

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Tuscola County	County Tuscola
Audit Date 12/31/05	Opinion Date 3/29/06	Date Accountant Report Submitted to State: 6/8/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

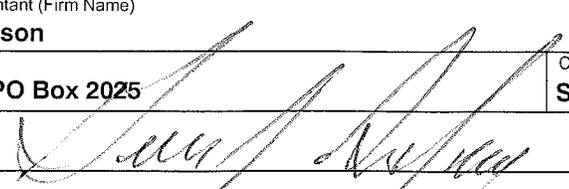
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Rehmann Robson			
Street Address 5800 Gratiot, PO Box 2025		City Saginaw	State MI
Accountant Signature 		ZIP 48605	Date 6/8/06

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



**For the Year Ended
December 31, 2005**

Issued by:

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

TUSCOLA COUNTY, MICHIGAN

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I. INTRODUCTORY SECTION

The Introductory Section contains:

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

TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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

207 E. Grant Street
Caro, Michigan 48723

Telephone
989-672-3700

May 15, 2006

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, 2005.

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, 2005 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, 2005 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 is also responsible for other statutory functions of the position.

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

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

Tuscola County provides a full range of services which 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.

Annual Budget Development

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, health department and revenue sharing reserve funds, this comparison is presented on pages 23-26 as part of the basic financial statements for the governmental funds. For governmental funds, other than the major funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 66.

Factors Affecting Financial Condition

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

Local Economy

The economy of Tuscola County and the surrounding region has experienced many economic set-backs and challenges over the past several years. The manufacturing base of the state and region has been declining with major employment declines in the automobile industry. Both General Motors and Ford Motor Companies have restructured with considerable employment reductions.

Delphi has a major local presence and has filed Chapter 12. This company is implementing significant restructuring of its operations that includes wage/benefit concessions and job reductions. 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 has been reduced from the levels of previous years.

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. Other positive economic development factors include the following: a \$12 million dollar expansion and renovation project at Hills & Dales Hospital; sewer/water system upgrades for various communities in the County to provide the capacity for upgraded treatment capabilities and growth and development.

Major County economic development activities for 2005 and 2006 are as follows: an economic development strategy plan with a team of experts from MSU – extension is being developed; the County co-sponsored an entrepreneurship workshop on February 25, 2006 that was well received and highly attended; a tremendously successful summit concerning intergovernmental cooperation-partnering was held on March 29, 2006 with 52 representatives of County, City, Villages and Township government from throughout the County in attendance. Valuable ideas and information were exchanged concerning methods of partnering to maintain, improve and finance services in these challenging economic times at this summit.

State Financial Trends-Historical Perspective

Tremendous financial challenges confront Tuscola County. Unprecedented cuts have been made in state revenue traditionally provided to the County. These cuts combined with a small County allocated (general fund) millage of 3.92 mills, modest tax base, declines in key County revenue sources and six recent failed millage funding attempts have negatively impacted the ability to maintain County services.

The State continues to experience enormous financial problems. Multiple years of billion dollar reductions have been made to close the structural gap between state revenues and expenditures. The state's manufacturing base has declined and many future challenges exist to rebuild the economy of the state and County. Unfortunately, because Tuscola County government, in many respects, is an extension of state government, state financial adjustments and a weak state/local economy have impacted Tuscola County financial capabilities. Furthermore, there may be additional state revenue reductions in the next several years before the situation improves. For the past four years, the County Board has made timely adjustments to these changing financial conditions and must continue to do so in order to maintain long-term financial stability. The Board of

Commissioners is statutorily responsible to maintain a balanced County budget on an annual basis.

Structural Deficit Problems

As previously explained, the County has encountered tremendous financial difficulties over the past four years. The crisis in local government funding is to a large extent being caused by the state shifting responsibility for services or mandating new services to County/local government and reducing or eliminating the revenue required to operate these services.

Attempts were made to off-set state revenue cuts and declining County revenue sources by requesting millage funding. After millage requests failed, over \$500,000 in expenditure cuts were made. These cuts in combination with hiring delays, some use of one-time funds, and not budgeting funds for capital improvements have kept the County from even more severe financial problems. If these adjustments were not made, expenditures would have significantly exceeded recurring revenues and a structural deficit would have occurred. A structural deficit is a condition where recurring revenues (revenues earned during the current year) are not capable of covering total general fund expenditures.

The 2006 budget is based on expenditures exceeding recurring revenue. It is balanced through the use of approximately \$437,000 in one-time non-recurring sources of funds. These one-time funds are available for 2006, but are not anticipated to be available after 2006. Currently, it is likely that the 2006 expenditure budget will increase for the restoration of courthouse security and wage/staffing changes in District Court. This change will likely increase the gap between recurring revenues and expenditures. Unless recurring revenues increase, expenditures will not be able to continue at this level in 2007 and beyond.

Unknown if \$1.1 Million in State Revenue Sharing will be Restored

As previously explained, the state eliminated revenue sharing payments to counties beginning in October of 2004 as a method of balancing the state budget. This reduced state costs by approximately \$183 million annually. As a substitute for the lost state revenue, the legislature authorized through statute the establishment of a County revenue sharing reserve fund (RSRF).

The RSRF was financed by gradually advancing the collection date of the County general operating millage to July. In this manner, a certain portion of these funds are set aside each year to create the reserve fund. Counties can draw on the reserve fund until exhausted to replace the discontinued state revenue sharing payments. Unfortunately, because Tuscola County has a low general operating millage and relatively small tax base, it will be the first County to exhaust the reserve in 2008. If the state does not re-establish payment of these funds, the County will lose approximately \$1.1 million in revenue for general fund operations. If this occurs it could be the most significant financial crisis to ever

impact Tuscola County government. Remaining County services would be decimated and as many as 23 positions would need to be eliminated in order to off-set this revenue loss. This is equivalent to as much as one fourth of the 106 employees being paid from the general fund.

2007-2009 Financial Strategy Plan

In the first quarter of 2006, the County Board of Commissioners began the development of a financial strategy plan for Tuscola County operations. The plan is intended to guide the County in adjusting to declining financial capabilities. The primary objective is to preserve as many County services as possible while protecting the long term fiscal stability of the County. Significant findings from this planning process include:

- General fund recurring revenue growth less than 1% since 2001, after average growth of 5% over the previous four year period
- Major general fund revenue sources declined over the past four years by a collective total \$1.23 million which include: state revenue sharing, district court, delinquent taxes, diverted felon and interest
- General fund expenditures had to be reduced because of the significant slowing in the rate of general fund revenue growth
- Escalating drainage costs have had a tremendous impact on general fund costs – over the past 12 years these costs have increased an astounding 700% or approximately \$491,000 - commissioners have no direct control as to how much is spent each year on drainage costs
- Millage funding was requested six times from 2002 to 2004 to solve the problem of overall recurring revenue not keeping pace with even inflationary expenditure increases – all requests failed
- Commissioners had to make expenditure adjustments: this involved cutting \$500,000 from the 2003 budget including elimination of services and position reductions, delays in filling vacant positions and requiring employees to pay a larger share of costs for health insurance – Non-mandated services were also cut by over \$500,000
- It is essential to understand that from 1998 to 2002, \$2.13 million was able to be dedicated from the general fund for capital needs – since that point in time zero dedication of funds has been made – this is a concerning trend considering existing and future needs
- Some of the strengths/potentials regarding County finances include: established capital improvement fund, possibility of drainage costs decreasing in future years, option to spread all or part of drainage costs on

the tax roll, obtaining rent for use of a County facility by the state human services department in 2008, potential of moderating retirement costs, governors task force recommendation to fund County government

- Some of the weaknesses/challenges regarding County finances include: lowest available general operating revenue per person of any County in Michigan, unknown if \$1.1 million in state revenue sharing will be restored in 2008, funds have not been allocated for major capital improvement needs, no revenue generating authority, failed millage funding attempts, lack of commissioner fiscal control, all labor contracts will be negotiated in 2006 and disproportionately high drainage costs
- Three scenarios were developed with different assumptions to project financial conditions for 2007, 2008 and 2009 – although these scenarios are significantly different, they all show expenditures exceeding recurring revenues
- Preliminary alternative methods that could be used to adapt to declining financial capabilities are identified and discussed including advantages and disadvantages of each approach – major methods of adjustment including wages, health insurance, capital improvement, use of one-time funds, drainage and staffing levels - Timing of when further adjustments would be and combinations of different types of adjustments along with corresponding savings are discussed

Effective Financial Policies

The County has established long standing effective financial policies that have stood the tests of time and financial pressures. Although the County has several financial related policies, the two most significant ones are: maintaining a minimum general fund balance and management of how delinquent tax revolving funds are used on an annual basis. It is interesting to note that financial policies that have recently been recommended in Huron and other counties have been in place in Tuscola County for years. Well-reasoned fiscal policy is integral to maintaining fiscal stability on a long-term basis. The following is a summary of these two key County financial policies.

- **General Fund Unreserved Fund Balance** – The current County policy stipulates a 10% undesignated fund balance in the general fund which is currently maintained. This reflects only slightly more than one month's operational expenses. The County Auditors have previously explained the need to maintain an undesignated fund balance in the general fund of 10% to preserve positive cash flow, cover unexpected emergencies and maintain a good bond rating. In 2002, adjustments were made by transferring delinquent tax reserves to establish a general fund balance at the recommended 10% level.

- **Delinquent Tax Revolving Funds** – One of the cornerstones of County finances has been the proper management of delinquent tax revolving funds. The delinquent tax policy of the County is to not spend principle, to use annual net income for operational and capital improvement needs and to maintain a self-funding arrangement. (Self-funding enables the County to pay local taxing units in full for their share of current taxes that are determined to be delinquent on an annual basis rather than borrow funds). It is essential to continue sound County financial policies and practices involving delinquent tax funds. Fiscal discipline and management of these funds are vital to overall long-term County financial stability.

Future Funding of Local Government/Task Force

The governor has formed a Task Force of state and local officials to determine new effective methods to fund County and local government. The governor appointed representatives of state and local government. They have been meeting over the last several months to develop recommendations regarding funding of local government. Specific recommendations are anticipated by spring of 2006. It is unknown at this time if any of these recommendations are implemented whether they will have a positive effect on County finances.

County Developments

Other County financial and related development in 2005 included:

- Efforts continue to identify possible uses of Camp Tuscola to create jobs and economic development
- Jail overcrowding problems continue and Tuscola County is incurring costs to house prisoners in other counties or early release of prisoners is conducted
- Important improvements continue to be made to the County Web site
- 911 telephone surcharge that funds dispatch was renewed and alternative methods of funding dispatch continue to be reviewed to deal with the shift from wire-line to wireless telephones
- Animal control contractual services were expanded to reopen the facility without an increased financial burden to the general fund
- Courthouse metal detector security was discontinued mid-year 2005 to reduce costs, but will be restored in 2006
- An additional corrections officer was hired in 2005 because of low staffing levels and safety concerns

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.

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 2002). 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.

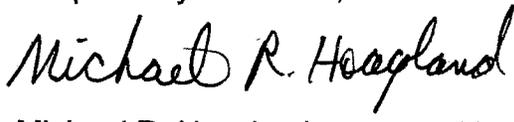
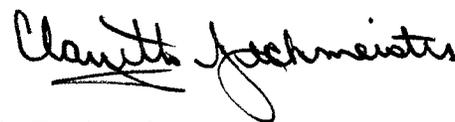
Awards and Acknowledgements

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, 2004. This was the fifth 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 David Milligan
District 2 Thomas Bardwell

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

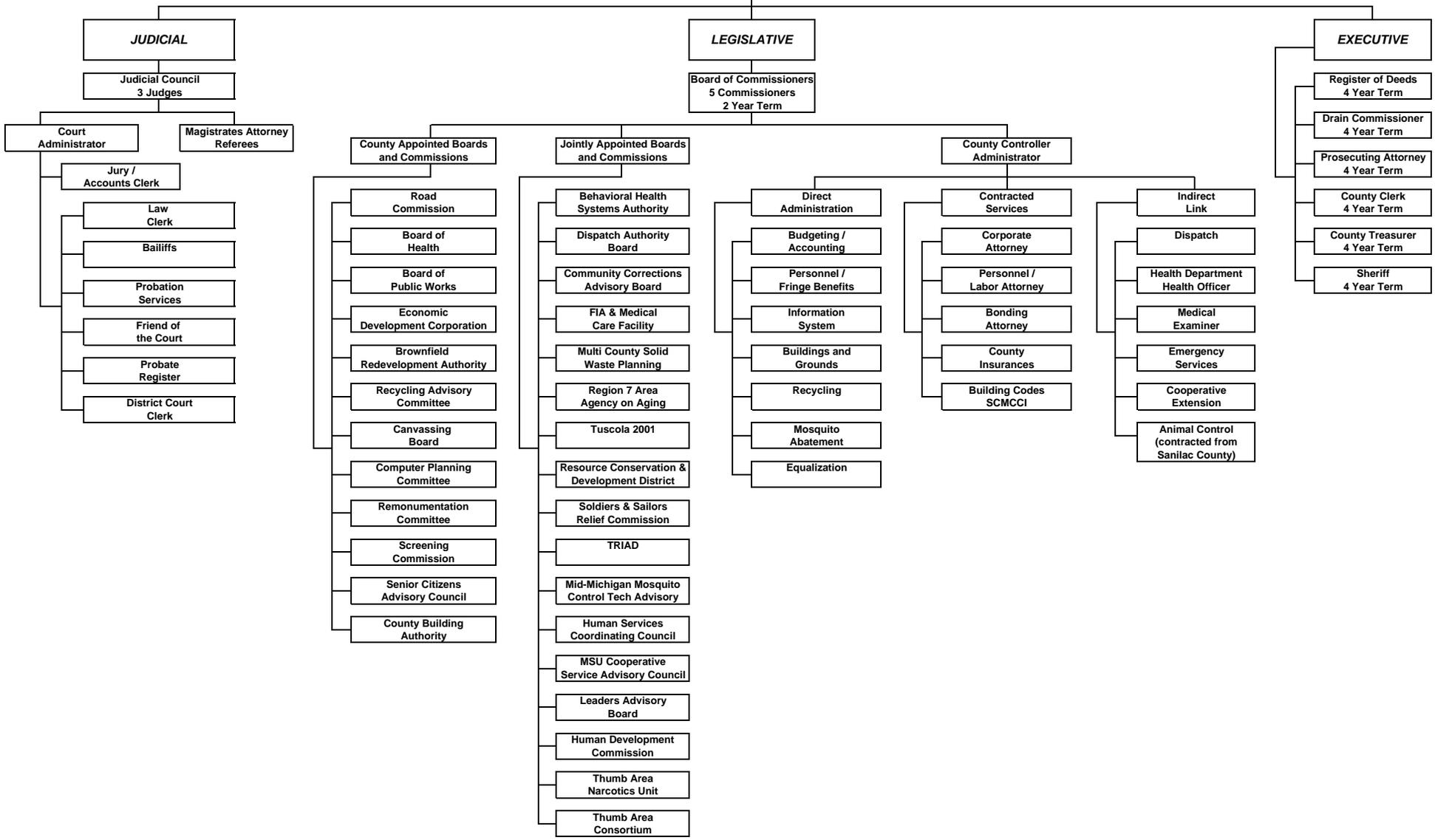
Patrick Joslyn
Kim Glaspie
William Kent
Mark Reene
Thomas Kern
Margie White-Cormier
Virginia McLaren
Sarah Pistro
Patricia Donovan

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
MSU/Co-Op Director
Recycling Coordinator
Health Officer
District Court Administrator
Circuit Court Administrator

Mike Miller
Robert Klenk
Walter Schlichting
Mary Lou Burns
William Wallace
Robert Popielarz
James Jashinske
Steven Lark
Hal Hudson
Kate Neese
Gretchen Tenbusch
Donna Fraczek
Kyle Jaskulka

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, 2004

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.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

II. FINANCIAL SECTION

The Financial Section Contains:

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



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

March 29, 2006

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, 2005, 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 72% and 81% respectively, of assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund, Health Department Fund and Revenue Sharing Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2006, 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 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 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, 2005. 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

Asset Information.

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$27,297,584 (net assets). Of this amount, \$14,677,603 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted assets, significant portions of these assets can only be used for specific purposes.
- The County's total net assets increased by \$1,329,918 as restated from the previous year. Total net assets were \$25,967,666 in 2004 compared to \$27,297,584 in 2005.
- The capital asset portion of the total net assets increased by \$3,375,598. In 2004 these assets were \$18,137,575 compared to \$21,513,173 in 2005.
- The restricted portion of total assets increased by \$988,646.
- The unrestricted portion of total assets increased substantially as a result of restatement of certain debt service and capital project funds as enterprise funds.

Fund Balance Information.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,678,751. Approximately 67 percent of this total amount, \$5,183,915 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 \$1,163,631 or approximately 12 percent of the total general fund expenditures. The total fund balance for the general fund was \$1,773,631.
- 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 2004 to 2005, net income from delinquent taxes increased \$85,360 or approximately 13%.

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, Medical Care Facility and other enterprise funds that consist of restated debt service and capital projects funds from 2004.

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, Health Department, and Revenue Sharing Reserve Funds each of which are considered to be major funds. Data from the other 48 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 19-26 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. Also new for 2005 is that certain funds that were previously recorded as debt service and capital projects funds are now reported as enterprise funds to comply with MCGAA statement 10. *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 Delinquent Tax Revolving Funds, 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 27-30 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 31 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 32-65 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 66-117 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 \$27,297,584 at the close of the most recent fiscal year.

The following tables show net assets for governmental and business activities, in addition to a comparison of 2004 and 2005 assets and liabilities that is provided.

Tuscola County's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2004	2005	2004	2005	2004	2005
Current and other assets	\$ 18,813,794	\$ 15,701,063	\$ 11,442,042	\$ 15,953,953	\$ 30,255,836	\$ 31,655,016
Capital assets, net	6,478,037	6,284,500	16,420,863	15,228,673	22,898,900	21,513,173
Total assets	25,291,831	21,985,563	27,862,905	31,182,626	53,154,736	53,168,189
Long-term liabilities outstanding	5,784,896	2,226,996	13,228,584	14,306,172	19,013,480	16,533,168
Other liabilities	6,476,686	5,992,941	1,074,847	3,344,496	7,551,533	9,337,437
Total liabilities	12,261,582	8,219,937	14,303,431	17,650,668	26,565,013	25,870,605
Net Assets						
Invested in capital assets, net of related debt	4,565,125	4,790,205	10,400,322	4,128,673	14,965,447	8,918,878
Restricted	1,851,900	1,829,746	860,556	1,871,357	2,712,456	3,701,103
Unrestricted	6,613,224	7,145,675	1,657,836	7,531,928	8,271,060	14,677,603
Total net assets	\$ 13,030,249	\$ 13,765,626	\$ 12,918,714	\$ 13,531,958	\$ 25,948,963	\$ 27,297,584

One of the largest portions of the County's net assets of \$14,677,603 reflects its unrestricted net assets. This is a change from 2004 of \$8,271,060. However, the invested in capital assets, net of related debt will show a dramatic decrease of \$6,046,569 from 2004. This reflection is due to the restatement of how debt service and capital projects funds are now reported as enterprise funds. The restatement had no effect on the net assets of the business-type activities or the government-wide financial statements.

An additional portion of the County's net assets, \$3,701,103 represents resources that are subject to external restrictions on how they may be used.

