Elections:	<u>1990</u>	<u>1992</u>	<u>1994</u>	<u>1996</u>	<u>1998</u>	<u>2000</u>	<u>2002</u>	<u>2004</u>
August primary:								
Registered voters	34,070	34,914	39,887	40,996	42,154	40,193	41,256	41,865
Poll book totals	6,296	9,280	8,150	8,062	5,528	5,643	8,551	6,754
% of voter turnout	18%	27%	20%	20%	13%	14%	21%	16%
November general:								
Registered voters	33,385	36,833	41,015	41,776	42,624	40,457	41,089	42,892
Poll book totals	15,759	24,984	10,760	22,933	18,627	24,838	19,446	28,563
% of voter turnout	47%	68%	26%	55%	44%	61%	47%	67%
 Hospitals:								
Caro Community Hospital								
Hills and Dales Hospital								
 Churches:								
Methodist	18		Charismatic	2				
Baptist	13		Church of God	2				
Lutheran	12		Evangelical	2				
Catholic	8		Free Methodist	2				
Nazarene	7		Latter Day Saints	1				
Assembly of God	6		Seventh Day Adventist	1				
Church of Christ	5		Apostolic	1				
Presbyterian	4		Jehovah's Witnesses	1				
Missionary	2		Other	21				
			Total	<u>108</u>				

(continued)

Tuscola County

Miscellaneous Statistics - Unaudited

Table 13

Police departments:	<u>Stations</u>	<u>Officers (1)</u>	<u>Vehicles</u>
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

Fire departments:	<u>Stations</u>	<u>Firefighters Pd./Vol. (2)</u>	<u>Vehicles</u>	<u>Sq. Miles</u>
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:

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

Local Phone Companies:

Ameritech
 Century
 GTE
 Wolverine

Airports:

Caro Municipal Airport

Certified Industrial Parks:

	Acres
Caro Industrial Park	73
Cass City Industrial Park	60
Millington Village Industrial Park	60

TUSCOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL AWARDS EXPENDED
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Michigan Family Independence Agency:			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 04-79002	\$ 53,450
Friend of Court Cooperative Reimbursement Program (Major Program)	93.563	CSFOC 04-79001	423,429
Medical Enforcement	93.563	CSMED 04-79001	20,662
Title IV-D Incentive Program	93.563	N/A	94,065
Building Strong Families	93.556	SFSC 00-79002	<u>24,450</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>616,056</u>
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed-through Michigan Department of State Police:			
Emergency Management Performance Grant	83.552	N/A	25,887
Hazard Mitigation Grant Program	83.548	N/A	136,381
State Homeland Security Grant Program	97.004	N/A	<u>69,513</u>
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>231,781</u>
U.S. DEPARTMENT OF JUSTICE			
Passed-through Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grant	16.540		8,940
Passed-through Office of Community Health			
Victims of Crime Act	16.575	20587-5 V 2000	<u>51,550</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>60,490</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG) Housing Program	14.228	MSC-1997-0815-HO	<u>38,238</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 946,565</u>

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 \$1,829,327. The Statement includes federal funds received by the Tuscola County Health Department of \$1,019,143. 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. The accompanying schedule of expenditures of federal awards includes \$136,381 of federal grant activity recorded in the Drain Commission component unit.



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

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

April 7, 2005

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, 2004, and have issued our report thereon dated April 7, 2005. 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 69% of the assets and 85% 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.

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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

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

April 7, 2005

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, 2004. **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 \$1,019,143 and \$1,032,146 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2004. 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, 2004.

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 reportable 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 caused by error or fraud 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 69% of assets and 85% 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 black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement – Incentive Title IV-D

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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.