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

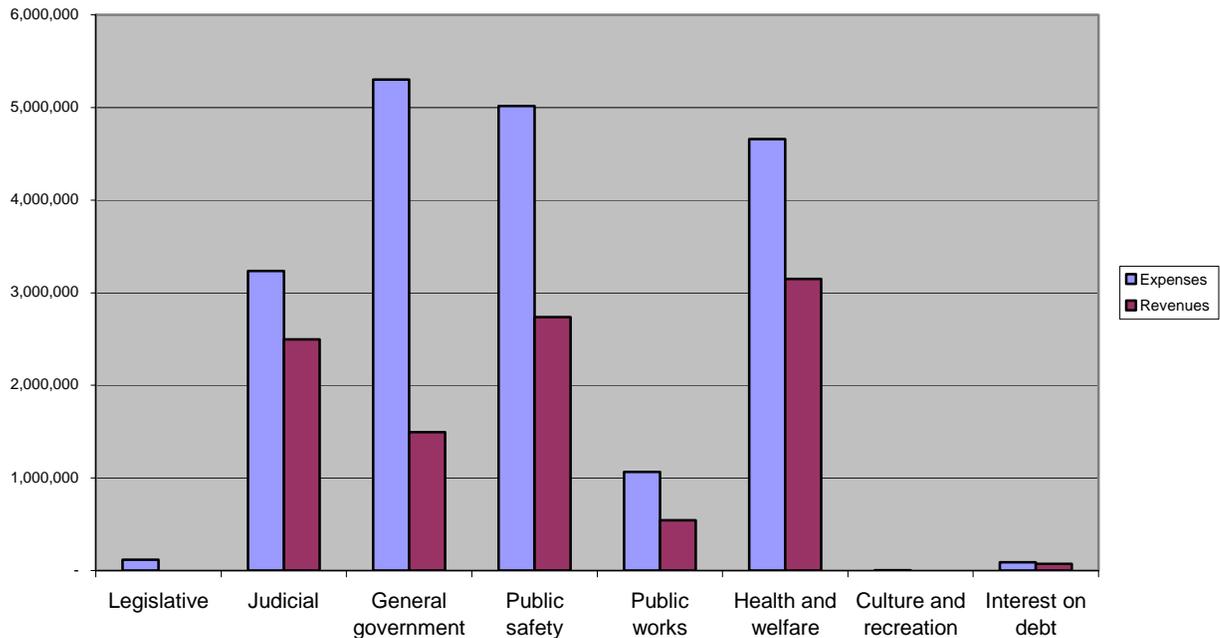
Tuscola County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2004	2005	2004	2005	2004	2005
Revenues:						
Program revenue:						
Charges for services	\$ 5,507,671	\$ 5,329,956	\$ 8,107,047	\$ 9,368,356	\$ 13,614,718	\$ 14,698,312
Operating grants and contributions	4,429,950	4,984,909	212,476	-	4,642,426	4,984,909
Capital grants and contributions	374,660	182,980	-	139,455	374,660	322,435
General Revenue:						
Property Taxes	8,352,320	8,604,431	1,431,875	1,507,485	9,784,195	10,111,916
Grants and contributions not restricted to specific programs	516,767	98,107	-		516,767	98,107
Other	197,072	204,241	422,017	609,127	619,089	813,368
Total revenues	<u>19,378,440</u>	<u>19,404,624</u>	<u>10,173,415</u>	<u>11,624,423</u>	<u>29,551,855</u>	<u>31,029,047</u>
Expenses:						
Legislative	107,275	117,986	-	-	107,275	117,986
Judicial	3,373,694	3,236,683	-	-	3,373,694	3,236,683
General Government	4,905,058	5,300,418	-	-	4,905,058	5,300,418
Public Safety	4,927,107	5,016,821	-	-	4,927,107	5,016,821
Public Works	1,141,879	1,064,344	-	-	1,141,879	1,064,344
Health and Welfare	4,425,578	4,658,677	-	-	4,425,578	4,658,677
Culture and Recreation	1,938	2,480	-	-	1,938	2,480
Interest on debt	245,467	87,755	-	-	245,467	87,755
Delinquent property tax	-	-	42	28	42	28
Other	-	-	-	176,694	-	176,694
Medical Care Facility	-	-	8,404,754	10,086,430	8,404,754	10,086,430
Total expenses	<u>19,127,996</u>	<u>19,485,164</u>	<u>8,404,796</u>	<u>10,263,152</u>	<u>27,532,792</u>	<u>29,748,316</u>
Increase (decrease) in net assets before transfers	250,444	(80,540)	1,768,619	1,361,271	2,019,063	1,280,731
Transfers	690,733	775,307	(640,760)	(726,120)	49,973	49,187
Increase in net assets	941,177	694,767	1,127,859	635,151	2,069,036	1,329,918
Net assets-beginning of year, as restated	<u>12,089,072</u>	<u>13,070,859</u>	<u>11,790,855</u>	<u>12,896,807</u>	<u>23,879,927</u>	<u>25,967,666</u>
Net assets-end of year	<u><u>\$13,030,249</u></u>	<u><u>\$ 13,765,626</u></u>	<u><u>\$12,918,714</u></u>	<u><u>\$ 13,531,958</u></u>	<u><u>\$ 25,948,963</u></u>	<u><u>\$ 27,297,584</u></u>

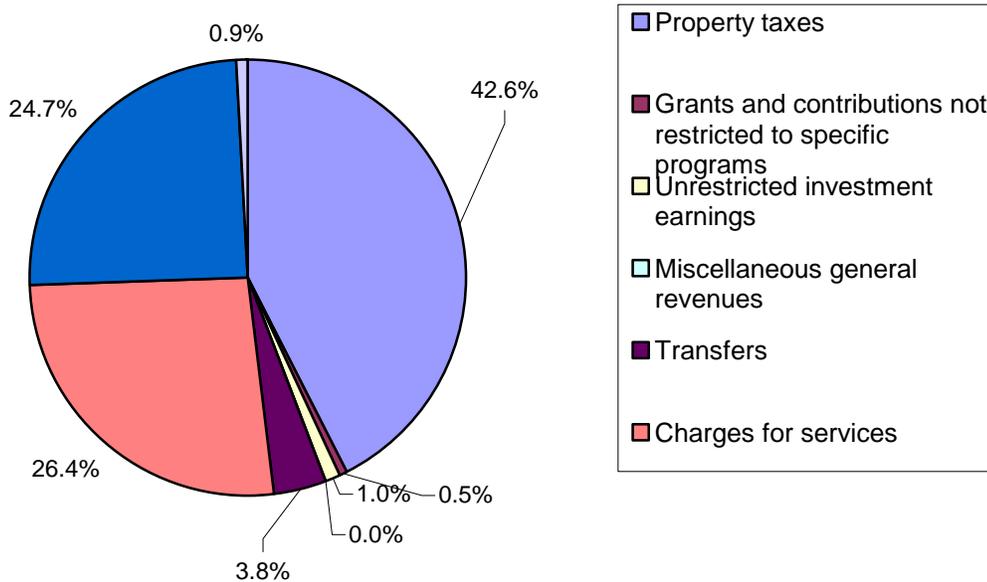
Governmental activities. Governmental activities increased the County’s net assets by \$694,767 accounting for 52 percent of the total growth in the net assets of the County. However, this increase is \$246,410 lower than our growth between 2003 to 2004.

- Property taxes including general operating and all special purpose millages increased by approximately \$327,721 during the year. Most of this increase is the product of increased taxable values and residential growth.
- Grants and contributions not restricted to specific programs decreased approximately \$418,660 during the year. This decrease is attributed to the decrease in state revenue sharing that Counties in Michigan are experiencing.

Expenses and Program Revenues – Governmental Activities



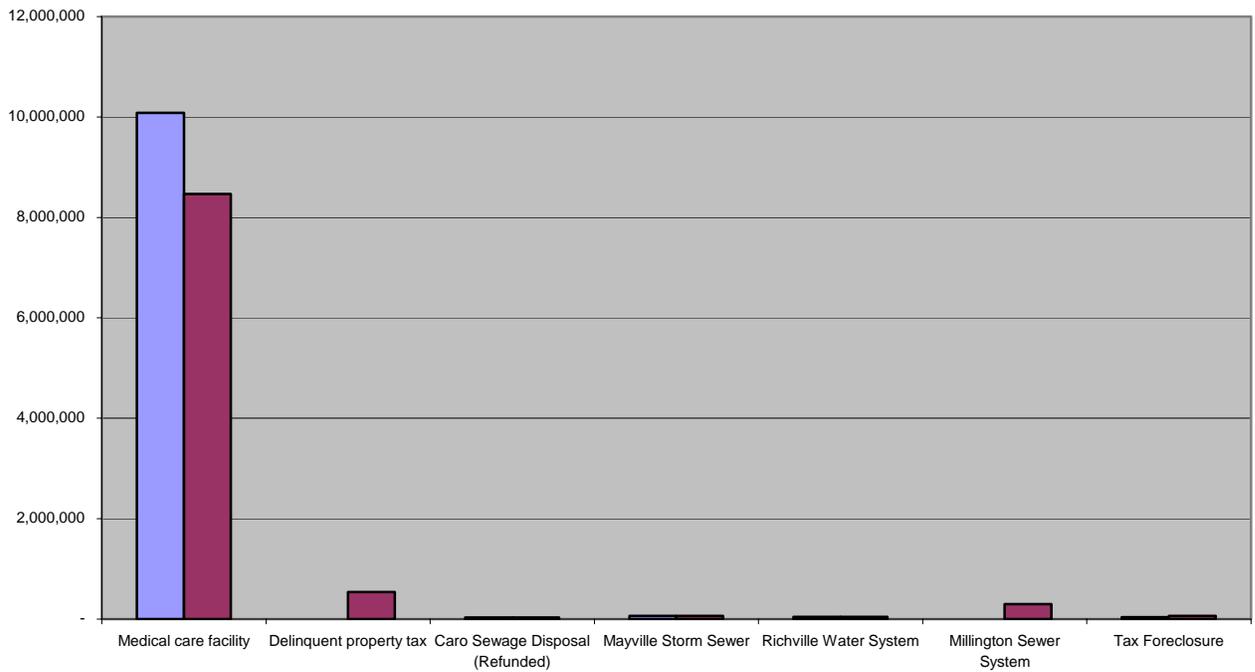
Revenues by Source – Governmental Activities



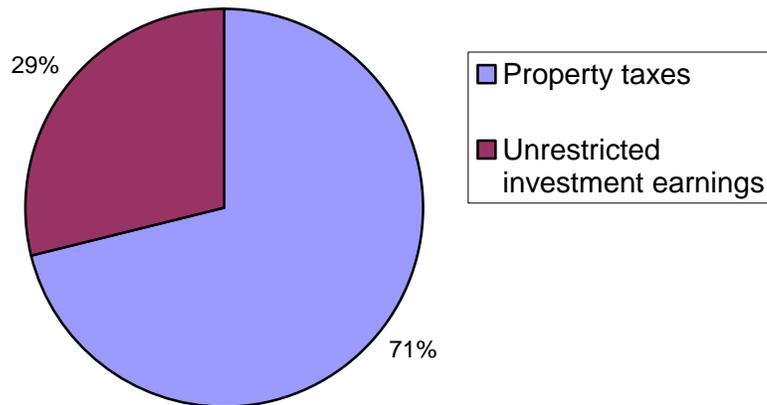
Business-type activities. Business-type activities increased the County’s net assets by \$635,151 accounting for 48 percent of the total growth in the government’s net assets for the current year. However, this is also a decrease of the growth we experienced from 2003 to 2004 of \$1,127,859. Key elements of the fluctuations are as follows:

- The Medical Care Facility completed the remodel of the existing building, and the new construction of an Alzheimer unit this year. The result of this completion is a dramatic reduction of \$6,271,649 of their net invested in capital assets. Also, an increase in the capital projects of \$352,040 and an increase of \$5,549,210 for their unrestricted assets occurred. However, their total net assets increased only by \$310,268.
- Net income for the delinquent tax revolving fund increased by \$85,360 from \$640,760 in 2004 to \$726,120 in 2005.

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 \$7,678,751. Of this total amount, 68 percent or \$5,183,915 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* of \$259,780 and *unreserved-undesignated fund balance* of \$4,824,135. The *unreserved-designated fund balance* has been designated for specific purposes. The remainder of *fund balance* is reserved to indicate that it is not available for new spending because they have already been committed to: 1) \$610,000 to cover advances to component units, 2) \$6,800 to cover cemetery maintenance, 3) \$745 to pay debt service, 4) \$1,813,668 for capital projects, 5) \$39,251 to cover prepaid items, 6) \$24,372 for restricted contributions.

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 \$1,163,631, while total fund balance was \$1,773,631. 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 12 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund increased by \$95,131 during the current fiscal year.

The Health Department fund had an increase of \$46,949 in fund balance for the current year for an ending fund balance of \$689,885.

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 and revenues resulted in a decrease of \$266,426.

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, 2005, amounted to \$21,513,173 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment.

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

- Medical Care Facility expansion was completed, and resulted in the Business-Type Activities to increase in the buildings category by \$2,872,249. This represents approximately 80 percent of the total growth for these assets.

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

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2005	2005	2005
Land	\$ 560,646	\$ -	\$ 560,646
Buildings	3,186,267	9,058,003	12,244,270
Improvements	1,128,746	640,996	1,769,742
Vehicles	266,410	-	266,410
Equipment	1,502,701	5,529,674	7,032,375
Health Dept accum. Depreciation	<u>(360,270)</u>	<u>-</u>	<u>(360,270)</u>
Total	<u>\$ 6,284,500</u>	<u>\$ 15,228,673</u>	<u>\$ 21,513,173</u>

Additional information on the County’s capital assets can be found in note III C on pages 44-47 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$27,240,817. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$11,340,350 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-, and continues to remain at the A- status for 2005.

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 \$172,873,124 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 49-53 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 2006 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2005 was 6.6 percent, which is a decrease from an average rate of 8.9 percent a year ago. This is higher than the State's average unemployment rate of 6.2 percent and the national average rate of 5.0 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 2006 is \$1,036,251.

- The 2006 budget has a minimal increase over the 2005 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 2006 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 request 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, 2005

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 2,635,538	\$ 1,240,928	\$ 3,876,466	\$ 1,056,142	\$ 1,213,751	\$ 2,269,893
Investments	4,721,442	4,354,331	9,075,773	-	3,572,299	3,572,299
Accounts receivable	8,024,259	7,982,233	16,006,492	696,430	10,295,835	10,992,265
Advance to component units	610,000	-	610,000	-	-	-
Internal balances	(439,247)	439,247	-	-	-	-
Prepaid items and other assets	117,539	34,416	151,955	194,003	-	194,003
Bond issuance costs	-	21,726	21,726	-	-	-
Inventory	31,532	-	31,532	334,395	-	334,395
Restricted cash	-	1,670,477	1,670,477	801,099	-	801,099
Restricted investments	-	210,595	210,595	-	-	-
Restricted receivables	-	-	-	1,399,723	-	1,399,723
Capital assets, net:						
Assets not being depreciated	560,646	-	560,646	24,086,874	-	24,086,874
Assets being depreciated	5,723,854	15,228,673	20,952,527	37,379,955	10,979,064	48,359,019
Total assets	21,985,563	31,182,626	53,168,189	65,948,621	26,060,949	92,009,570
Liabilities						
Accounts payable	1,860,967	1,498,939	3,359,906	1,232,707	34,003	1,266,710
Accrued liabilities	4,194	108,692	112,886	89,197	-	89,197
Advance from primary government	-	-	-	-	610,000	610,000
Unearned revenue	4,127,780	1,736,865	5,864,645	218,219	-	218,219
Noncurrent liabilities:						
Due within one year	839,958	808,000	1,647,958	50,000	1,337,314	1,387,314
Due in more than one year	1,387,038	13,498,172	14,885,210	65,212	10,003,036	10,068,248
Total liabilities	8,219,937	17,650,668	25,870,605	1,655,335	11,984,353	13,639,688
Net Assets						
Invested in capital assets, net of related debt	4,790,205	4,128,673	8,918,878	61,366,829	(361,286)	61,005,543
Restricted for:						
Debt service	745	665,415	666,160	-	2,200,244	2,200,244
Capital projects	1,813,668	1,193,777	3,007,445	801,099	2,946,337	3,747,436
Donor contributions	-	12,165	12,165	-	-	-
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	173	-	173	-	-	-
Other purposes	8,360	-	8,360	-	-	-
Unrestricted	7,145,675	7,531,928	14,677,603	2,125,358	9,291,301	11,416,659
Total net assets	\$ 13,765,626	\$ 13,531,958	\$ 27,297,584	\$ 64,293,286	\$ 14,076,596	\$ 78,369,882

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

TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 117,986	\$ -	\$ -	\$ (117,986)
Judicial	3,236,683	1,371,148	1,126,102	(739,433)
General government	5,300,418	964,670	530,629	(3,805,119)
Public safety	5,016,821	1,627,690	1,050,512	(2,279,469)
Public works	1,064,344	544,889	-	(519,455)
Health and welfare	4,658,677	821,370	2,277,666	(1,507,945)
Culture and recreation	2,480	189	-	(2,291)
Interest on debt	87,755	-	-	(15,621)
Total governmental activities	<u>19,485,164</u>	<u>5,329,956</u>	<u>4,984,909</u>	<u>(8,987,319)</u>
Business-type activities:				
Medical care facility	10,086,430	8,464,985	-	(1,621,445)
Delinquent property tax	28	541,475	-	541,447
Caro Sewage Disposal (Refunded)	33,290	-	-	33,290
Mayville Storm Sewer	62,150	-	-	62,150
Richville Water System	44,015	-	-	44,015
Millington Sewer System	-	300,000	-	300,000
Tax Foreclosure	37,239	61,896	-	24,657
Total business-type activities	<u>10,263,152</u>	<u>9,368,356</u>	<u>-</u>	<u>(755,341)</u>
Total primary government	<u>\$ 29,748,316</u>	<u>\$ 14,698,312</u>	<u>\$ 4,984,909</u>	<u>\$ (9,742,660)</u>
Component units				
Road Commission	\$ 8,377,448	\$ -	\$ 9,290,349	\$ 912,901
Drain Commission	<u>3,009,662</u>	<u>-</u>	<u>-</u>	<u>(658,186)</u>
Total component units	<u>\$ 11,387,110</u>	<u>\$ -</u>	<u>\$ 9,290,349</u>	<u>\$ 254,715</u>

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TUSCOLA COUNTY
STATEMENT OF ACTIVITIES (CONCLUDED)
YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Changes in net assets						
Net (expense) revenue	\$ (8,987,319)	\$ (755,341)	\$ (9,742,660)	\$ 912,901	\$ (658,186)	\$ 254,715
General revenues:						
Property taxes	8,604,431	1,507,485	10,111,916	1,392,088	-	1,392,088
Grants and contributions not restricted to specific programs	98,107	-	98,107	-	-	-
Unrestricted investment earnings	204,241	609,127	813,368	35,199	139,061	174,260
Miscellaneous general revenues	-	-	-	21,714	-	21,714
Transfers - internal activities	775,307	(726,120)	49,187	-	-	-
Total general revenues and transfers	9,682,086	1,390,492	11,072,578	1,449,001	139,061	1,588,062
Change in net assets	694,767	635,151	1,329,918	2,361,902	(519,125)	1,842,777
Net assets, beginning of year, as restated	13,070,859	12,896,807	25,967,666	61,931,384	14,595,721	76,527,105
Net assets, end of year	\$ 13,765,626	\$ 13,531,958	\$ 27,297,584	\$ 64,293,286	\$ 14,076,596	\$ 78,369,882

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

**TUSCOLA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General	Health Department (F.Y.E. 9-30-05)	Revenue Sharing Reserve	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 7,000	\$ 616,841	\$ -	\$ 894,029	\$ 1,517,870
Investments	2,779,529	-	-	1,941,913	4,721,442
Receivables:					
Taxes receivable	3,399,046	-	-	2,351,109	5,750,155
Taxes receivable - delinquent	25,491	-	-	22,643	48,134
Accounts receivable	128,884	113,778	-	176,799	419,461
Due from other funds	2,401,038	-	3,155,396	859,777	6,416,211
Due from State	56,224	4,045	-	516,191	576,460
Due from other governmental units	22,698	-	-	-	22,698
Prepaid expenditures	12,476	39,251	-	65,812	117,539
Inventory	-	31,532	-	-	31,532
Advances to component unit	610,000	-	-	-	610,000
TOTAL ASSETS	\$ 9,442,386	\$ 805,447	\$ 3,155,396	\$ 6,828,273	\$ 20,231,502
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	130,154	48,472	-	106,953	285,579
Accrued liabilities	86,350	35,558	-	68,714	190,622
Due to other funds	4,717,404	-	1,638,232	540,783	6,896,419
Due to component units	964,218	-	-	-	964,218
Deposits payable	-	-	-	40,000	40,000
Deferred revenue	1,770,629	31,532	-	2,373,752	4,175,913
TOTAL LIABILITIES	7,668,755	115,562	1,638,232	3,130,202	12,552,751
Fund balance					
Reserved for:					
Advances to component units	610,000	-	-	-	610,000
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Restricted contributions	-	8,360	-	16,012	24,372
Debt service	-	-	-	745	745
Capital projects	-	-	-	1,813,668	1,813,668
Prepaid items	-	39,251	-	-	39,251
Unreserved:					
Designated	-	259,780	-	-	259,780
Undesignated	1,163,631	382,494	1,517,164	-	3,063,289
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	1,860,673	1,860,673
Permanent funds	-	-	-	173	173
Total fund balance	1,773,631	689,885	1,517,164	3,698,071	7,678,751
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,442,386	\$ 805,447	\$ 3,155,396	\$ 6,828,273	\$ 20,231,502

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, 2005

Fund balances - total governmental funds	\$	7,678,751
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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		11,567,645
Subtract: Accumulated depreciation		(5,283,145)

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		48,133
Add: Long-term receivables - Due from other governments		1,200,000

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		781,238
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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		(1,494,295)
Subtract: compensated absences		(732,701)

Net assets of governmental activities	\$	<u>13,765,626</u>
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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, 2005

	General	Health Department (F.Y.E. 9-30-05)	Revenue Sharing Reserve	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 4,779,297	\$ -	\$ 1,577,698	\$ 2,257,602	\$ 8,614,597
Licenses and permits	659,944	210,356	-	-	870,300
Intergovernmental					
Federal	81,651	927,128	-	1,254,123	2,262,902
State	962,243	358,721	-	1,445,086	2,766,050
Local	-	222,787	-	269,586	492,373
Charges for services	1,849,515	407,487	-	1,167,878	3,424,880
Fines and forfeits	78,846	-	-	7,701	86,547
Interest and rents	232,556	-	-	66,584	299,140
Reimbursements and refunds	542,050	-	-	3,196	545,246
Other	-	38,826	-	103,929	142,755
TOTAL REVENUES	9,186,102	2,165,305	1,577,698	6,575,685	19,504,790
EXPENDITURES					
Current:					
Legislative	117,986	-	-	-	117,986
Judicial	2,148,223	-	-	1,067,387	3,215,610
General government	3,188,833	-	-	1,487,643	4,676,476
Public safety	2,082,366	-	-	2,583,407	4,665,773
Public works	1,062,425	-	-	-	1,062,425
Health and welfare	476,156	2,467,267	-	1,586,682	4,530,105
Culture and recreation	-	-	-	2,480	2,480
Other	220,764	-	-	-	220,764
Capital outlay	-	40,299	-	568,594	608,893
Debt service - principal	-	-	-	433,105	433,105
Debt service - interest	-	-	-	87,755	87,755
TOTAL EXPENDITURES	9,296,753	2,507,566	-	7,817,053	19,621,372
REVENUES OVER (UNDER) EXPENDITURES	(110,651)	(342,261)	1,577,698	(1,241,368)	(116,582)
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	14,487	14,487
Transfer in	1,729,583	389,210	-	1,635,270	3,754,063
Transfer out	(1,523,801)	-	(1,003,147)	(471,808)	(2,998,756)
TOTAL OTHER FINANCING SOURCES (USES)	205,782	389,210	(1,003,147)	1,177,949	769,794
NET CHANGE IN FUND BALANCES	95,131	46,949	574,551	(63,419)	653,212
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	1,678,500	642,936	942,613	3,761,490	7,025,539
FUND BALANCE, END OF YEAR	\$ 1,773,631	\$ 689,885	\$ 1,517,164	\$ 3,698,071	\$ 7,678,751

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, 2005

Net change in fund balances - total governmental funds \$ 653,212

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	317,223
Subtract: depreciation expense	(532,956)

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	48,133
Subtract: prior year deferred delinquent property taxes	(58,299)
Subtract: change in long-term receivables	(90,000)

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	433,105
Subtract: note proceeds	(14,487)

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

Subtract: increase in the accrual of compensated absences	(53,719)
Subtract: loss on the disposal of capital assets	(12,252)

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	(15,193)
Add: internal activities (transfers) accounted for in internal service funds	20,000

Change in net assets of governmental activities \$ 694,767

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, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 4,756,600	\$ 4,832,700	\$ 4,779,297	\$ (53,403)
Licenses and permits	698,942	616,151	659,944	43,793
Intergovernmental				
Federal	98,093	81,383	81,651	268
State	973,111	976,792	962,243	(14,549)
Charges for services	2,175,495	1,766,899	1,849,515	82,616
Fines and forfeits	92,160	83,526	78,846	(4,680)
Interest and rents	375,814	460,643	232,556	(228,087)
Other	611,690	571,265	542,050	(29,215)
TOTAL REVENUES	9,781,905	9,389,359	9,186,102	(203,257)
EXPENDITURES				
Legislative				
Board of Commissioners	119,626	127,226	117,986	(9,240)
Judicial				
Circuit Court	-	1,280,646	1,253,594	(27,052)
District Court	2,286,660	472,736	448,848	(23,888)
Jury Commission	4,850	4,850	3,864	(986)
Magistrate	-	224,000	217,284	(6,716)
Adult Probation	19,100	19,614	19,614	-
District Court Probation	-	198,058	198,058	-
Friend of the court - medical enforcement	26,433	6,962	6,961	(1)
Total Judicial	2,337,043	2,206,866	2,148,223	(58,643)
General government				
Elections	10,000	34,000	26,373	(7,627)
Legal	40,000	50,000	33,220	(16,780)
County Clerk	348,051	353,112	325,250	(27,862)
Controller	321,445	296,449	285,618	(10,831)
Equalizations	176,496	176,496	169,980	(6,516)
Prosecuting attorney	441,925	428,707	396,825	(31,882)
Cooperative reimbursement - prosecutor	154,305	154,305	143,818	(10,487)
Register of deeds	241,603	241,603	225,184	(16,419)
Treasurer	324,817	324,817	305,194	(19,623)
Cooperative extension	66,580	76,828	71,088	(5,740)
Computer operations	369,887	369,887	347,995	(21,892)
Building and grounds	714,412	714,412	700,934	(13,478)
Drain Commission	165,962	165,962	157,354	(8,608)
Livestock claims	825	825	-	(825)
Total general government	3,376,308	3,387,403	3,188,833	(198,570)
Public safety				
Courthouse security	121,146	58,317	58,315	(2)
Sheriff's department	1,611,018	1,681,657	1,671,021	(10,636)
Liquor/Traffic Enforcement	-	5,060	5,060	-
Marine safety	28,976	28,976	28,065	(911)
Secondary road patrol	134,142	134,142	131,061	(3,081)
Thumb area narcotics group	21,343	27,379	27,379	-
Planning commission	2,300	2,316	2,316	-
Plat Board	776	776	271	(505)
Emergency services	81,425	81,425	80,032	(1,393)
Animal shelter	74,300	78,846	78,846	-
Total public safety	2,075,426	2,098,894	2,082,366	(16,528)

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Public works				
Building codes	\$ 555,100	\$ 499,965	\$ 499,965	\$ -
Department of public works	-	1,190	1,190	-
Drains at large	561,270	561,270	561,270	-
Total public works	<u>1,116,370</u>	<u>1,062,425</u>	<u>1,062,425</u>	<u>-</u>
Health and welfare				
Substance abuse	48,000	49,054	49,054	-
Medical examiner	32,949	34,234	34,234	-
Veterans' burial	18,000	21,185	21,185	-
Economic development	25,500	25,500	25,500	-
Mental health appropriations	288,243	288,243	288,243	-
Environmental health	32,266	32,230	32,230	-
Cigarette tax	23,000	25,710	25,710	-
Total health and welfare	<u>467,958</u>	<u>476,156</u>	<u>476,156</u>	<u>-</u>
Other	<u>260,219</u>	<u>247,604</u>	<u>220,764</u>	<u>(26,840)</u>
TOTAL EXPENDITURES	<u>9,752,950</u>	<u>9,606,574</u>	<u>9,296,753</u>	<u>(309,821)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>28,955</u>	<u>(217,215)</u>	<u>(110,651)</u>	<u>106,564</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	1,603,147	1,729,267	1,729,583	316
Transfer out	<u>(1,632,102)</u>	<u>(1,572,828)</u>	<u>(1,523,801)</u>	<u>49,027</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,955)</u>	<u>156,439</u>	<u>205,782</u>	<u>49,343</u>
NET CHANGE IN FUND BALANCE	-	(60,776)	95,131	155,907
FUND BALANCE, BEGINNING OF YEAR	<u>1,678,500</u>	<u>1,678,500</u>	<u>1,678,500</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,678,500</u>	<u>\$ 1,617,724</u>	<u>\$ 1,773,631</u>	<u>\$ 155,907</u>

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
HEALTH DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ 196,935	\$ 200,850	\$ 210,356	\$ 9,506
Intergovernmental				
Federal	776,961	827,186	927,128	99,942
State	300,619	320,052	358,721	38,669
Local	186,702	198,771	222,787	24,016
Charges for services	404,239	404,002	407,487	3,485
Other	30,429	30,833	38,826	7,993
TOTAL REVENUES	<u>1,895,885</u>	<u>1,981,694</u>	<u>2,165,305</u>	<u>183,611</u>
EXPENDITURES				
Current				
Health and Welfare	2,262,371	2,321,922	2,467,267	145,345
Capital outlay	9,000	49,111	40,299	(8,812)
TOTAL EXPENDITURES	<u>2,271,371</u>	<u>2,371,033</u>	<u>2,507,566</u>	<u>136,533</u>
REVENUES OVER (UNDER) EXPENDITURES	(375,486)	(389,339)	(342,261)	47,078
OTHER FINANCING SOURCES				
Transfer in	375,486	389,339	389,210	(129)
NET CHANGE IN FUND BALANCE	-	-	46,949	46,949
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>636,775</u>	<u>636,775</u>	<u>642,936</u>	<u>6,161</u>
FUND BALANCE, END OF YEAR	<u>\$ 636,775</u>	<u>\$ 636,775</u>	<u>\$ 689,885</u>	<u>\$ 53,110</u>

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
REVENUE SHARING RESERVE
YEAR ENDED SEPTEMBER 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes	\$ 1,577,698	\$ 1,577,698	\$ 1,577,698	\$ -
OTHER FINANCING SOURCES				
Transfer out	<u>(1,003,147)</u>	<u>(1,003,147)</u>	<u>(1,003,147)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	574,551	574,551	574,551	-
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>636,775</u>	<u>636,775</u>	<u>942,613</u>	<u>305,838</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,211,326</u></u>	<u><u>\$ 1,211,326</u></u>	<u><u>\$ 1,517,164</u></u>	<u><u>\$ 305,838</u></u>

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

TUSCOLA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Enterprise Funds			Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds		Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 301,619	\$ 636,296	\$ 303,013	\$ 1,240,928	\$ 1,117,668
Investments	1,646,231	2,708,100	-	4,354,331	-
Receivables:					
Taxes receivable	1,561,193	-	-	1,561,193	-
Taxes receivable - delinquent	8,024	1,761,386	-	1,769,410	-
Accounts receivable	1,584,363	37,374	-	1,621,737	7,351
Allowance for uncollectible accounts	(321,384)	-	-	(321,384)	-
Due from other governmental units	-	34,277	183,000	217,277	-
Bond issuance costs	-	-	21,726	21,726	-
Other assets	34,416	-	-	34,416	-
Restricted cash	1,670,477	-	-	1,670,477	-
Restricted investments	210,595	-	-	210,595	-
Due from other funds	-	1,201,909	144	1,202,053	40,961
Total current assets	6,695,534	6,379,342	507,883	13,582,759	1,165,980
Noncurrent assets:					
Due from other governmental units	-	-	3,134,000	3,134,000	-
Capital assets, net	15,228,673	-	-	15,228,673	-
Total noncurrent assets	15,228,673	-	3,134,000	18,362,673	-
Total assets	21,924,207	6,379,342	3,641,883	31,945,432	1,165,980
Liabilities					
Current liabilities:					
Accounts payable	1,449,953	13,229	-	1,463,182	-
Accrued and other liabilities	108,692	-	-	108,692	384,742
Due to other funds	-	762,806	-	762,806	-
Patient trust fund	11,636	-	-	11,636	-
Deposits payable	24,121	-	-	24,121	-
Bonds payable current	625,000	-	183,000	808,000	-
Total current liabilities	2,219,402	776,035	183,000	3,178,437	384,742
Noncurrent liabilities:					
Long-term debt	10,475,000	-	3,134,000	13,609,000	-
Deferred costs	(110,828)	-	-	(110,828)	-
Unearned revenue	1,736,865	-	-	1,736,865	-
Total long-term liabilities	12,101,037	-	3,134,000	15,235,037	-
Total liabilities	14,320,439	776,035	3,317,000	18,413,474	384,742
Net assets					
Invested in capital assets, net of related debt	4,128,673	-	-	4,128,673	-
Restricted for:					
Donor contributions	12,165	-	-	12,165	-
Capital projects	1,193,777	-	-	1,193,777	-
Debt service	665,415	-	-	665,415	-
Unrestricted	1,603,738	5,603,307	324,883	7,531,928	781,238
Total net assets	\$ 7,603,768	\$ 5,603,307	\$ 324,883	\$ 13,531,958	\$ 781,238

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, 2005

	Enterprise Funds				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Operating revenue					
Taxes	\$ 303,188	\$ -	\$ -	\$ 303,188	\$ -
Intergovernmental:					
Local	-	-	439,455	439,455	-
Charges for services	8,005,823	180,643	61,896	8,248,362	1,536,684
Interest on taxes	-	303,504	-	303,504	-
Other operating revenue	293,705	57,328	-	351,033	-
Total operating revenue	<u>8,602,716</u>	<u>541,475</u>	<u>501,351</u>	<u>9,645,542</u>	<u>1,536,684</u>
Operating expenses					
Operation and maintenance	8,881,711	28	-	8,881,739	1,522,377
Benefits and claims	-	-	-	-	29,500
Administration	-	-	37,239	37,239	-
Depreciation	778,374	-	-	778,374	-
Total operating expenses	<u>9,660,085</u>	<u>28</u>	<u>37,239</u>	<u>9,697,352</u>	<u>1,551,877</u>
Operating income (loss)	<u>(1,057,369)</u>	<u>541,447</u>	<u>464,112</u>	<u>(51,810)</u>	<u>(15,193)</u>
Non-operating revenue (expenses)					
Property taxes for debt service	1,204,297	-	-	1,204,297	-
Intergovernmental transfers	165,457	-	-	165,457	-
Interest income	424,228	184,673	226	609,127	-
Loss on disposal of capital assets	(23,734)	-	-	(23,734)	-
Interest expense and fiscal charges	(402,611)	-	(139,455)	(542,066)	-
Total non-operating revenue (expenses)	<u>1,367,637</u>	<u>184,673</u>	<u>(139,229)</u>	<u>1,413,081</u>	<u>-</u>
Income (loss) before transfers	<u>310,268</u>	<u>726,120</u>	<u>324,883</u>	<u>1,361,271</u>	<u>(15,193)</u>
Transfers					
Transfer in	-	-	-	-	20,000
Transfers out	-	(726,120)	-	(726,120)	-
Net Transfers	<u>-</u>	<u>(726,120)</u>	<u>-</u>	<u>(726,120)</u>	<u>20,000</u>
Change in net assets	310,268	-	324,883	635,151	4,807
Net assets, beginning of year, as restated	<u>7,293,500</u>	<u>5,603,307</u>	<u>-</u>	<u>12,896,807</u>	<u>776,431</u>
Net assets, end of year	<u>\$ 7,603,768</u>	<u>\$ 5,603,307</u>	<u>\$ 324,883</u>	<u>\$ 13,531,958</u>	<u>\$ 781,238</u>

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

**TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Enterprise Funds				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 8,513,987	\$ 298,845	\$ -	\$ 8,812,832	\$ 1,535,994
Cash received for interfund services provided	-	(188,254)	-	(188,254)	811,388
Cash payments for interfund services provided	-	-	(144)	(144)	-
Cash payments to suppliers for goods and services	(3,651,243)	(17,136)	(37,239)	(3,705,618)	(1,551,877)
Cash payments to employees for services	(4,611,902)	-	-	(4,611,902)	-
Cash received from local units	-	-	439,455	439,455	-
Other operating revenue	-	-	61,896	61,896	-
Net cash provided (used) by operating activities	250,842	93,455	463,968	808,265	795,505
Cash flows from non-capital financing activities					
Transfers in	-	-	-	-	20,000
Transfers out	-	(726,120)	-	(726,120)	-
Principal paid on long-term debt	-	-	(176,000)	(176,000)	-
Interest paid on long-term debt	-	-	(139,455)	(139,455)	-
Contributions from local units	-	-	176,000	176,000	-
Net cash provided(used) by non-capital financing activities	-	(726,120)	(139,455)	(865,575)	20,000
Cash flows from capital and related financing activities					
Property taxes for debt services	1,204,297	-	-	1,204,297	-
Proceeds from disposal of capital assets	3,192	-	-	3,192	-
Intergovernmental transfers	165,457	-	-	165,457	-
Principal payments	(600,000)	-	-	(600,000)	-
Bond issuance costs	-	-	(21,726)	(21,726)	-
Interest payments	(420,506)	-	-	(420,506)	-
Purchases of capital assets	(4,001,089)	-	-	(4,001,089)	-
Net cash provided (used) by capital and related financing activities	(3,648,649)	-	(21,726)	(3,670,375)	-
Cash flows from investing activities					
Interest received	99,084	184,673	-	283,757	-
Purchase of investments	-	(104,260)	-	(104,260)	-
Investment income	-	-	226	226	-
Sale of investments	3,309,725	-	-	3,309,725	-
Net cash provided (used) by investing activities	3,408,809	80,413	226	3,489,448	-
Net increase (decrease) in cash and cash equivalents	11,002	(552,252)	303,013	(238,237)	815,505
Cash and cash equivalents, beginning of year	1,961,094	1,188,548	-	3,149,642	302,163
Cash and cash equivalents, end of year	\$ 1,972,096	\$ 636,296	\$ 303,013	\$ 2,911,405	\$ 1,117,668
Statement of net assets classification of cash and cash equivalents					
Cash and cash equivalents	301,619	636,296	303,013	1,240,928	1,117,668
Restricted assets	1,670,477	-	-	1,670,477	-
	\$ 1,972,096	\$ 636,296	\$ 303,013	\$ 2,911,405	\$ 1,117,668

Non-cash investing capital and financing transactions

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

**TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONCLUDED)
YEAR ENDED DECEMBER 31, 2005**

	Enterprise Funds				Governmental Activities
	Medical Care Facility	Combined Revolving Tax	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(1,057,369)	541,447	464,112	(51,810)	(15,193)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	778,374	-	-	778,374	-
Changes in assets and liabilities which increase (decrease) cash:					
Receivables	(168,670)	(188,482)	-	(357,152)	(690)
Due from other governments	-	3,180	-	3,180	-
Due from other funds	-	(310,300)	(144)	(310,444)	811,388
Other assets	2,359	-	-	2,359	-
Accounts payable	1,331,248	(74,226)	-	1,257,022	-
Accrued and other liabilities	(712,682)	(210)	-	(712,892)	-
Due to other funds	-	122,046	-	122,046	-
Unearned revenue	77,582	-	-	77,582	-
Net cash provided (used) by operating activities	\$ 250,842	\$ 93,455	\$ 463,968	\$ 808,265	\$ 795,505

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

**TUSCOLA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,785,798
Investments at fair value	<u>7,761</u>
TOTAL ASSETS	<u><u>\$ 1,793,559</u></u>
LIABILITIES	
Accrued liabilities	\$ 380,561
Due to other governmental units	350,019
Undistributed receipts	48,674
Undistributed taxes	<u>1,014,305</u>
TOTAL LIABILITIES	<u><u>\$ 1,793,559</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, 2005

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, 2005

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, 2005

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, 2005

The *revenue sharing reserve fund* accounts for tax millage funds as required by Public Act 357 of 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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. ASSETS, LIABILITIES 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.

Statutory Authority

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the investments company act of 1940 with the authority to purchase only investment vehicles that are legal for direct

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

investment by a public corporation.

- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

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

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."

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.

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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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, by December 31, 2007.

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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

6. LONG-TERM OBLIGATIONS

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

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

7. FUND EQUITY

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

- 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, 2005.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
HEALTH DEPARTMENT			
Health and welfare	\$ 2,321,922	\$2,467,267	\$(145,345)

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Carrying Amount</u>
Government-Wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 3,876,466
Investments	9,075,773
Restricted cash	1,670,477
Restricted investments	210,595
Component Units:	
Cash and cash equivalents	2,269,893
Investments	3,572,299
Restricted cash	801,099
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,785,798
Investments	7,761
Total	<u>\$ 23,270,161</u>
Notes to financial statements	
Deposits	\$ 11,366,248
Investments	11,896,098
Cash on hand	7,815
Total	<u>\$ 23,270,161</u>

Deposits and investments

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

Investment	Maturity In years	Fair Value	Ratings
General Government Money Market Fund	N/A	\$ 102,610	N/A
Eaton Vance Governmental Mutual Funds	N/A	169,511	N/A
Michigan Class Accounts	N/A	6,257,906	S&P P1, Moody A1
PFIT Money Market	N/A	8,720	Moody Aaa
PFIT Money Market	30 day avg	382,995	S&P AAA
Commercial Paper	2	825,846	S&P A1+, Moody P1
Federal Home Loan	4	3,518,912	S&P AAA, Moody Aaa
Comerica Money Market	N/A	629,598	S&P P1, Moody A1
		<u>\$11,896,098</u>	

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note D.1. of the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note D.1. of the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$7,986,960 of the County's bank balance of \$8,132,413 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note D.1. of the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. More than 5 percent of the County's investments are in Michigan Class Accounts, commercial paper, Federal Home Loan and Comerica money market. All investments held at year end are reported above.

B. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 5,798,289	\$ 3,330,603	\$ -
Accounts	426,812	1,621,737	696,430
Special assessments			
Due within one year	-	-	1,268,709
Due after one year	-	-	9,027,126
Intergovernmental			
Due within one year	906,460	217,277	-
Due after one year	892,698	3,134,000	-
Less: allowance for uncollectible accounts	-	(321,384)	-
Total	\$ 8,024,259	\$ 7,982,233	\$ 10,992,265

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:

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 25,491	\$1,737,138
Property taxes receivable (Nonmajor Governmental fund types)	22,642	2,351,110
Inventory	-	31,532
Grant drawdowns prior to meeting all eligibility requirements	-	8,000
Total	\$ 48,133	\$4,127,780

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2005 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	\$ 53,287	\$ -	\$ 560,646
Capital assets being depreciated:				
Buildings	6,015,702	6,223	-	6,021,925
Improvements	1,376,614	112,330	-	1,488,944
Equipment	2,501,228	104,015	(47,152)	2,558,091
Vehicles	<u>976,098</u>	<u>41,368</u>	<u>(79,427)</u>	<u>938,039</u>
Total capital assets being depreciated	<u>10,869,642</u>	<u>263,936</u>	<u>(126,579)</u>	<u>11,006,999</u>
Less accumulated depreciation				
Buildings	(2,661,232)	(174,426)	-	(2,835,658)
Improvements	(291,231)	(68,967)	-	(360,198)
Equipment	(913,391)	(162,005)	20,006	(1,055,390)
Vehicles	(635,907)	(95,314)	59,592	(671,629)
Health Department	<u>(362,755)</u>	<u>(32,244)</u>	<u>34,729</u>	<u>(360,270)</u>
Total accumulated depreciation	<u>(4,864,516)</u>	<u>(532,956)</u>	<u>114,327</u>	<u>(5,283,145)</u>
Total capital assets being depreciated, net	<u>6,005,126</u>	<u>(269,020)</u>	<u>(12,252)</u>	<u>5,723,854</u>
Governmental activities capital assets, net	<u>\$ 6,512,485</u>	<u>\$(215,733)</u>	<u>\$ (12,252)</u>	<u>\$ 6,284,500</u>

The Health Department is audited by other auditors and in their report provided to us, accumulated depreciation and depreciation expense is not allocated between asset classifications.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Business-type activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 1,308,936	\$ -	\$(1,308,936)	\$ -
Capital assets being depreciated:				
Land improvements	\$ 372,862	\$ 308,476	\$ -	681,338
Buildings	6,360,887	3,305,308	-	9,666,195
Equipment	<u>4,352,375</u>	<u>2,069,587</u>	<u>(69,535)</u>	<u>6,352,427</u>
Total capital assets being depreciated	<u>11,086,124</u>	<u>5,683,371</u>	<u>(69,535)</u>	<u>16,699,960</u>
Less accumulated depreciation:				
Land improvements	(3,539)	(36,803)	-	(40,342)
Buildings	(175,132)	(433,060)	-	(608,192)
Equipment	<u>(556,851)</u>	<u>(308,511)</u>	<u>42,609</u>	<u>(822,753)</u>
Total accumulated Depreciation	<u>(735,522)</u>	<u>(778,374)</u>	<u>42,609</u>	<u>(1,471,287)</u>
Total capital assets being depreciated, net	<u>10,350,602</u>	<u>4,904,997</u>	<u>(26,926)</u>	<u>15,228,673</u>
Business-type activities capital assets, net	<u>\$ 11,659,538</u>	<u>\$ 4,904,997</u>	<u>\$(1,335,862)</u>	<u>\$15,228,673</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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

Governmental activities:

Judicial	\$	4,500
General government		121,495
Public safety		290,554
Public works		1,714
Health and welfare		82,449
Health department		<u>32,244</u>

Total depreciation expense – governmental activities **\$ 532,956**

Business-type activities:

Total depreciation expense – Medical Care Facility **\$ 778,374**

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ <u>1,356,104</u>	\$ <u>405,064</u>	\$(1,761,168)	\$ _____
Capital assets being depreciated:				
Infrastructure	9,843,744	1,761,168	-	11,604,912
Less accumulated depreciation				
Infrastructure	<u>(393,750)</u>	<u>(232,098)</u>	-	<u>(625,848)</u>
Total capital assets being depreciated	<u>9,449,994</u>	<u>1,529,070</u>	-	<u>10,979,064</u>
Drain commission capital assets, net	<u>\$10,806,098</u>	<u>\$1,934,134</u>	<u>\$(1,761,168)</u>	<u>\$10,979,064</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Activity for the Road Commission for the year ended December 31, 2005, 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>22,014,419</u>	<u>1,778,237</u>	<u>-</u>	<u>23,792,656</u>
Total capital assets not being depreciated	<u>22,308,637</u>	<u>1,778,237</u>	<u>-</u>	<u>24,086,874</u>
Capital assets being depreciated:				
Infrastructure	61,936,658	3,642,029	-	65,578,687
Building	2,171,197	74,567	-	2,245,764
Equipment	4,698,782	760,150	(157,866)	5,301,066
Depletable assets	<u>282,718</u>	<u>-</u>	<u>-</u>	<u>282,718</u>
Total capital assets being depreciated	<u>69,089,355</u>	<u>4,476,746</u>	<u>(157,866)</u>	<u>73,408,235</u>
Less accumulated depreciation				
Infrastructure	(27,898,732)	(2,845,902)	-	(30,744,634)
Building	(1,108,213)	(53,491)	-	(1,161,704)
Equipment	(3,914,641)	(301,791)	136,418	(4,080,014)
Depletable assets	<u>(40,577)</u>	<u>(1,351)</u>	<u>-</u>	<u>(41,928)</u>
Total accumulated depreciation	<u>(32,962,163)</u>	<u>(3,202,535)</u>	<u>136,418</u>	<u>(36,028,280)</u>
Total capital assets being depreciated, net	<u>36,127,192</u>	<u>1,274,211</u>	<u>(21,448)</u>	<u>37,379,955</u>
Road commission capital assets, net	<u>\$ 58,435,829</u>	<u>\$ 3,052,448</u>	<u>\$ (21,448)</u>	<u>\$ 61,466,829</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To	Due from				Total
	General Fund	Revenue Sharing Reserve	Nonmajor Governmental Funds	Combined Revolving Tax Fund	
General Fund	\$ -	\$1,638,232	\$ -	\$ 762,806	\$2,401,038
Combined Revolving Tax Fund	1,199,652	-	2,257	-	1,201,909
Nonmajor Governmental Funds	321,395	-	538,382	-	859,777
Revenue Sharing Reserve	3,155,396	-	-	-	3,155,396
Nonmajor Enterprise Funds	-	-	144	-	144
Internal Service Funds	40,961	-	-	-	40,961
Total	<u>\$ 4,717,404</u>	<u>\$1,638,232</u>	<u>\$ 540,783</u>	<u>\$ 762,806</u>	<u>\$ 7,659,225</u>

The balance of \$1,638,232 due to the general fund from the revenue sharing reserve fund resulted from amounts due, but not yet transferred to the general fund during the year.

The balance of \$3,155,396 due to the revenue sharing reserve fund from the general fund resulted from negative cash balances in the County's pooled cash account.

The balance of \$1,199,652 due to the Combined Revolving Tax Fund from the general fund resulted from negative cash balances in the County's pooled cash account.

The balance of \$762,806 due to the general fund from the Combined Revolving Tax Fund resulted from net income of the Combined Revolving Tax Fund due, but not yet transferred to the general fund.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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.

Advances to/from component units:

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

Transfers from	Transfer to				
	General Fund	Health Department	Nonmajor Governmental Funds	Internal Service Funds	Total
General	\$ -	\$ 340,023	\$ 1,163,778	\$ 20,000	\$ 1,523,801
Revenue Sharing Reserve	1,003,147	-	-	-	1,003,147
Nonmajor governmental funds	316	-	471,492	-	471,808
Delinquent Tax Revolving Fund	726,120	-	-	-	726,120
	1,729,583	340,023	1,635,270	20,000	3,724,876
Reconciling item	-	49,187	-	-	49,187
Total	<u>\$ 1,729,583</u>	<u>\$ 389,210</u>	<u>\$ 1,635,270</u>	<u>\$ 20,000</u>	<u>\$ 3,774,063</u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2005.

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, 2005 was as follows:

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental activities:					
Notes Payable	\$ 87,912	\$ 14,488	\$ (43,105)	\$ 59,295	\$ 48,817
Building Authority:					
General obligation bonds:					
Tuscola County Series 1996	535,000	-	(300,000)	235,000	235,000
Tuscola County Series 1999	1,290,000	-	(90,000)	1,200,000	95,000
Compensated absences	<u>678,982</u>	<u>514,860</u>	<u>(461,141)</u>	<u>732,701</u>	<u>461,141</u>
Governmental activities					
Long-term liabilities	<u>\$ 2,591,894</u>	<u>\$ 529,348</u>	<u>\$ (894,246)</u>	<u>\$ 2,226,996</u>	<u>\$ 839,958</u>
Business-type activities					
General obligation bonds	\$ 11,700,000	\$ -	\$ (600,000)	\$ 11,100,000	\$ 625,000
Less deferred amounts	(119,353)	-	8,525	(110,828)	-
General obligation bonds:					
Mayville Storm Sewer	1,243,000	-	(16,000)	1,227,000	18,000
Millington Sanitary Sewer	-	300,000	-	300,000	5,000
Richville Water System	860,000	-	(60,000)	800,000	60,000
Caro Area Sewage System	<u>1,090,000</u>	<u>-</u>	<u>(100,000)</u>	<u>990,000</u>	<u>100,000</u>
Business-type activity					
Long-term liabilities	<u>\$ 14,773,647</u>	<u>\$ 300,000</u>	<u>\$ (767,475)</u>	<u>\$ 14,306,172</u>	<u>\$ 808,000</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Road Commission:					
Compensated absences	\$ 20,967	\$ -	\$ (5,755)	\$ 15,212	\$ -
Installment purchase agreement	<u>150,000</u>	<u>-</u>	<u>(50,000)</u>	<u>100,000</u>	<u>50,000</u>
Total Road Commission	<u>\$ 170,967</u>	<u>\$ -</u>	<u>\$ (55,755)</u>	<u>\$ 115,212</u>	<u>\$ 50,000</u>
Drain Commission:					
General obligation bonds:					
Southgate Drain	\$ 250,000	\$ -	\$ (250,000)	\$ -	\$ -
Alder Creek Drain	1,100,000	-	(100,000)	1,000,000	100,000
Constant DuRussel	-	825,000	-	825,000	165,000
S.O. Drain	160,000	-	(50,000)	110,000	55,000
Sucker Creek Drain	350,000	-	(100,000)	250,000	125,000
Shebon I/C Drain	57,240	-	(9,540)	47,700	9,540
State and Colling Drain	1,150,000	-	(175,000)	975,000	175,000
Northwest Drain	5,205,000	-	(325,000)	4,880,000	330,000
Sebewaing River Intercounty Drain	2,705,000	-	(250,000)	2,455,000	255,000
Reese Drain	465,000	-	(25,000)	440,000	25,000
Notes Payable	<u>1,005,088</u>	<u>-</u>	<u>(647,438)</u>	<u>357,650</u>	<u>97,774</u>
Total Drain Commission	<u>\$ 12,447,328</u>	<u>\$ 825,000</u>	<u>\$ (1,931,978)</u>	<u>\$ 11,340,350</u>	<u>\$ 1,337,314</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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 \$3,450,000 for governmental activities and \$16,587,000 for business-type activities. During the year, the County issued \$300,000 of general obligation bonds.

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 – 14.8%	\$ 1,494,295
Business-type activities	7.2 – 8.7%	14,306,172

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>
2006	\$ 378,817	\$ 66,571	\$ 808,000	\$ 547,415
2007	104,855	55,175	898,000	521,704
2008	110,623	49,177	999,000	491,279
2009	110,000	43,234	1,020,000	457,705
2010	115,000	37,496	1,076,000	421,800
2011-2015	675,000	90,057	5,927,000	1,443,507
2016-2020	-	-	2,716,000	389,331
2021-2025	-	-	320,000	221,620
2026-2030	-	-	254,000	139,100
2031-2035	-	-	325,000	68,750
2036	-	-	74,000	3,700
Total	<u>\$ 1,494,295</u>	<u>\$ 341,710</u>	<u>\$ 14,417,000</u>	<u>\$ 4,705,911</u>

Component Units

Road Commission. During the 2004 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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$11,552,533. 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 \$825,000. 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%	\$ 11,340,350

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,337,314	\$ 449,321
2007	1,372,513	385,614
2008	1,170,113	332,002
2009	1,160,107	283,377
2010	1,200,107	233,742
2011-2015	3,641,833	662,065
2016-2019	1,458,363	127,703
Total	<u>\$ 11,340,350</u>	<u>\$2,473,824</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, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005, the annual pension cost of \$359,130 for the County, \$0 for the Medical Care Facility, \$102,942 for the Health Department, and \$108,108 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 \$9,250 for MERS contributions. The required contribution was determined as part of the December 31, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 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>
12/31/03	\$453,252	100%	\$0
12/31/04	576,381	100	0
12/31/05	359,130	100	0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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)
12/31/02	\$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
12/31/04	17,829,901	18,850,858	1,020,957	95	5,449,245	19.0

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	(13,275)
Plus: Adjustment to annual required contribution	<u>13,833</u>
Annual pension cost	558
Contributions made	<u>(9,250)</u>
Increase in net pension asset	(8,692)
Net pension (asset), beginning of year	<u>(165,942)</u>
Net pension (asset), end of year	<u>\$ (174,634)</u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/03	\$ 0	100%	\$ 110,814
12/31/04	0	100	165,942
12/31/05	0	100	174,635

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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)
12/31/02	\$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)
12/31/04	8,805,851	7,481,746	(1,324,105)	118	4,491,087	(29.0)

Health Department Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/03	\$ 30,848	100%	\$0
9/30/04	75,202	100	0
9/30/05	102,942	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)
12/31/02	\$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
12/31/04	4,666,152	4,958,294	292,142	94	1,171,612	25

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Road Commission Plan

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$93,048	100%	\$0
12/31/04	106,668	100	0
12/31/05	108,108	100	0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/02	\$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
12/31/04	2,105,045	3,068,059	963,014	68.6	788,509	122.1

Road Commission Massachusetts Mutual Plan

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

Funding Policy. The Road Commission is required to contribute at actuarially determined rates; the current rates are 13.71% of annual covered payroll. Employees are required to contribute \$.45 per hour, per month, excluding overtime. The contribution requirements of the Road Commission are established and may be amended by the Board of County Road Commissioners. The contribution requirements of plan members are established and may be

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

amended by the Board of County Road Commissioners.

Annual Pension Cost. For the year ended December 31, 2005, the Road Commission's annual pension cost of \$14,752 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, 2005, 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% and (b) projected salary increases of 4.5% 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</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/03	\$ 14,618	100%	\$0
12/31/04	14,961	100	0
12/31/05	14,752	100	0

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
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
April 1, 2005	157,793	464,021	333,339	34.0	2,487,412	13.4

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005, 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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

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

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>2005</u>	<u>2004</u>
Unpaid Claims, beginning of year	\$ 129,962	\$ 129,962
Incurred Claims (including IBNR)	(29,438)	(25,026)
Claims Paid	<u>29,438</u>	<u>25,026</u>
Unpaid Claims	<u>\$ 129,962</u>	<u>\$ 129,962</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Employee Health Benefits

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

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$15,000 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, 2005

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

	<u>2005</u>	<u>2004</u>
Unpaid Claims, beginning of year	\$ 254,780	\$ 254,780
Incurred Claims (including IBNR)	1,503,262	1,589,989
Claims Paid	<u>(1,503,262)</u>	<u>(1,589,989)</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, 2004 totaled \$1,212,154,896. The tax levy for fiscal year 2005 operations was based on the following rates:

General Operating	3.9342 mills
Road Patrol	.9000 mills
Senior Citizens	.2000 mills
Mosquito	.6349 mills
Recycling	.1492 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2487 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2005 operations was as follows:

Primary Road	.9559 mills
Bridge	.4756 mills

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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

D. RESTATEMENTS

Within the enterprise fund type, certain funds that were previously recorded as debt service and capital projects funds are now reported as enterprise funds. The purpose of this restatement was to comply with the Michigan Committee on Governmental Accounting and Auditing Statement 10, as Amended, Accounting and Reporting Infrastructure Assets for Local Water and Sewer Systems and County Drains. The restatement had no effect on the net assets of the business-type activities or the government-wide financial statements.

During the year ended September 30, 2005, a prior period adjustment in the amount of \$6,161 was necessary to properly account for the understatement of a revenue in the Health Department Fund, during the year ended September 30, 2004. The effect on the Health Department fund balance was as follows:

Fund balance, beginning of year, as previously stated	\$ 636,775
Prior period adjustments	<u>6,161</u>
Fund balance, beginning of year, as restated	<u>\$ 642,936</u>

During the year ended December 31, 2005, a prior period adjustment in the amount of \$34,449 was necessary to properly account for an understatement of capital assets in the Statement of Net Assets, during the year ended December 31, 2004. The effect on the Statement of Net Assets net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$13,030,249
Prior period adjustment - Health Department Fund	6,161
Statement of Net Assets	<u>34,449</u>
Net assets, beginning of year, as restated	<u>\$13,070,859</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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.

F. OPERATING LEASES

The County has entered into 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, 2005 was \$46,308. The original cost of the building is \$1,066,371, which has \$639,822 of accumulated depreciation leaving a carrying value of \$426,549 and annual depreciation expense of \$35,546. The future rental payments to be received by the County are as follows:

Fiscal Year Ended	Principal
2006	\$ 46,308
2007	46,308
2008	3,859
Total	<u>\$ 96,475</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 \$613,391 of accumulated depreciation leaving a carrying value of \$613,392 and annual depreciation expense of \$40,893. The total rental expense under this operating lease for the year ended September 30, 2005 was \$85,676. Lease payments are determined annually by Tuscola County.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

During the current fiscal year, the Health Department entered into a operating lease agreement for a postage meter. Quarterly payments are \$474. The total expensed for the year ended September 30, 2005 was \$474. The future payments due under the lease are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>
2006	\$ 1,896
2007	1,896
2008	1,896
2009	1,896
2010	<u>1,422</u>
Total	<u>\$ 9,006</u>

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>
2006	\$ 299,860
2007	240,075
2008	112,500
2009	<u>23,650</u>
Total	<u>\$ 676,085</u>

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SUPPLEMENTARY INFORMATION

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

REVENUES	Original Budget	Amended Budget	Actual	Over (Under) Budget
Taxes				
Property taxes	\$ 4,747,000	\$ 4,823,100	\$ 4,770,288	\$ (52,812)
Payment in lieu of taxes	4,100	4,100	4,220	120
Trailer park taxes	5,500	5,500	4,789	(711)
Total Taxes	<u>4,756,600</u>	<u>4,832,700</u>	<u>4,779,297</u>	<u>(53,403)</u>
Licenses and Permits				
Marriage licenses	2,400	2,400	2,152	(248)
Building code licenses	550,000	450,000	494,897	44,897
Dog licenses	110,000	130,000	132,399	2,399
Unified court licenses	16,500	13,709	13,709	-
Other	20,042	20,042	16,787	(3,255)
Total Licenses and Permits	<u>698,942</u>	<u>616,151</u>	<u>659,944</u>	<u>43,793</u>
Intergovernmental				
Federal				
Co-op Reimbursement - Prosecutor	50,160	48,534	50,116	1,582
Civil defense	21,500	25,887	24,064	(1,823)
Friend of the court - medical enforcement	26,433	6,962	7,471	509
State				
Co-op Reimbursement - Prosecutor	25,840	27,466	25,817	(1,649)
Marine safety	13,500	13,500	12,131	(1,369)
SCAAP	1,000	1,000	738	(262)
Judges	236,577	236,577	238,957	2,380
Juvenile officer	27,500	27,500	27,317	(183)
State Payment Courts	335,052	340,000	324,920	(15,080)
Secondary Road Patrol	134,142	134,142	134,790	648
SSI Incentive	4,400	4,400	2,400	(2,000)
Liquor licenses	9,100	9,100	8,948	(152)
Hotel liquor tax	94,000	98,107	98,107	-
DSS Building Payment	56,000	52,000	51,696	(304)
Cigarette tax	36,000	33,000	36,422	3,422
Total Intergovernmental - Federal/State	<u>1,071,204</u>	<u>1,058,175</u>	<u>1,043,894</u>	<u>(14,281)</u>

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Charges for Services				
District Court costs	\$ 487,300	\$ 321,408	\$ 339,955	\$ 18,547
District Court - probation	318,500	209,324	219,394	10,070
County Clerk costs	87,800	100,300	109,737	9,437
Friend of the Court costs	15,000	18,000	20,875	2,875
Bond costs	8,500	3,200	3,236	36
District Court				
Screening assessment	48,500	26,526	29,874	3,348
Probate Court	56,000	54,000	58,186	4,186
Civil	147,500	112,902	137,181	24,279
Warrant fees	32,000	22,974	16,595	(6,379)
Friend of the Court	6,000	6,000	5,865	(135)
Child Care	11,500	12,000	12,175	175
Court	800	1,600	2,112	512
Searches and motion fees	250	250	246	(4)
Other	1,500	1,500	1,125	(375)
Circuit Court				
Court	-	-	450	450
Searches and motion fees	15,500	12,500	11,896	(604)
Jury, entry and forensic fees	17,000	20,000	20,791	791
Other	-	8,000	9,113	1,113
County Clerk				
DBA/Co-partnership	8,000	8,000	7,120	(880)
Certified	32,500	32,500	34,948	2,448
Copies	6,000	6,000	7,015	1,015
Other	15,875	13,875	15,923	2,048
Equalization	300	300	103	(197)
Register of Deeds				
Transfer	145,000	130,000	140,374	10,374
Recordings	280,000	255,000	240,754	(14,246)
Copies	54,000	54,000	54,657	657
Other	6,000	6,000	865	(5,135)
County Treasurer	87,000	87,500	93,955	6,455
Animal shelter	-	-	460	460
Sheriff	2,670	6,689	10,465	3,776
Jail	244,500	170,000	203,414	33,414
Other	11,100	36,651	10,514	(26,137)
Sales				
Sheriff				
Canteen	1,600	1,600	1,655	55
Auction	8,000	8,000	6,854	(1,146)
Other	11,800	14,300	16,210	1,910
Film	7,500	6,000	5,423	(577)
Total Charges for Services	<u>2,175,495</u>	<u>1,766,899</u>	<u>1,849,515</u>	<u>82,616</u>
Fines and Forfeits				
District Court				
Bond forfeitures	13,500	10,510	9,843	(667)
Ordinance fines and warrant fees	63,660	58,016	57,778	(238)
County Treasurer	15,000	15,000	11,200	(3,800)
Sheriff	-	-	25	25
Total Fines and Forfeits	<u>92,160</u>	<u>83,526</u>	<u>78,846</u>	<u>(4,680)</u>

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Interest and Rents				
Interest	\$ 110,000	\$ 145,000	\$ 137,657	\$ (7,343)
Rentals	265,814	315,643	94,899	(220,744)
Total Interest and Rent	<u>375,814</u>	<u>460,643</u>	<u>232,556</u>	<u>(228,087)</u>
Other Revenue				
Reimbursements and Refunds	<u>611,690</u>	<u>571,265</u>	<u>542,050</u>	<u>(29,215)</u>
TOTAL REVENUES	<u>9,781,905</u>	<u>9,389,359</u>	<u>9,186,102</u>	<u>(203,257)</u>
TRANSFERS IN				
Revolving Tax	600,000	726,120	726,120	-
Revenue sharing reserve fund	1,003,147	1,003,147	1,003,147	-
JAIB block grant	-	-	316	316
TOTAL TRANSFERS IN	<u>1,603,147</u>	<u>1,729,267</u>	<u>1,729,583</u>	<u>316</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 11,385,052</u>	<u>\$ 11,118,626</u>	<u>\$ 10,915,685</u>	<u>\$ (202,941)</u>

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
LEGISLATIVE				
Board of Commissioners				
Salaries and fringes	\$ 98,076	\$ 98,076	\$ 92,002	\$ (6,074)
Supplies, printing and postage	3,300	3,300	3,246	(54)
Memberships and subscription	10,000	10,000	10,772	772
Travel	4,000	8,000	6,056	(1,944)
Advertising	1,500	1,500	392	(1,108)
Telephone	500	1,600	1,508	(92)
Employee training	2,250	4,750	4,010	(740)
TOTAL LEGISLATIVE	119,626	127,226	117,986	(9,240)
JUDICIAL				
Circuit Court				
Salaries and fringes	-	790,563	762,909	(27,654)
Supplies, printing and postage	-	7,300	9,004	1,704
Contracted services	-	88,200	94,357	6,157
Court appointed counsel	-	290,000	284,164	(5,836)
Court appointed appeal of right	-	6,000	12,236	6,236
Guardianship service	-	1,100	2,421	1,321
Witness fees and travel	-	8,000	4,744	(3,256)
Steno transcript	-	5,000	12,395	7,395
Steno appeal transcript	-	12,500	8,583	(3,917)
Jury fees, meals and travel	-	47,000	40,027	(6,973)
Memberships and subscriptions	-	2,400	3,633	1,233
Visiting judge	-	5,000	6,662	1,662
Travel	-	4,300	3,998	(302)
Telephone	-	2,175	1,940	(235)
Advertising	-	300	158	(142)
Repairs and maintenance	-	4,400	2,419	(1,981)
Employee training	-	5,408	2,885	(2,523)
Books	-	1,000	1,059	59
Total Circuit Court	-	1,280,646	1,253,594	(27,052)
District Court				
Salaries and fringes	1,638,535	325,505	317,667	(7,838)
Supplies, printing and postage	36,700	18,914	18,257	(657)
Screening assessment	3,200	-	-	-
Contracted services	6,000	-	-	-
Court appointed counsel	363,000	72,700	70,588	(2,112)
Court appointed appeal of right	6,000	-	-	-
Gal attorney fees	83,000	-	-	-
Guardianship service	1,100	-	-	-

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
District Court - continued				
Steno transcript	\$ 9,500	\$ 1,100	\$ 652	\$ (448)
Steno appeal transcript	12,500	-	-	-
Jury fees, meals and travel	82,000	35,000	26,711	(8,289)
Witness fees and travel	8,000	4,000	2,727	(1,273)
Memberships and subscriptions	5,000	1,560	1,557	(3)
Visiting judge	10,000	6,700	6,719	19
Travel	5,000	2,000	415	(1,585)
Telephone	1,500	-	-	-
Advertising	1,000	-	-	-
Repairs and maintenance	3,500	2,457	721	(1,736)
Employee training	8,125	50	50	-
Books	3,000	2,750	2,784	34
Total District Court	2,286,660	472,736	448,848	(23,888)
Jury Commission				
Salaries and fringes	1,850	1,850	1,243	(607)
Supplies, printing and postage	2,700	2,700	2,396	(304)
Travel	300	300	225	(75)
Total Jury Commission	4,850	4,850	3,864	(986)
Magistrate				
Salaries and fringes	-	216,000	210,095	(5,905)
Supplies, printing and postage	-	6,368	6,079	(289)
Memberships and subscriptions	-	450	360	(90)
Travel	-	200	84	(116)
Repairs and maintenance	-	332	16	(316)
Employee training	-	650	650	-
Total Magistrate	-	224,000	217,284	(6,716)
Adult Probation				
Supplies, printing and postage	5,600	5,614	5,231	(383)
Utilities	4,000	4,000	4,427	427
Lease payments	9,500	10,000	9,956	(44)
Total Adult Probation	19,100	19,614	19,614	-

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
District Court Probation				
Salaries and fringes	\$ -	\$ 191,758	\$ 193,520	\$ 1,762
Supplies, printing and postage	-	5,200	3,654	(1,546)
Travel	-	175	92	(83)
Repairs and maintenance	-	100	-	(100)
Employee training	-	825	792	(33)
Total District Court Probation	-	198,058	198,058	-
Friend of the court - medical enforcement	26,433	6,962	6,961	(1)
TOTAL JUDICIAL	2,337,043	2,206,866	2,148,223	(58,643)
GENERAL GOVERNMENT				
Elections				
Salaries and fringes	1,200	1,200	649	(551)
Supplies, printing and postage	8,710	32,410	25,376	(7,034)
Employee training	-	50	28	(22)
Travel	90	340	320	(20)
Total Elections	10,000	34,000	26,373	(7,627)
Legal	40,000	50,000	33,220	(16,780)
County Clerk				
Salaries and fringes	333,151	333,151	307,188	(25,963)
Supplies, printing and postage	12,500	12,500	13,203	703
Contracted services	-	5,061	2,770	(2,291)
Memberships and subscription	550	550	646	96
Employee training	1,600	1,600	1,306	(294)
Travel	250	250	137	(113)
Total County Clerk	348,051	353,112	325,250	(27,862)
Controller				
Salaries and fringes	312,695	287,699	280,694	(7,005)
Supplies, printing and postage	3,450	3,450	2,464	(986)
Memberships and subscription	1,000	1,000	766	(234)
Health services	2,000	2,000	854	(1,146)
Travel	300	300	156	(144)
Employee training	2,000	2,000	684	(1,316)
Total Controller	321,445	296,449	285,618	(10,831)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Equalizations				
Salaries and fringes	\$ 172,996	\$ 172,996	\$ 168,301	\$ (4,695)
Supplies, printing and postage	1,100	1,100	757	(343)
Memberships and subscription	750	750	725	(25)
Travel	1,250	1,250	197	(1,053)
Employee training	400	400	-	(400)
Total Equalization	<u>176,496</u>	<u>176,496</u>	<u>169,980</u>	<u>(6,516)</u>
Prosecuting Attorney				
Salaries and fringes	420,075	406,857	377,023	(29,834)
Supplies, printing and postage	7,100	7,100	6,787	(313)
Contracted services	500	500	1,030	530
Steno transcript	1,500	1,500	302	(1,198)
Steno appeal transcript	500	500	193	(307)
Memberships and subscription	4,000	4,000	3,044	(956)
Travel	950	950	530	(420)
Employee training	1,300	1,300	2,941	1,641
Equipment rental	-	-	28	28
Books	6,000	6,000	4,947	(1,053)
Total Prosecuting Attorney	<u>441,925</u>	<u>428,707</u>	<u>396,825</u>	<u>(31,882)</u>
Cooperative reimbursement - Prosecutor				
Salaries and fringes	149,055	149,055	140,415	(8,640)
Supplies, printing and postage	1,900	1,900	1,283	(617)
Contracted services	1,000	1,000	590	(410)
Memberships and subscription	400	400	279	(121)
Telephone	650	650	1,251	601
Travel	450	450	-	(450)
Repairs and maintenance	100	100	-	(100)
Employee training	750	750	-	(750)
Total Cooperative Reimbursement - Prosecutor	<u>154,305</u>	<u>154,305</u>	<u>143,818</u>	<u>(10,487)</u>
Register of Deeds				
Salaries and fringes	233,203	233,203	219,869	(13,334)
Supplies, printing and postage	5,600	5,600	2,299	(3,301)
Memberships and subscription	600	600	501	(99)
Travel	1,200	1,200	1,329	129
Employee training	1,000	1,000	1,186	186
Total Register of Deeds	<u>241,603</u>	<u>241,603</u>	<u>225,184</u>	<u>(16,419)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Treasurer				
Salaries and fringes	\$ 283,067	\$ 283,067	\$ 264,145	\$ (18,922)
Supplies, printing and postage	40,000	40,000	39,065	(935)
Memberships and subscription	250	250	302	52
Travel	500	500	521	21
Employee training	1,000	1,000	1,161	161
Total Treasurer	<u>324,817</u>	<u>324,817</u>	<u>305,194</u>	<u>(19,623)</u>
Cooperative Extension				
Supplies, printing and postage	7,000	7,000	5,816	(1,184)
Contractual services	52,570	59,568	56,339	(3,229)
Memberships and subscription	180	530	557	27
Travel	4,000	6,500	6,278	(222)
Repairs and maintenance	1,230	1,230	709	(521)
Employee training	1,500	1,500	1,219	(281)
Books	100	500	170	(330)
Total Cooperative Extension	<u>66,580</u>	<u>76,828</u>	<u>71,088</u>	<u>(5,740)</u>
Computer Operations				
Salaries and fringes	125,587	125,587	122,786	(2,801)
Supplies, printing and postage	10,050	10,050	9,914	(136)
Microfilm contractual service	2,000	2,000	375	(1,625)
Memberships and subscription	280	280	48	(232)
Travel	280	280	-	(280)
Telephone	620	620	793	173
Employee training	470	470	366	(104)
Computer service contract	216,800	216,800	200,798	(16,002)
Computer repairs and maintenance	9,000	9,000	8,993	(7)
Computer contractual	4,800	4,800	3,922	(878)
Total Computer Operations	<u>369,887</u>	<u>369,887</u>	<u>347,995</u>	<u>(21,892)</u>
Building and Grounds				
Salaries and fringes	311,012	311,012	286,634	(24,378)
Supplies, printing and postage	12,200	12,200	9,406	(2,794)
Uniforms and accessories	2,700	2,700	2,792	92
Gas, oil and grease	5,000	5,000	9,041	4,041
Janitorial supplies	15,000	15,000	16,089	1,089
Telephone	67,800	67,800	69,536	1,736
Utilities	188,000	188,000	200,483	12,483
Repairs and maintenance	107,100	107,100	98,693	(8,407)
Grounds care and maintenance	5,600	5,600	8,260	2,660
Total Building and Grounds	<u>714,412</u>	<u>714,412</u>	<u>700,934</u>	<u>(13,478)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Drain Commission				
Salaries and fringes	\$ 154,112	\$ 154,112	\$ 146,708	\$ (7,404)
Supplies, printing and postage	7,200	7,200	6,237	(963)
Memberships and subscription	650	650	534	(116)
Travel	2,500	2,500	2,635	135
Employee training	1,500	1,500	1,240	(260)
Total Drain Commission	<u>165,962</u>	<u>165,962</u>	<u>157,354</u>	<u>(8,608)</u>
Livestock Claims				
Trustee fees	25	25	-	(25)
Dog damages	800	800	-	(800)
Total Livestock Claims	<u>825</u>	<u>825</u>	<u>-</u>	<u>(825)</u>
TOTAL GENERAL GOVERNMENT	<u>3,376,308</u>	<u>3,387,403</u>	<u>3,188,833</u>	<u>(198,570)</u>
PUBLIC SAFETY				
Courthouse Security				
Salaries and fringes	119,046	58,124	58,122	(2)
Supplies, printing and postage	600	-	-	-
Laundry - employees	500	193	193	-
Employee training	1,000	-	-	-
Total Courthouse Security	<u>121,146</u>	<u>58,317</u>	<u>58,315</u>	<u>(2)</u>
Sheriff's Department				
Salaries and fringes	1,367,388	1,390,482	1,362,028	(28,454)
Supplies, printing and postage	12,250	12,511	9,520	(2,991)
Food	75,000	75,000	66,590	(8,410)
Vehicle operating supplies	1,200	1,200	947	(253)
Kitchen supplies	1,000	1,000	486	(514)
Other supplies	500	500	461	(39)
Clothing and bedding	6,500	5,609	5,608	(1)
Uniforms and accessories	6,000	6,130	3,745	(2,385)
Gas, oil and grease	5,000	5,000	8,372	3,372
Drugs and prescriptions	14,000	14,000	27,548	13,548
Janitorial supplies	8,000	8,000	6,681	(1,319)
Contractual services	15,000	15,000	9,905	(5,095)
Memberships and subscription	1,300	1,300	1,424	124
Laundry - employees	5,500	5,620	5,386	(234)
Laundry - inmates	3,500	3,500	3,949	449
Health services	30,800	80,800	114,402	33,602
Telephone	35,000	32,641	24,911	(7,730)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Sheriff - Continued				
Travel	\$ 800	\$ 818	\$ 1,072	\$ 254
Advertising (help bids)	1,200	1,200	639	(561)
Insurance and bonds	7,200	7,357	5,331	(2,026)
Repairs and maintenance	5,600	5,600	2,599	(3,001)
Equipment rental	3,280	3,280	3,302	22
Employee training	5,000	5,109	6,115	1,006
	<u>1,611,018</u>	<u>1,681,657</u>	<u>1,671,021</u>	<u>(10,636)</u>
Total Sheriff's Department				
Liquor/Traffic Enforcement	-	5,060	5,060	-
Marine Safety				
Salaries and fringes	18,676	18,676	20,755	2,079
Supplies, printing and postage	250	250	56	(194)
Uniforms and accessories	600	400	262	(138)
Gas, oil and grease	1,400	1,400	1,557	157
Equipment maintenance and supplies	300	500	400	(100)
Insurance	2,200	2,200	1,897	(303)
Repairs and maintenance	1,300	1,300	88	(1,212)
Rentals	3,050	3,050	3,050	-
Employee training	500	500	-	(500)
Equipment	700	700	-	(700)
	<u>28,976</u>	<u>28,976</u>	<u>28,065</u>	<u>(911)</u>
Total Marine Safety				
Secondary Road Patrol				
Salaries and fringes	122,184	126,188	122,376	(3,812)
Uniforms and accessories	400	400	96	(304)
Gas, oil and grease	5,000	5,000	5,924	924
Laundry	450	450	561	111
Liability and blanket bond	5,579	1,575	1,575	-
Equipment	529	529	529	-
	<u>134,142</u>	<u>134,142</u>	<u>131,061</u>	<u>(3,081)</u>
Total Secondary Road Patrol				
Thumb Area Narcotics Group				
Salaries and fringes	21,343	27,379	27,379	-

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Planning Commission				
Salaries and fringes	\$ 1,300	\$ 1,300	\$ 1,594	\$ 294
Supplies, printing and postage	500	500	-	(500)
Travel	500	516	722	206
Total Planning Commission	2,300	2,316	2,316	-
Plat Board				
Salaries and fringes	776	776	271	(505)
Emergency Services				
Salaries and fringes	68,625	68,625	69,942	1,317
Supplies, printing and postage	2,550	2,550	2,076	(474)
Uniforms and accessories	400	400	397	(3)
Gas, oil and grease	1,100	1,100	1,124	24
Memberships and subscription	350	350	350	-
Telephone	1,300	1,300	1,197	(103)
Travel	400	400	259	(141)
Vehicle Insurance	3,000	3,000	1,142	(1,858)
Repairs and maintenance	2,500	2,500	2,317	(183)
Employee training	1,200	1,200	1,228	28
Total Emergency Services	81,425	81,425	80,032	(1,393)
Animal Shelter				
Contractual services	70,000	74,546	77,640	3,094
Supplies, printing and postage	300	300	890	590
Dog license and collection fees	4,000	4,000	316	(3,684)
Total Animal Shelter	74,300	78,846	78,846	-
TOTAL PUBLIC SAFETY	2,075,426	2,098,894	2,082,366	(16,528)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
PUBLIC WORKS				
Building Codes				
Salaries and fringes	\$ 5,100	\$ 5,100	\$ 5,068	\$ (32)
Contractual services	550,000	494,865	494,897	32
Total Building Codes	555,100	499,965	499,965	-
Department of Public Works	-	1,190	1,190	-
Drains at Large	561,270	561,270	561,270	-
TOTAL PUBLIC WORKS	1,116,370	1,062,425	1,062,425	-
HEALTH AND WELFARE				
Substance abuse	48,000	49,054	49,054	-
Medical Examiner				
Salaries and fringes	12,249	9,249	8,067	(1,182)
Supplies, printing and postage	2,000	2,000	2,000	-
Body Transport	1,700	2,985	2,375	(610)
Autopsies	17,000	17,000	17,929	929
Telephone	-	-	863	863
Contractual services	-	3,000	3,000	-
Total Medical Examiner	32,949	34,234	34,234	-
Veterans' Burial	18,000	21,185	21,185	-
Economic Development	25,500	25,500	25,500	-
Mental Health Appropriations	288,243	288,243	288,243	-
Environmental health	32,266	32,230	32,230	-
Cigarette tax	23,000	25,710	25,710	-
TOTAL HEALTH AND WELFARE	467,958	476,156	476,156	-
OTHER				
Insurance and bonds	115,000	173,000	175,078	2,078
Tax refunds and rebates	8,000	8,000	2,603	(5,397)
Appropriations	93,219	22,604	2,338	(20,266)
Audit	28,200	28,200	28,200	-
Accounting services	15,800	15,800	12,545	(3,255)
TOTAL OTHER	260,219	247,604	220,764	(26,840)
TOTAL EXPENDITURES	9,752,950	9,606,574	9,296,753	(309,821)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
TRANSFERS OUT				
Road Patrol	\$ -	\$ 2,750	\$ 2,750	\$ -
Friend of the Court	368,335	331,253	282,970	(48,283)
Health Department	282,183	282,183	282,183	-
Veterans Counsel	57,840	57,840	57,840	-
Equipment/Capital Improvement	325,000	275,891	275,891	-
State Survey Grant	4,000	4,000	4,000	-
Child Care - Family Independence Agency	109,500	129,645	129,645	-
JAIB Block Grant	744	744	-	(744)
Community corrections	-	3,624	3,624	-
Family Independence Agency	11,500	11,500	11,500	-
Probate Child Care	440,000	440,000	440,000	-
Soldiers' Relief	13,000	13,398	13,398	-
Worker's compensation	20,000	20,000	20,000	-
TOTAL TRANSFERS OUT	<u>1,632,102</u>	<u>1,572,828</u>	<u>1,523,801</u>	<u>(49,027)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 11,385,052</u>	<u>\$ 11,179,402</u>	<u>\$ 10,820,554</u>	<u>\$ (358,848)</u>

NONMAJOR GOVERNMENTAL FUNDS

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.

SPECIAL REVENUE FUNDS: (continued)

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

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

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

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

LETPP Homeland Security (261) Law Enforcement Terrorism Prevention Program seeks to provide law enforcement communities with enhanced capabilities for detecting, deterring, disrupting, and preventing acts of terrorism.

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

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

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

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

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

SPECIAL REVENUE FUNDS: (continued)

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

Community Corrections Services (264) State of Michigan, Department of Corrections grant program which allows an employee to oversee sentenced inmates of the county jail to work as part of their sentence. They provide community service to non-profit organizations. They also accept contributions that help pay for some expenses.

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

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

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

SHSP Homeland Security (260) State Homeland Security Program provides funds to enhance the capability of State and local units of government to prevent, deter, respond to, and recover from incidents of terrorism involving the use of chemical, biological, radiological, nuclear, and explosive weapons.

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

SPECIAL REVENUE FUNDS: (continued)

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

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

Probate Child Care (292) The 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.

SPECIAL REVENUE FUNDS: (continued)

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.

Hazard Mitigation Grant Program (262) The Hazard Mitigation Grant Program (HMGP) was created to assist states and local communities in implementing long-term mitigation measures following a Presidential disaster declaration.

**TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 747,888	\$ 745	\$ 145,396	\$ -	\$ 894,029
Investments	267,563	-	1,667,377	6,973	1,941,913
Taxes receivable	2,351,109	-	-	-	2,351,109
Taxes receivable - delinquent	22,643	-	-	-	22,643
Accounts receivable	175,904	-	895	-	176,799
Due from other funds	845,353	-	14,424	-	859,777
Due from State	516,191	-	-	-	516,191
Prepaid expenditures	65,812	-	-	-	65,812
TOTAL ASSETS	\$ 4,992,463	\$ 745	\$ 1,828,092	\$ 6,973	\$ 6,828,273
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 106,953	\$ -	\$ -	\$ -	\$ 106,953
Accrued liabilities	68,714	-	-	-	68,714
Due to other funds	526,359	-	14,424	-	540,783
Deposits payable	40,000	-	-	-	40,000
Deferred revenue	2,373,752	-	-	-	2,373,752
TOTAL LIABILITIES	3,115,778	-	14,424	-	3,130,202
FUND BALANCE					
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Reserved for construction	-	-	1,813,668	-	1,813,668
Reserved for debt retirement	-	745	-	-	745
Reserved for restricted contributions	16,012	-	-	-	16,012
Unreserved					
Undesignated	1,860,673	-	-	173	1,876,858
TOTAL FUND BALANCE	1,876,685	745	1,813,668	6,973	3,698,071
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 4,992,463</u>	<u>\$ 745</u>	<u>\$ 1,828,092</u>	<u>\$ 6,973</u>	<u>\$ 6,828,273</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 2,257,602	\$ -	\$ -	\$ -	\$ 2,257,602
Intergovernmental					
Federal	1,254,123	-	-	-	1,254,123
State	1,282,952	162,134	-	-	1,445,086
Local	269,586	-	-	-	269,586
Charges for services	1,167,878	-	-	-	1,167,878
Fines and forfeits	7,701	-	-	-	7,701
Interest and rent	26,225	1,335	38,813	211	66,584
Reimbursements and refunds	3,196	-	-	-	3,196
Other	103,929	-	-	-	103,929
TOTAL REVENUES	6,373,192	163,469	38,813	211	6,575,685
EXPENDITURES					
Current					
Judicial	1,067,387	-	-	-	1,067,387
General Government	1,487,643	-	-	-	1,487,643
Public Safety	2,583,407	-	-	-	2,583,407
Health and Welfare	1,586,682	-	-	-	1,586,682
Culture and recreation	2,389	-	-	91	2,480
Capital outlay	533,594	-	35,000	-	568,594
Debt service - principal	43,105	390,000	-	-	433,105
Debt service - interest	3,473	84,282	-	-	87,755
TOTAL EXPENDITURES	7,307,680	474,282	35,000	91	7,817,053
REVENUES OVER (UNDER) EXPENDITURES	(934,488)	(310,813)	3,813	120	(1,241,368)
OTHER FINANCING SOURCES (USES)					
Note proceeds	14,487	-	-	-	14,487
Transfer in	1,164,511	320,944	149,815	-	1,635,270
Transfer out	(279,848)	(149,815)	(42,145)	-	(471,808)
TOTAL OTHER FINANCING SOURCES (USES)	899,150	171,129	107,670	-	1,177,949
NET CHANGE IN FUND BALANCE	(35,338)	(139,684)	111,483	120	(63,419)
FUND BALANCE, BEGINNING OF YEAR	1,912,023	140,429	1,702,185	6,853	3,761,490
FUND BALANCE, END OF YEAR	\$ 1,876,685	\$ 745	\$ 1,813,668	\$ 6,973	\$ 3,698,071

**TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

ASSETS	Parks and Recreation	County Disaster	Local Government Police Contract
Cash and cash equivalents	\$ 2,322	\$ 2,692	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	7,949
Due from other funds	-	-	-
Due from State	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 2,322	\$ 2,692	\$ 7,949
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 128	\$ -	\$ 323
Accrued liabilities	-	-	1,996
Due to other funds	-	-	5,630
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	128	-	7,949
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	2,194	2,692	-
TOTAL FUND BALANCE	2,194	2,692	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,322	\$ 2,692	\$ 7,949

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Building Strong Families
\$ -	\$ 39,829	\$ 45,637	\$ -	\$ 75	\$ 3,050
-	-	24,918	-	17,565	-
-	-	-	-	186,127	-
-	-	71	-	538	-
34,974	-	100,003	6,978	10,447	-
-	-	-	-	170,482	-
136,466	-	-	-	-	1,837
-	-	-	-	-	-
<u>\$ 171,440</u>	<u>\$ 39,829</u>	<u>\$ 170,629</u>	<u>\$ 6,978</u>	<u>\$ 385,234</u>	<u>\$ 4,887</u>
\$ 5,486	\$ 215	\$ 2,767	\$ 328	\$ 3,543	\$ 67
12,174	-	19,683	1,604	2,416	-
64,444	-	-	5,046	2,257	-
-	-	-	-	-	-
-	-	71	-	186,665	-
<u>82,104</u>	<u>215</u>	<u>22,521</u>	<u>6,978</u>	<u>194,881</u>	<u>67</u>
-	-	-	-	-	-
<u>89,336</u>	<u>39,614</u>	<u>148,108</u>	<u>-</u>	<u>190,353</u>	<u>4,820</u>
<u>89,336</u>	<u>39,614</u>	<u>148,108</u>	<u>-</u>	<u>190,353</u>	<u>4,820</u>
<u>\$ 171,440</u>	<u>\$ 39,829</u>	<u>\$ 170,629</u>	<u>\$ 6,978</u>	<u>\$ 385,234</u>	<u>\$ 4,887</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

ASSETS	Victim Services	Millington Township Police Contract	LETP Homeland Security
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	15,553	-
Due from other funds	-	-	-
Due from State	12,344	-	72,933
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 12,344	\$ 15,553	\$ 72,933
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 284	\$ 119	\$ -
Accrued liabilities	-	4,194	-
Due to other funds	10,570	11,240	72,933
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	10,854	15,553	72,933
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	1,490	-	-
TOTAL FUND BALANCE	1,490	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 12,344	\$ 15,553	\$ 72,933

Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant	Criminal Forfeiture
\$ 150,274	\$ 3,643	\$ -	\$ -	\$ -	\$ -
92,728	-	-	-	-	-
792,292	-	-	-	-	-
6,727	-	-	-	-	-
-	-	-	-	-	-
-	195,463	-	-	-	-
-	-	-	53,093	8,869	-
-	-	-	-	-	-
<u>\$ 1,042,021</u>	<u>\$ 199,106</u>	<u>\$ -</u>	<u>\$ 53,093</u>	<u>\$ 8,869</u>	<u>\$ -</u>
\$ 605	\$ 8,029	\$ -	\$ -	\$ 68	\$ -
-	-	-	-	-	-
-	-	-	53,090	5,482	-
-	-	-	-	-	-
799,019	-	-	-	-	-
<u>799,624</u>	<u>8,029</u>	<u>-</u>	<u>53,090</u>	<u>5,550</u>	<u>-</u>
-	-	-	-	-	-
242,397	191,077	-	3	3,319	-
<u>242,397</u>	<u>191,077</u>	<u>-</u>	<u>3</u>	<u>3,319</u>	<u>-</u>
\$ 1,042,021	\$ 199,106	\$ -	\$ 53,093	\$ 8,869	\$ -

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

ASSETS	Community Corrections Services	Drug Enforcement	Law Library	LEADERS
Cash and cash equivalents	\$ -	\$ 15,652	\$ 10,540	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	3,624	-	-	-
Due from State	7,930	-	-	-
Prepaid expenditures	-	-	-	-
TOTAL ASSETS	\$ 11,554	\$ 15,652	\$ 10,540	\$ -
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 39	\$ -	\$ 406	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	11,515	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	11,554	-	406	-
FUND BALANCE				
Reserved for restricted contributions	-	-	-	-
Unreserved				
Undesignated	-	15,652	10,134	-
TOTAL FUND BALANCE	-	15,652	10,134	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,554	\$ 15,652	\$ 10,540	\$ -

State Homeland Security	Computer Tech Grant Phase II	Michigan Justice Training	Child Care D.H.S	JAIB Block Grant	Department of Human Services
\$ -	\$ 8,653	\$ 12,924	\$ -	\$ 316	\$ 92,499
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	43,088	-	-
135,624	-	-	-	-	13,285
65,812	-	-	-	-	-
<u>\$ 201,436</u>	<u>\$ 8,653</u>	<u>\$ 12,924</u>	<u>\$ 43,088</u>	<u>\$ 316</u>	<u>\$ 105,784</u>
\$ 15,856	\$ -	\$ -	\$ -	\$ 172	\$ 847
-	-	-	-	-	-
185,580	-	-	43,087	144	-
-	-	-	-	-	40,000
-	-	-	-	-	-
<u>201,436</u>	<u>-</u>	<u>-</u>	<u>43,087</u>	<u>316</u>	<u>40,847</u>
-	-	-	-	-	16,012
-	8,653	12,924	1	-	48,925
-	8,653	12,924	1	-	64,937
<u>\$ 201,436</u>	<u>\$ 8,653</u>	<u>\$ 12,924</u>	<u>\$ 43,088</u>	<u>\$ 316</u>	<u>\$ 105,784</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

ASSETS	Probate Child Care	Soldiers' Relief	Veterans' Trust
Cash and cash equivalents	\$ 147,246	\$ -	\$ 41
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	398	-
Due from State	61,810	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 209,056	\$ 398	\$ 41
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 29,681	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	42,943	398	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	72,624	398	-
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	136,432	-	41
TOTAL FUND BALANCE	136,432	-	41
TOTAL LIABILITIES AND FUND BALANCE	\$ 209,056	\$ 398	\$ 41

Voted Senior Citizens	Building and Site	Employee Vacation and Sick Time	Register of Deeds Automation	Road Patrol
\$ 68,600	\$ -	\$ 103	\$ 54,906	\$ 61,839
33,905	-	-	3,676	94,771
249,546	-	-	-	1,123,144
2,613	-	-	-	12,694
-	-	-	-	-
-	-	432,298	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 354,664</u>	<u>\$ -</u>	<u>\$ 432,401</u>	<u>\$ 58,582</u>	<u>\$ 1,292,448</u>
\$ 16,596	\$ -	\$ -	\$ 14,727	\$ 6,667
-	-	-	-	26,647
-	-	-	-	-
-	-	-	-	-
252,159	-	-	-	1,135,838
<u>268,755</u>	<u>-</u>	<u>-</u>	<u>14,727</u>	<u>1,169,152</u>
-	-	-	-	-
85,909	-	432,401	43,855	123,296
<u>85,909</u>	<u>-</u>	<u>432,401</u>	<u>43,855</u>	<u>123,296</u>
<u>\$ 354,664</u>	<u>\$ -</u>	<u>\$ 432,401</u>	<u>\$ 58,582</u>	<u>\$ 1,292,448</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

ASSETS	Local Correction Officer's Training	Hazard Mitigation Grant Program	Totals
Cash and cash equivalents	\$ 27,047	\$ -	\$ 747,888
Investments	-	-	267,563
Taxes receivable	-	-	2,351,109
Taxes receivable - delinquent	-	-	22,643
Accounts receivable	-	-	175,904
Due from other funds	-	-	845,353
Due from State	-	12,000	516,191
Prepaid expenditures	-	-	65,812
TOTAL ASSETS	\$ 27,047	\$ 12,000	\$ 4,992,463
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 106,953
Accrued liabilities	-	-	68,714
Due to other funds	-	12,000	526,359
Deposits payable	-	-	40,000
Deferred revenue	-	-	2,373,752
TOTAL LIABILITIES	-	12,000	3,115,778
FUND BALANCE			
Reserved for restricted contributions	-	-	16,012
Unreserved			
Undesignated	27,047	-	1,860,673
TOTAL FUND BALANCE	27,047	-	1,876,685
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,047	\$ 12,000	\$ 4,992,463

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Parks and Recreation	County Disaster	Local Government Police Contract
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	67,710
Charges for services	189	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	189	-	67,710
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	67,710
Health and Welfare	-	-	-
Culture and recreation	2,389	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	2,389	-	67,710
REVENUES OVER (UNDER) EXPENDITURES	(2,200)	-	-
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(2,200)	-	-
FUND BALANCE, BEGINNING OF YEAR	4,394	2,692	-
FUND BALANCE, END OF YEAR	\$ 2,194	\$ 2,692	\$ -

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Building Strong Families
\$ -	\$ -	\$ -	\$ -	\$ 178,429	\$ -
547,828	-	-	-	-	23,429
197,802	-	139,321	-	-	-
-	-	-	66,470	-	-
73,817	5,985	936,531	-	72,587	-
-	-	-	-	-	-
-	-	2,695	-	3,107	-
-	2,393	-	-	-	-
8,236	-	26,992	-	899	-
827,683	8,378	1,105,539	66,470	255,022	23,429
1,054,971	8,477	-	-	-	-
-	-	-	-	176,203	-
-	-	948,437	66,470	-	-
-	-	-	-	-	23,470
-	-	-	-	-	-
22,437	-	55,061	-	5,025	-
-	-	-	-	-	-
-	-	-	-	-	-
1,077,408	8,477	1,003,498	66,470	181,228	23,470
(249,725)	(99)	102,041	-	73,794	(41)
14,487	-	-	-	-	-
282,970	-	-	-	-	-
-	-	(278,799)	-	-	-
297,457	-	(278,799)	-	-	-
47,732	(99)	(176,758)	-	73,794	(41)
41,604	39,713	324,866	-	116,559	4,861
\$ 89,336	\$ 39,614	\$ 148,108	\$ -	\$ 190,353	\$ 4,820

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Victim Services	Millington Township Police Contract	LETTP Homeland Security
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	72,933
State	53,621	-	-
Local	-	132,786	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	53,621	132,786	72,933
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	53,722	132,786	-
Health and Welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	72,933
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	53,722	132,786	72,933
REVENUES OVER (UNDER) EXPENDITURES	(101)	-	-
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(101)	-	-
FUND BALANCE, BEGINNING OF YEAR	1,591	-	-
FUND BALANCE, END OF YEAR	\$ 1,490	\$ -	\$ -

Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant	State Survey Grant	Victim of Crime Act Grant	Criminal Forfeiture
\$ 761,115	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	342,110	-	54,037	-
-	47,150	-	122,814	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,568	-	-	-	-	-
260	-	-	-	-	-
-	-	-	-	62	-
769,943	47,150	342,110	122,814	54,099	-
-	-	-	-	-	-
706,476	-	342,110	144,946	-	-
-	-	-	-	54,413	-
-	-	-	-	-	-
96,208	248,529	-	360	-	-
-	-	-	-	-	-
-	-	-	-	-	-
802,684	248,529	342,110	145,306	54,413	-
(32,741)	(201,379)	-	(22,492)	(314)	-
-	-	-	-	-	-
-	275,891	-	4,000	-	-
-	-	-	-	-	(733)
-	275,891	-	4,000	-	(733)
(32,741)	74,512	-	(18,492)	(314)	(733)
275,138	116,565	-	18,495	3,633	733
\$ 242,397	\$ 191,077	\$ -	\$ 3	\$ 3,319	\$ -

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Community Corrections Services	Drug Enforcement	Law Library
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	44,923	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	1,201	6,500
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	44,923	1,201	6,500
EXPENDITURES			
Current			
Judicial	-	-	3,939
General Government	-	-	-
Public Safety	50,701	17	-
Health and Welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	50,701	17	3,939
REVENUES OVER (UNDER) EXPENDITURES	(5,778)	1,184	2,561
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfer in	3,624	733	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,624	733	-
NET CHANGE IN FUND BALANCE	(2,154)	1,917	2,561
FUND BALANCE, BEGINNING OF YEAR	2,154	13,735	7,573
FUND BALANCE, END OF YEAR	\$ -	\$ 15,652	\$ 10,134

LEADERS	State Homeland Security	Computer Tech Grant Phase II	Michigan Justice Training	Child Care D.H.S.	JAIB Block Grant	Department of Human Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	201,786	-	-	-	-	-
-	-	-	6,968	144,269	-	241,645
-	-	2,620	-	-	-	-
-	-	-	-	26,821	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
56	-	-	-	-	-	-
56	201,786	2,620	6,968	171,090	-	241,645
-	-	-	-	-	-	-
-	-	-	-	-	-	-
54,736	201,786	-	5,600	-	60	-
-	-	-	-	315,308	-	259,704
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
54,736	201,786	-	5,600	315,308	60	259,704
(54,680)	-	2,620	1,368	(144,218)	(60)	(18,059)
-	-	-	-	-	-	-
-	-	-	-	129,645	-	11,500
-	-	-	-	-	(316)	-
-	-	-	-	129,645	(316)	11,500
(54,680)	-	2,620	1,368	(14,573)	(376)	(6,559)
54,680	-	6,033	11,556	14,574	376	71,496
\$ -	\$ -	\$ 8,653	\$ 12,924	\$ 1	\$ -	\$ 64,937

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Probate Child Care	Soldiers' Relief	Veterans' Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	269,043	-	15,396
Local	-	-	-
Charges for services	35,554	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	543	-	-
Other	-	420	-
TOTAL REVENUES	305,140	420	15,396
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	676,915	13,881	16,707
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	676,915	13,881	16,707
REVENUES OVER (UNDER) EXPENDITURES	(371,775)	(13,461)	(1,311)
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfer in	440,000	13,398	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	440,000	13,398	-
NET CHANGE IN FUND BALANCE	68,225	(63)	(1,311)
FUND BALANCE, BEGINNING OF YEAR	68,207	63	1,352
FUND BALANCE, END OF YEAR	\$ 136,432	\$ -	\$ 41

Voted Senior Citizens	Building and Site	Employee Vacation and Sick Time	Register of Deeds Automation	Road Patrol
\$ 239,609	\$ -	\$ -	\$ -	\$ 1,078,449
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,213	-	-	864	7,778
-	-	-	-	-
-	-	-	65,705	1,559
242,822	-	-	66,569	1,087,786
-	-	-	-	-
-	-	46,975	70,933	-
-	-	-	-	930,300
280,697	-	-	-	-
-	-	-	-	-
-	-	-	22,058	10,983
-	-	-	-	43,105
-	-	-	-	3,473
280,697	-	46,975	92,991	987,861
(37,875)	-	(46,975)	(26,422)	99,925
-	-	-	-	-
-	-	-	-	2,750
-	-	-	-	-
-	-	-	-	2,750
(37,875)	-	(46,975)	(26,422)	102,675
123,784	-	479,376	70,277	20,621
\$ 85,909	\$ -	\$ 432,401	\$ 43,855	\$ 123,296

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Local Correction Officer's Training	Hazard Mitigation Grant Program	Totals
REVENUES			
Taxes	\$ -	\$ -	\$ 2,257,602
Intergovernmental			
Federal	-	12,000	1,254,123
State	-	-	1,282,952
Local	-	-	269,586
Charges for services	16,394	-	1,167,878
Fines and forfeits	-	-	7,701
Interest and rent	-	-	26,225
Reimbursements and refunds	-	-	3,196
Other	-	-	103,929
TOTAL REVENUES	16,394	12,000	6,373,192
EXPENDITURES			
Current			
Judicial	-	-	1,067,387
General Government	-	-	1,487,643
Public Safety	4,669	12,000	2,583,407
Health and Welfare	-	-	1,586,682
Culture and recreation	-	-	2,389
Capital outlay	-	-	533,594
Debt service - principal	-	-	43,105
Debt service - interest	-	-	3,473
TOTAL EXPENDITURES	4,669	12,000	7,307,680
REVENUES OVER (UNDER) EXPENDITURES	11,725	-	(934,488)
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	14,487
Transfer in	-	-	1,164,511
Transfer out	-	-	(279,848)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	899,150
NET CHANGE IN FUND BALANCE	11,725	-	(35,338)
FUND BALANCE, BEGINNING OF YEAR	15,322	-	1,912,023
FUND BALANCE, END OF YEAR	\$ 27,047	\$ -	\$ 1,876,685

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Parks and Recreation			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	200	200	189	(11)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	200	200	189	(11)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	1,800	2,389	2,389	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	1,800	2,389	2,389	-
REVENUES OVER (UNDER) EXPENDITURES	(1,600)	(2,189)	(2,200)	(11)
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,600)	(2,189)	(2,200)	(11)
FUND BALANCE, BEGINNING OF YEAR	4,394	4,394	4,394	-
FUND BALANCE, END OF YEAR	\$ 2,794	\$ 2,205	\$ 2,194	\$ (11)

County Disaster				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	69,055	69,055	67,710	(1,345)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,055	69,055	67,710	(1,345)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,055	69,055	67,710	(1,345)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,692	2,692	2,692	-	-	-	-	-
\$ 2,692	\$ 2,692	\$ 2,692	\$ -	\$ -	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	Friend of the Court Act 294				Original Budget
	Original Budget	Amended Budget	Actual	Over (Under) Budget	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	658,650	693,796	547,828	(145,968)	-
State	64,211	250	197,802	197,552	-
Local	-	-	-	-	-
Charges for services	52,500	66,858	73,817	6,959	6,500
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	3,000
Other	7,750	7,750	8,236	486	-
TOTAL REVENUES	<u>783,111</u>	<u>768,654</u>	<u>827,683</u>	<u>59,029</u>	<u>9,500</u>
EXPENDITURES					
Current					
Judicial	1,142,846	1,112,911	1,054,971	(57,940)	10,938
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	8,600	8,600	22,437	13,837	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,151,446</u>	<u>1,121,511</u>	<u>1,077,408</u>	<u>(44,103)</u>	<u>10,938</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(368,335)</u>	<u>(352,857)</u>	<u>(249,725)</u>	<u>103,132</u>	<u>(1,438)</u>
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	14,487	14,487	-
Transfer in	368,335	331,253	282,970	(48,283)	-
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>368,335</u>	<u>331,253</u>	<u>297,457</u>	<u>(33,796)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(21,604)	47,732	69,336	(1,438)
FUND BALANCE, BEGINNING OF YEAR	<u>41,604</u>	<u>41,604</u>	<u>41,604</u>	<u>-</u>	<u>39,713</u>
FUND BALANCE, END OF YEAR	<u>\$ 41,604</u>	<u>\$ 20,000</u>	<u>\$ 89,336</u>	<u>\$ 69,336</u>	<u>\$ 38,275</u>

Family Counseling			Dispatch/911			
Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	121,103	121,103	139,321	18,218
-	-	-	-	-	-	-
6,500	5,985	(515)	1,034,400	1,034,400	936,531	(97,869)
-	-	-	-	-	-	-
-	-	-	2,500	2,500	2,695	195
3,000	2,393	(607)	-	-	-	-
-	-	-	23,900	23,900	26,992	3,092
<u>9,500</u>	<u>8,378</u>	<u>(1,122)</u>	<u>1,181,903</u>	<u>1,181,903</u>	<u>1,105,539</u>	<u>(76,364)</u>
10,938	8,477	(2,461)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	987,104	1,002,104	948,437	(53,667)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	200,000	185,000	55,061	(129,939)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,938</u>	<u>8,477</u>	<u>(2,461)</u>	<u>1,187,104</u>	<u>1,187,104</u>	<u>1,003,498</u>	<u>(183,606)</u>
<u>(1,438)</u>	<u>(99)</u>	<u>1,339</u>	<u>(5,201)</u>	<u>(5,201)</u>	<u>102,041</u>	<u>107,242</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(237,522)	(278,800)	(278,799)	1
-	-	-	(237,522)	(278,800)	(278,799)	1
(1,438)	(99)	1,339	(242,723)	(284,001)	(176,758)	107,243
39,713	39,713	-	324,866	324,866	324,866	-
<u>\$ 38,275</u>	<u>\$ 39,614</u>	<u>\$ 1,339</u>	<u>\$ 82,143</u>	<u>\$ 40,865</u>	<u>\$ 148,108</u>	<u>\$ 107,243</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, 2005

	Vassar Township Police Contract			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	71,088	71,088	66,470	(4,618)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	71,088	71,088	66,470	(4,618)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	71,088	71,088	66,470	(4,618)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	71,088	71,088	66,470	(4,618)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

Recycling				Building Strong Families			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 178,500	\$ 178,500	\$ 178,429	\$ (71)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	25,000	25,000	23,429	(1,571)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,600	44,600	72,587	27,987	-	-	-	-
-	-	-	-	-	-	-	-
1,000	1,000	3,107	2,107	-	-	-	-
-	-	-	-	-	-	-	-
1,000	1,000	899	(101)	-	-	-	-
<u>225,100</u>	<u>225,100</u>	<u>255,022</u>	<u>29,922</u>	<u>25,000</u>	<u>25,000</u>	<u>23,429</u>	<u>(1,571)</u>
-	-	-	-	-	-	-	-
175,579	180,679	176,203	(4,476)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	23,470	(1,530)
-	-	-	-	-	-	-	-
27,200	24,100	5,025	(19,075)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>202,779</u>	<u>204,779</u>	<u>181,228</u>	<u>(23,551)</u>	<u>25,000</u>	<u>25,000</u>	<u>23,470</u>	<u>(1,530)</u>
<u>22,321</u>	<u>20,321</u>	<u>73,794</u>	<u>53,473</u>	<u>-</u>	<u>-</u>	<u>(41)</u>	<u>(41)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>22,321</u>	<u>20,321</u>	<u>73,794</u>	<u>53,473</u>	<u>-</u>	<u>-</u>	<u>(41)</u>	<u>(41)</u>
<u>116,559</u>	<u>116,559</u>	<u>116,559</u>	<u>-</u>	<u>4,861</u>	<u>4,861</u>	<u>4,861</u>	<u>-</u>
<u>\$ 138,880</u>	<u>\$ 136,880</u>	<u>\$ 190,353</u>	<u>\$ 53,473</u>	<u>\$ 4,861</u>	<u>\$ 4,861</u>	<u>\$ 4,820</u>	<u>\$ (41)</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, 2005

	Victim Services				Original Budget
	Original Budget	Amended Budget	Actual	Over (Under) Budget	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	52,100	53,723	53,621	(102)	-
Local	-	-	-	-	140,097
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	<u>52,100</u>	<u>53,723</u>	<u>53,621</u>	<u>(102)</u>	<u>140,097</u>
EXPENDITURES					
Current					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	52,100	53,723	53,722	(1)	140,097
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>52,100</u>	<u>53,723</u>	<u>53,722</u>	<u>(1)</u>	<u>140,097</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(101)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(101)	(101)	-
FUND BALANCE, BEGINNING OF YEAR	<u>1,591</u>	<u>1,591</u>	<u>1,591</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,591</u>	<u>\$ 1,591</u>	<u>\$ 1,490</u>	<u>\$ (101)</u>	<u>\$ -</u>

Millington Township Police Contract			LETTP Homeland Security			
Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	93,261	93,261	72,933	(20,328)
-	-	-	-	-	-	-
140,097	132,786	(7,311)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>140,097</u>	<u>132,786</u>	<u>(7,311)</u>	<u>93,261</u>	<u>93,261</u>	<u>72,933</u>	<u>(20,328)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
140,097	132,786	(7,311)	93,261	-	-	-
-	-	-	-	-	-	-
-	-	-	-	93,261	72,933	(20,328)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>140,097</u>	<u>132,786</u>	<u>(7,311)</u>	<u>93,261</u>	<u>93,261</u>	<u>72,933</u>	<u>(20,328)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2005

	Voted Mosquito			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ 759,500	\$ 759,500	\$ 761,115	\$ 1,615
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	4,000	4,000	8,568	4,568
Reimbursements and refunds	-	-	260	260
Other	-	-	-	-
TOTAL REVENUES	763,500	763,500	769,943	6,443
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	688,082	735,317	706,476	(28,841)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	109,064	96,208	(12,856)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	688,082	844,381	802,684	(41,697)
REVENUES OVER (UNDER) EXPENDITURES	75,418	(80,881)	(32,741)	48,140
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	75,418	(80,881)	(32,741)	48,140
FUND BALANCE, BEGINNING OF YEAR	275,138	275,138	275,138	-
FUND BALANCE, END OF YEAR	\$ 350,556	\$ 194,257	\$ 242,397	\$ 48,140

Equipment and Capital Improvement				CDBG Housing Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	344,448	344,448	342,110	(2,338)
-	25,000	47,150	22,150	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	25,000	47,150	22,150	344,448	344,448	342,110	(2,338)
-	-	-	-	-	-	-	-
-	-	-	-	344,448	344,448	342,110	(2,338)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
344,300	334,891	248,529	(86,362)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
344,300	334,891	248,529	(86,362)	344,448	344,448	342,110	(2,338)
(344,300)	(309,891)	(201,379)	108,512	-	-	-	-
-	-	-	-	-	-	-	-
325,000	452,662	275,891	(176,771)	-	-	-	-
-	-	-	-	-	-	-	-
325,000	452,662	275,891	(176,771)	-	-	-	-
(19,300)	142,771	74,512	(68,259)	-	-	-	-
116,565	116,565	116,565	-	-	-	-	-
\$ 97,265	\$ 259,336	\$ 191,077	\$ (68,259)	\$ -	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	State Survey Grant			Over (Under) Budget	Original Budget
	Original Budget	Amended Budget	Actual		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	54,520
State	88,489	145,697	122,814	(22,883)	350
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	88,489	145,697	122,814	(22,883)	54,870
EXPENDITURES					
Current					
Judicial	-	-	-	-	-
General Government	92,219	149,697	144,946	(4,751)	-
Public Safety	-	-	-	-	55,544
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	360	360	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
TOTAL EXPENDITURES	92,219	149,697	145,306	(4,391)	55,544
REVENUES OVER (UNDER) EXPENDITURES	(3,730)	(4,000)	(22,492)	(18,492)	(674)
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfer in	3,730	4,000	4,000	-	-
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,730	4,000	4,000	-	-
NET CHANGE IN FUND BALANCE	-	-	(18,492)	(18,492)	(674)
FUND BALANCE, BEGINNING OF YEAR	18,495	18,495	18,495	-	3,633
FUND BALANCE, END OF YEAR	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 3</u>	<u>\$ (18,492)</u>	<u>\$ 2,959</u>

Victim of Crime Act Grant			Criminal Forfeiture			
Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,520	54,037	(483)	-	-	-	-
350	-	(350)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	62	62	158	158	-	(158)
54,870	54,099	(771)	158	158	-	(158)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
55,544	54,413	(1,131)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
55,544	54,413	(1,131)	-	-	-	-
(674)	(314)	360	158	158	-	(158)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(734)	(733)	1
-	-	-	-	(734)	(733)	1
(674)	(314)	360	158	(576)	(733)	(157)
3,633	3,633	-	733	733	733	-
\$ 2,959	\$ 3,319	\$ 360	\$ 891	\$ 157	\$ -	\$ (157)

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	Community Corrections Services			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	48,674	48,674	44,923	(3,751)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>48,674</u>	<u>48,674</u>	<u>44,923</u>	<u>(3,751)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	50,617	50,701	50,701	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>50,617</u>	<u>50,701</u>	<u>50,701</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,943)</u>	<u>(2,027)</u>	<u>(5,778)</u>	<u>(3,751)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	3,624	3,624	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,624</u>	<u>3,624</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,943)	1,597	(2,154)	(3,751)
FUND BALANCE, BEGINNING OF YEAR	<u>2,154</u>	<u>2,154</u>	<u>2,154</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 211</u>	<u>\$ 3,751</u>	<u>\$ -</u>	<u>\$ (3,751)</u>

Drug Enforcement				Law Library			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,201	1,201	6,500	6,500	6,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,201	1,201	6,500	6,500	6,500	-
-	-	-	-	6,500	6,500	3,939	(2,561)
-	-	-	-	-	-	-	-
450	450	17	(433)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
450	450	17	(433)	6,500	6,500	3,939	(2,561)
(450)	(450)	1,184	1,634	-	-	2,561	2,561
-	-	-	-	-	-	-	-
-	-	733	733	-	-	-	-
-	-	-	-	-	-	-	-
-	-	733	733	-	-	-	-
(450)	(450)	1,917	2,367	-	-	2,561	2,561
13,735	13,735	13,735	-	7,573	7,573	7,573	-
\$ 13,285	\$ 13,285	\$ 15,652	\$ 2,367	\$ 7,573	\$ 7,573	\$ 10,134	\$ 2,561

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	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	-	56	56	-
TOTAL REVENUES	-	56	56	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	45,074	54,736	54,736	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	45,074	54,736	54,736	-
REVENUES OVER (UNDER) EXPENDITURES	(45,074)	(54,680)	(54,680)	-
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(45,074)	(54,680)	(54,680)	-
FUND BALANCE, BEGINNING OF YEAR	54,680	54,680	54,680	-
FUND BALANCE, END OF YEAR	\$ 9,606	\$ -	\$ -	\$ -

State Homeland Security				Computer Tech Grant Phase II			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
305,949	305,949	201,786	(104,163)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,620	2,620
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
305,949	305,949	201,786	(104,163)	-	-	2,620	2,620
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
305,949	305,949	201,786	(104,163)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
305,949	305,949	201,786	(104,163)	-	-	-	-
-	-	-	-	-	-	2,620	2,620
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,620	2,620
-	-	-	-	6,033	6,033	6,033	-
\$ -	\$ -	\$ -	\$ -	\$ 6,033	\$ 6,033	\$ 8,653	\$ 2,620

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	Michigan Justice Training				Original Budget
	Original Budget	Amended Budget	Actual	Over (Under) Budget	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	6,200	6,200	6,968	768	127,500
Local	-	-	-	-	-
Charges for services	-	-	-	-	20,000
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	6,200	6,200	6,968	768	147,500
EXPENDITURES					
Current					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	5,000	5,600	5,600	-	-
Health and Welfare	-	-	-	-	257,000
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
TOTAL EXPENDITURES	5,000	5,600	5,600	-	257,000
REVENUES OVER (UNDER) EXPENDITURES	1,200	600	1,368	768	(109,500)
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfer in	-	-	-	-	109,500
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	109,500
NET CHANGE IN FUND BALANCE	1,200	600	1,368	768	-
FUND BALANCE, BEGINNING OF YEAR	11,556	11,556	11,556	-	14,574
FUND BALANCE, END OF YEAR	<u>\$ 12,756</u>	<u>\$ 12,156</u>	<u>\$ 12,924</u>	<u>\$ 768</u>	<u>\$ 14,574</u>

Child Care D.H.S.			JAIB Block Grant			
Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	11,693	11,693	-	(11,693)
127,500	144,269	16,769	-	-	-	-
-	-	-	-	-	-	-
20,000	26,821	6,821	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
147,500	171,090	23,590	11,693	11,693	-	(11,693)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	12,437	12,437	60	(12,377)
315,308	315,308	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
315,308	315,308	-	12,437	12,437	60	(12,377)
(167,808)	(144,218)	23,590	(744)	(744)	(60)	684
-	-	-	-	-	-	-
109,500	129,645	20,145	744	744	-	(744)
-	-	-	-	-	(316)	(316)
109,500	129,645	20,145	744	744	(316)	(1,060)
(58,308)	(14,573)	43,735	-	-	(376)	(376)
14,574	14,574	-	376	376	376	-
\$ (43,734)	\$ 1	\$ 43,735	\$ 376	\$ 376	\$ -	\$ (376)

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	Department of Human Services			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	309,000	309,000	241,645	(67,355)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	309,000	309,000	241,645	(67,355)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	320,500	320,500	259,704	(60,796)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	320,500	320,500	259,704	(60,796)
REVENUES OVER (UNDER) EXPENDITURES	(11,500)	(11,500)	(18,059)	(6,559)
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	11,500	11,500	11,500	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,500	11,500	11,500	-
NET CHANGE IN FUND BALANCE	-	-	(6,559)	(6,559)
FUND BALANCE, BEGINNING OF YEAR	71,496	71,496	71,496	-
FUND BALANCE, END OF YEAR	\$ 71,496	\$ 71,496	\$ 64,937	\$ (6,559)

Probate Child Care				Soldiers' Relief			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
315,500	315,500	269,043	(46,457)	-	-	-	-
-	-	-	-	-	-	-	-
40,000	40,000	35,554	(4,446)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	543	543	-	-	-	-
-	-	-	-	-	-	420	420
<u>355,500</u>	<u>355,500</u>	<u>305,140</u>	<u>(50,360)</u>	<u>-</u>	<u>-</u>	<u>420</u>	<u>420</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
795,500	795,500	676,915	(118,585)	13,000	13,881	13,881	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>795,500</u>	<u>795,500</u>	<u>676,915</u>	<u>(118,585)</u>	<u>13,000</u>	<u>13,881</u>	<u>13,881</u>	<u>-</u>
<u>(440,000)</u>	<u>(440,000)</u>	<u>(371,775)</u>	<u>68,225</u>	<u>(13,000)</u>	<u>(13,881)</u>	<u>(13,461)</u>	<u>420</u>
-	-	-	-	-	-	-	-
440,000	440,000	440,000	-	13,000	13,000	13,398	398
-	-	-	-	-	-	-	-
<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>13,398</u>	<u>398</u>
-	-	68,225	68,225	-	(881)	(63)	818
<u>68,207</u>	<u>68,207</u>	<u>68,207</u>	<u>-</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>-</u>
<u>\$ 68,207</u>	<u>\$ 68,207</u>	<u>\$ 136,432</u>	<u>\$ 68,225</u>	<u>\$ 63</u>	<u>\$ (818)</u>	<u>\$ -</u>	<u>\$ 818</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, 2005

	Veterans Trust			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	17,000	17,000	15,396	(1,604)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>17,000</u>	<u>17,000</u>	<u>15,396</u>	<u>(1,604)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	17,000	17,000	16,707	(293)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>17,000</u>	<u>17,000</u>	<u>16,707</u>	<u>(293)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,311)</u>	<u>(1,311)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(1,311)	(1,311)
FUND BALANCE, BEGINNING OF YEAR	<u>1,352</u>	<u>1,352</u>	<u>1,352</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,352</u>	<u>\$ 1,352</u>	<u>\$ 41</u>	<u>\$ (1,311)</u>

Voted Senior Citizens				Building and Site			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 240,332	\$ 240,332	\$ 239,609	\$ (723)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,500	2,500	3,213	713	276,268	276,268	-	(276,268)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>242,832</u>	<u>242,832</u>	<u>242,822</u>	<u>(10)</u>	<u>276,268</u>	<u>276,268</u>	<u>-</u>	<u>(276,268)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
218,233	280,697	280,697	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	163,303	163,303	-	(163,303)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>218,233</u>	<u>280,697</u>	<u>280,697</u>	<u>-</u>	<u>163,303</u>	<u>163,303</u>	<u>-</u>	<u>(163,303)</u>
<u>24,599</u>	<u>(37,865)</u>	<u>(37,875)</u>	<u>(10)</u>	<u>112,965</u>	<u>112,965</u>	<u>-</u>	<u>(112,965)</u>
-	-	-	-	-	-	-	-
-	-	-	-	275,918	275,918	-	(275,918)
-	-	-	-	(300)	(300)	-	300
-	-	-	-	275,618	275,618	-	(275,618)
24,599	(37,865)	(37,875)	(10)	388,583	388,583	-	(388,583)
123,784	123,784	123,784	-	-	-	-	-
<u>\$ 148,383</u>	<u>\$ 85,919</u>	<u>\$ 85,909</u>	<u>\$ (10)</u>	<u>\$ 388,583</u>	<u>\$ 388,583</u>	<u>\$ -</u>	<u>\$ (388,583)</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, 2005

	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	112,766	112,766	46,975	(65,791)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>112,766</u>	<u>112,766</u>	<u>46,975</u>	<u>(65,791)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(112,766)</u>	<u>(112,766)</u>	<u>(46,975)</u>	<u>65,791</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(112,766)	(112,766)	(46,975)	65,791
FUND BALANCE, BEGINNING OF YEAR	<u>479,376</u>	<u>479,376</u>	<u>479,376</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 366,610</u>	<u>\$ 366,610</u>	<u>\$ 432,401</u>	<u>\$ 65,791</u>

Register of Deeds Automation				Road Patrol			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 1,077,000	\$ 1,077,000	\$ 1,078,449	\$ 1,449
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	500	864	364	6,000	6,000	7,778	1,778
-	-	-	-	-	-	-	-
85,000	92,491	65,705	(26,786)	-	-	1,559	1,559
85,500	92,991	66,569	(26,422)	1,083,000	1,083,000	1,087,786	4,786
-	-	-	-	-	-	-	-
56,723	70,933	70,933	-	-	-	-	-
-	-	-	-	1,028,986	1,031,736	930,300	(101,436)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,200	22,058	22,058	-	60,000	60,000	10,983	(49,017)
-	-	-	-	-	-	43,105	43,105
-	-	-	-	-	-	3,473	3,473
74,923	92,991	92,991	-	1,088,986	1,091,736	987,861	(103,875)
10,577	-	(26,422)	(26,422)	(5,986)	(8,736)	99,925	108,661
-	-	-	-	-	-	-	-
-	-	-	-	-	2,750	2,750	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,750	2,750	-
10,577	-	(26,422)	(26,422)	(5,986)	(5,986)	102,675	108,661
70,277	70,277	70,277	-	20,621	20,621	20,621	-
\$ 80,854	\$ 70,277	\$ 43,855	\$ (26,422)	\$ 14,635	\$ 14,635	\$ 123,296	\$ 108,661

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2005

	Local Corrections Officer's Training				Original Budget
	Original Budget	Amended Budget	Actual	Over (Under) Budget	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	18,050	18,050	16,394	(1,656)	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	18,050	18,050	16,394	(1,656)	-
EXPENDITURES					
Current					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	10,000	10,000	4,669	(5,331)	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
TOTAL EXPENDITURES	10,000	10,000	4,669	(5,331)	-
REVENUES OVER (UNDER) EXPENDITURES	8,050	8,050	11,725	3,675	-
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	8,050	8,050	11,725	3,675	-
FUND BALANCE, BEGINNING OF YEAR	15,322	15,322	15,322	-	-
FUND BALANCE, END OF YEAR	\$ 23,372	\$ 23,372	\$ 27,047	\$ 3,675	\$ -

Hazard Mitigation Grant Program

Total

Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 2,255,332	\$ 2,255,332	\$ 2,257,602	\$ 2,270
12,000	12,000	-	1,493,521	1,540,667	1,254,123	(286,544)
-	-	-	1,150,127	1,169,997	1,282,952	112,955
-	-	-	280,240	280,240	269,586	(10,654)
-	-	-	1,216,250	1,230,608	1,167,878	(62,730)
-	-	-	6,500	6,500	7,701	1,201
-	-	-	292,768	292,768	26,225	(266,543)
-	-	-	3,000	3,000	3,196	196
-	-	-	117,808	125,355	103,929	(21,426)
<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>6,815,546</u>	<u>6,904,467</u>	<u>6,373,192</u>	<u>(531,275)</u>
-	-	-	1,160,284	1,130,349	1,067,387	(62,962)
-	-	-	1,469,817	1,593,840	1,487,643	(106,197)
12,000	12,000	-	2,926,762	2,875,220	2,583,407	(291,813)
-	-	-	1,646,233	1,767,886	1,586,682	(181,204)
-	-	-	1,800	2,389	2,389	-
-	-	-	821,603	1,000,277	533,594	(466,683)
-	-	-	-	-	43,105	43,105
-	-	-	-	-	3,473	3,473
<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>8,026,499</u>	<u>8,369,961</u>	<u>7,307,680</u>	<u>(1,062,281)</u>
-	-	-	(1,210,953)	(1,465,494)	(934,488)	531,006
-	-	-	-	-	14,487	14,487
-	-	-	1,547,727	1,644,951	1,164,511	(480,440)
-	-	-	(237,822)	(279,834)	(279,848)	(14)
-	-	-	1,309,905	1,365,117	899,150	(465,967)
-	-	-	98,952	(100,377)	(35,338)	65,039
-	-	-	1,912,023	1,912,023	1,912,023	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,010,975</u>	<u>\$ 1,811,646</u>	<u>\$ 1,876,685</u>	<u>\$ 65,039</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.

Building Authority Bonds

Dispatch Building and Equipment (378)
State Police Post Building (381)
Department of Human Services 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

DHS Capital Expenditures (469)
Dispatch Building Construction and Equipment (479)
State Police Post Building Authority (482)
State Police Capital Expenditures (470)

Capital Improvements Fund (483)

PERMANENT FUNDS:

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

**TUSCOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2005**

	Dispatch Building and Equipment	State Police Post Building	D.H.S. Building	Total
	<hr/>			
ASSETS				
Cash and cash equivalents	\$ 745	\$ -	\$ -	\$ 745
	<hr/> <hr/>			
FUND BALANCE				
Reserved for debt retirement	\$ 745	\$ -	\$ -	\$ 745
	<hr/> <hr/>			

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Dispatch Building and Equipment	State Police Post Building	D.H.S. Building	Total
REVENUES				
Intergovernmental				
State	\$ -	\$ 162,134	\$ -	\$ 162,134
Interest and rent	174	626	535	1,335
TOTAL REVENUES	174	162,760	535	163,469
EXPENDITURES				
Debt service				
Principal	300,000	90,000	-	390,000
Interest and fiscal charges	20,373	63,909	-	84,282
TOTAL EXPENDITURES	320,373	153,909	-	474,282
REVENUES OVER (UNDER) EXPENDITURES	(320,199)	8,851	535	(310,813)
OTHER FINANCING SOURCES (USES)				
Transfer in	320,944	-	-	320,944
Transfer out	-	(115,659)	(34,156)	(149,815)
TOTAL OTHER FINANCING SOURCES (USES)	320,944	(115,659)	(34,156)	171,129
NET CHANGE IN FUND BALANCE	745	(106,808)	(33,621)	(139,684)
FUND BALANCE, BEGINNING OF YEAR	-	106,808	33,621	140,429
FUND BALANCE, END OF YEAR	\$ 745	\$ -	\$ -	\$ 745

**TUSCOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2005**

	D.H.S. Building Capital Expenditures	Dispatch Building Construction and Equipment
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Investments	47,885	-
Accounts receivable	46	-
Due from other funds	-	-
	-	-
TOTAL ASSETS	\$ 47,931	\$ -
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	\$ 14,424	\$ -
FUND BALANCE		
Reserved for construction	33,507	-
	33,507	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 47,931	\$ -

State Police Post Building Authority	Capital Improvements Fund	State Police Capital Expenditures	Total
\$ 2,958	\$ 26,779	\$ 115,659	\$ 145,396
3,676	1,615,816	-	1,667,377
-	849	-	895
14,424	-	-	14,424
<hr/>			
\$ 21,058	\$ 1,643,444	\$ 115,659	\$ 1,828,092

\$ - \$ - \$ - \$ 14,424

21,058	1,643,444	115,659	1,813,668
<hr/>			
\$ 21,058	\$ 1,643,444	\$ 115,659	\$ 1,828,092

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2005

	D.H.S. Building Capital Expenditures	Dispatch Building Construction and Equipment
REVENUES		
Interest and rent	\$ 747	\$ 138
EXPENDITURES		
Miscellaneous	35,000	-
REVENUES OVER (UNDER) EXPENDITURES	(34,253)	138
OTHER FINANCING SOURCES (USES)		
Transfer in	34,156	-
Transfer out	-	(42,145)
TOTAL OTHER FINANCING SOURCES (USES)	34,156	(42,145)
NET CHANGE IN FUND BALANCE	(97)	(42,007)
FUND BALANCE, BEGINNING OF YEAR	33,604	42,007
FUND BALANCE, END OF YEAR	\$ 33,507	\$ -

State Police Post Building Authority	Capital Improvements Fund	State Police Capital Expenditures	Total
\$ 338	\$ 37,590	\$ -	\$ 38,813
-	-	-	35,000
338	37,590	-	3,813
-	-	115,659	149,815
-	-	-	(42,145)
-	-	115,659	107,670
338	37,590	115,659	111,483
20,720	1,605,854	-	1,702,185
\$ 21,058	\$ 1,643,444	\$ 115,659	\$ 1,813,668

**TUSCOLA COUNTY
BALANCE SHEET
PERMANENT FUND
DECEMBER 31, 2005**

	<u>Cemetery Trust</u>
ASSETS	
Investments at fair value	\$ 6,973
	<hr/> <hr/>
FUND BALANCE	
Reserved for cemetery maintenance	6,800
Unreserved	173
	<hr/>
TOTAL FUND BALANCE	\$ 6,973
	<hr/> <hr/>

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
PERMANENT FUND
YEAR ENDED DECEMBER 31, 2005

	<u>Cemetery Trust</u>
REVENUES	
Interest and rents	\$ 211
EXPENDITURES	
Current:	
Culture and recreation	91
NET CHANGE IN FUND BALANCE	120
FUND BALANCE, BEGINNING OF YEAR	6,853
FUND BALANCE, END OF YEAR	\$ 6,973

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Caro Refinanced Area Sewer (376)

Mayville Storm Sewer (379)

Richville Water System (380)

Millington Sewer Construction (484)

Tax Foreclosure (532)

TUSCOLA COUNTY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	100,000	18,000	60,000
Bond issuance costs	-	-	-
Due from other funds	<u> -</u>	<u> -</u>	<u> -</u>
Total current assets	<u>100,000</u>	<u>18,000</u>	<u>60,000</u>
Noncurrent assets			
Due from other governments	<u>890,000</u>	<u>1,209,000</u>	<u>740,000</u>
TOTAL ASSETS	<u>990,000</u>	<u>1,227,000</u>	<u>800,000</u>
Liabilities			
Bonds payable, current	100,000	18,000	60,000
Long-term debt	<u>890,000</u>	<u>1,209,000</u>	<u>740,000</u>
Total liabilities	990,000	1,227,000	800,000
Net Assets			
Unrestricted	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ 278,274	\$ 24,739	\$ 303,013
5,000	-	183,000
21,726	-	21,726
-	144	144
305,000	24,883	507,883
295,000	-	3,134,000
600,000	24,883	3,641,883
5,000	-	183,000
295,000	-	3,134,000
300,000	-	3,317,000
<u>\$ 300,000</u>	<u>\$ 24,883</u>	<u>\$ 324,883</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Intergovernmental			
Local	\$ 33,290	\$ 62,150	\$ 44,015
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	33,290	62,150	44,015
Operating Expenses			
Administration	<u>-</u>	<u>-</u>	<u>-</u>
Operating income	<u>33,290</u>	<u>62,150</u>	<u>44,015</u>
Nonoperating Revenues (Expenses)			
Interest and rent	-	-	-
Interest expense and fiscal charges	<u>(33,290)</u>	<u>(62,150)</u>	<u>(44,015)</u>
Total nonoperating revenues (expenses)	<u>(33,290)</u>	<u>(62,150)</u>	<u>(44,015)</u>
Change in net assets	-	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ 300,000	\$ -	\$ 439,455
<u>-</u>	<u>61,896</u>	<u>61,896</u>
300,000	61,896	501,351
<u>-</u>	<u>37,239</u>	<u>37,239</u>
<u>300,000</u>	<u>24,657</u>	<u>464,112</u>
-	226	226
<u>-</u>	<u>-</u>	<u>(139,455)</u>
<u>-</u>	<u>226</u>	<u>(139,229)</u>
300,000	24,883	324,883
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 300,000</u>	<u>\$ 24,883</u>	<u>\$ 324,883</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
Cash flows from operating activities:			
Cash paid for interfund services provided	\$ -	\$ -	\$ -
Cash payments to suppliers	-	-	-
Cash received from local units	33,290	62,150	44,015
Other operating revenue	-	-	-
	<u>33,290</u>	<u>62,150</u>	<u>44,015</u>
Net cash provided by operating activities	<u>33,290</u>	<u>62,150</u>	<u>44,015</u>
Cash flows from noncapital financing activities:			
Principal paid on long-term debt	(100,000)	(16,000)	(60,000)
Interest paid on long-term debt	(33,290)	(62,150)	(44,015)
Contributions from local units	100,000	16,000	60,000
	<u>(33,290)</u>	<u>(62,150)</u>	<u>(44,015)</u>
Net cash provided by noncapital financing activities	<u>(33,290)</u>	<u>(62,150)</u>	<u>(44,015)</u>
Cash flows from capital and related financing activities:			
Proceeds from issuing long-term debt	-	-	-
Bond issuance costs	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Investment income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 33,290	\$ 62,150	\$ 44,015
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 33,290</u>	<u>\$ 62,150</u>	<u>\$ 44,015</u>

Millington Sewer System	Tax Foreclosure	Total
\$ -	\$ (144)	\$ (144)
-	(37,239)	(37,239)
300,000	-	439,455
-	61,896	61,896
<u>300,000</u>	<u>24,513</u>	<u>463,968</u>
-	-	(176,000)
-	-	(139,455)
-	-	176,000
-	-	(139,455)
-	-	-
(21,726)	-	(21,726)
(21,726)	-	(21,726)
-	226	226
278,274	24,739	303,013
-	-	-
<u>\$ 278,274</u>	<u>\$ 24,739</u>	<u>\$ 303,013</u>
\$ 300,000	\$ 24,657	\$ 464,112
-	-	-
-	(144)	(144)
<u>\$ 300,000</u>	<u>\$ 24,513</u>	<u>\$ 463,968</u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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, 2005

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 475,753	\$ 284,433	\$ 357,482	\$ 1,117,668
Accounts receivable	7,351	-	-	7,351
Due from other funds	-	40,961	-	40,961
TOTAL ASSETS, ALL CURRENT	483,104	325,394	357,482	1,165,980
LIABILITIES				
Current liabilities				
Accrued liabilities	129,962	-	254,780	384,742
Net Assets				
Unrestricted	\$ 353,142	\$ 325,394	\$ 102,702	\$ 781,238

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
OPERATING REVENUES				
Charges for services	\$ 33,418	\$ -	\$ 1,503,266	\$ 1,536,684
OPERATING EXPENSES				
Insurance costs	19,115	-	1,503,262	1,522,377
Settlements and claims	29,438	-	-	29,438
Other	58	-	4	62
TOTAL OPERATING EXPENSES	48,611	-	1,503,266	1,551,877
OPERATING INCOME (LOSS)	(15,193)	-	-	(15,193)
TRANSFERS				
Transfers in	20,000	-	-	20,000
CHANGE IN NET ASSETS	4,807	-	-	4,807
Net assets, beginning of year	348,335	325,394	102,702	776,431
Net assets, end of year	<u>\$ 353,142</u>	<u>\$ 325,394</u>	<u>\$ 102,702</u>	<u>\$ 781,238</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 32,728	\$ -	\$ 1,503,266	\$ 1,535,994
Interfund services used	471,636	-	339,752	811,388
Cash payments to suppliers for goods and services	(48,611)	-	(1,503,266)	(1,551,877)
Net cash provided by operating activities	455,753	-	339,752	795,505
Cash flows from non-capital financing activities				
Transfers in	20,000	-	-	20,000
Net increase in cash and cash equivalents	475,753	-	339,752	815,505
Cash and cash equivalents, beginning of year	-	284,433	17,730	302,163
Cash and cash equivalents, end of year	\$ 475,753	\$ 284,433	\$ 357,482	\$ 1,117,668
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (15,193)	\$ -	\$ -	\$ (15,193)
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	-	339,752	811,388
Receivables	(690)	-	-	(690)
Net cash provided (used) by operating activities	\$ 455,753	\$ -	\$ 339,752	\$ 795,505

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

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

**TUSCOLA COUNTY
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total
ASSETS			
Cash and cash equivalents	\$ 1,748,281	\$ 37,517	\$ 1,785,798
Investments at fair value	-	7,761	7,761
TOTAL ASSETS	\$ 1,748,281	\$ 45,278	\$ 1,793,559
LIABILITIES			
Accrued liabilities	\$ 380,561	\$ -	\$ 380,561
Due to other governmental units	350,019	-	350,019
Undistributed receipts	3,396	45,278	48,674
Undistributed taxes	1,014,305	-	1,014,305
TOTAL LIABILITIES	\$ 1,748,281	\$ 45,278	\$ 1,793,559

TUSCOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005

TRUST AND AGENCY	Balance			Balance
	<u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
ASSETS				
Cash and cash equivalents	\$ 1,197,603	23,631,620.00	23,080,941.97	\$ 1,748,281
Accounts receivable	17,309	-	17,309	-
TOTAL ASSETS	\$ 1,214,912	\$ 23,631,620	\$ 23,098,251	\$ 1,748,281
LIABILITIES				
Accrued liabilities	\$ 271,103	\$ 55,630,484	\$ 55,521,026	\$ 380,561
Due to other governmental units	348,159	8,975,497	8,973,637	350,019
Undistributed receipts	216	3,684	504	3,396
Undistributed taxes	595,434	13,440,954	13,022,083	1,014,305
TOTAL LIABILITIES	\$ 1,214,912	\$ 78,050,619	\$ 77,517,250	\$ 1,748,281
LIBRARY PENAL FINES				
ASSETS				
Cash and cash equivalents	\$ -	\$ 358,801	\$ 321,284	\$ 37,517
Investments	7,761	-	-	7,761
Accounts receivable	22,037	58,145	80,182	-
TOTAL ASSETS	29,798	416,946	401,466	45,278
LIABILITIES				
Undistributed receipts	\$ 29,798	\$ 416,946	\$ 401,466	\$ 45,278
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,197,603	\$ 23,990,421	\$ 23,402,226	\$ 1,785,798
Investments	7,761	-	-	7,761
Accounts receivable	39,346	58,145	97,491	-
TOTAL ASSETS	\$ 1,244,710	\$ 24,048,566	\$ 23,499,717	\$ 1,793,559
LIABILITIES				
Accrued liabilities	\$ 271,103	\$ 55,630,484	\$ 55,521,026	\$ 380,561
Due to other governmental units	348,159	8,975,497	8,973,637	350,019
Undistributed receipts	30,014	420,630	401,970	48,674
Undistributed tax collections	595,434	13,440,954	13,022,083	1,014,305
TOTAL LIABILITIES	\$ 1,244,710	\$ 78,467,565	\$ 77,918,716	\$ 1,793,559

COMPONENT UNIT

TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET ASSETS AND BALANCE SHEET
DECEMBER 31, 2005

	GOVERNMENTAL FUND TYPES		
	Debt Service	Capital Project	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 395,955	\$ 754,092	\$ 63,704
Investments	1,804,789	1,767,510	-
Accounts receivable	-	964,218	-
Special assessments receivable	8,715,572	575,729	-
Due from other component units	-	-	558,480
Due from other governmental units	-	40,316	-
Capital assets, net	-	-	-
TOTAL ASSETS	\$ 10,916,316	\$ 4,101,865	\$ 622,184
LIABILITIES			
Accounts payable	500	21,319	12,184
Due to other component units	-	558,480	-
Deferred revenue	8,715,572	575,729	-
Drain bond payable	-	-	-
Drain notes payable	-	-	-
Advance from primary government	-	-	610,000
TOTAL LIABILITIES	8,716,072	1,155,528	622,184
FUND EQUITY			
Fund balance			
Reserved for debt service	2,200,244	-	-
Reserved for drain projects	-	2,946,337	-
TOTAL FUND EQUITY	2,200,244	2,946,337	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 10,916,316	\$ 4,101,865	\$ 622,184

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
\$ 1,213,751	\$ -	\$ 1,213,751
3,572,299	-	3,572,299
964,218	-	964,218
9,291,301	-	9,291,301
558,480	(558,480)	-
40,316	-	40,316
-	10,979,064	10,979,064
<u>\$ 15,640,365</u>	<u>10,420,584</u>	<u>26,060,949</u>
34,003	-	34,003
558,480	(558,480)	-
9,291,301	(9,291,301)	-
-	10,982,700	10,982,700
-	357,650	357,650
610,000	-	610,000
<u>10,493,784</u>	<u>1,490,569</u>	<u>11,984,353</u>
2,200,244	(2,200,244)	-
2,946,337	(2,946,337)	-
<u>5,146,581</u>	<u>(5,146,581)</u>	<u>-</u>
<u>\$ 15,640,365</u>		
	(361,286)	(361,286)
	2,200,244	2,200,244
	2,946,337	2,946,337
	9,291,301	9,291,301
	<u>\$ 14,076,596</u>	<u>\$ 14,076,596</u>

TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2005

	Debt Service	Capital Project	Total Governmental Funds	Adjustments	Statement of Activities
REVENUES					
Taxes	\$ 1,651,319	\$ 1,374,105	\$ 3,025,424	\$ (1,028,641)	\$ 1,996,783
Federal	-	354,693	354,693	-	354,693
Interest and rents	55,951	83,110	139,061	-	139,061
TOTAL REVENUE	1,707,270	1,811,908	3,519,178	(1,028,641)	2,490,537
EXPENDITURES / EXPENSES					
Capital outlay	-	2,642,982	2,642,982	(405,064)	2,237,918
Depreciation	-	-	-	232,098	232,098
Debt service					
Principal	1,284,540	647,438	1,931,978	(1,931,978)	-
Interest and charges	498,215	41,431	539,646	-	539,646
TOTAL EXPENDITURES / EXPENSES	1,782,755	3,331,851	5,114,606	(2,104,944)	3,009,662
REVENUES OVER (UNDER) EXPENDITURES	(75,485)	(1,519,943)	(1,595,428)	1,076,303	(519,125)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	825,000	825,000	(825,000)	-
Transfers in	23,898	238,034	261,932	(261,932)	-
Transfers out	-	(261,932)	(261,932)	261,932	-
TOTAL OTHER FINANCING SOURCES (USES)	23,898	801,102	825,000	(825,000)	-
NET CHANGE IN FUND BALANCE	(51,587)	(718,841)	(770,428)	770,428	-
Change in net assets	-	-	-	(519,125)	(519,125)
FUND BALANCE / NET ASSETS, BEGINNING OF YEAR	2,251,831	3,665,178	5,917,009	8,678,712	14,595,721
FUND BALANCE / NET ASSETS, END OF YEAR	\$ 2,200,244	\$ 2,946,337	\$ 5,146,581	\$ 8,930,015	\$ 14,076,596

III. STATISTICAL SECTION

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

Tuscola County
 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>Gain on Refunding</u>	<u>Transfer-In</u>	<u>Total</u>
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	-	3,185,710	22,749,809
2005	8,614,597	870,300	5,521,325	3,424,880	86,547	299,140	545,246	157,242	-	3,754,063	23,273,340

(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>
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)	1,382,804	11,095,383
2005	4,779,297	659,944	1,043,894	1,849,515	78,846	232,556	542,050	(2)	1,729,583	10,915,685

(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>Transfer Out</u>	<u>Total</u>
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	2,497,188	22,008,830
2005	117,986	3,215,610	4,676,476	4,665,773	1,062,425	4,530,105	2,480	220,764	608,893	520,860	2,998,756	22,620,128

(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>
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	1,542,626	11,095,383
2005	117,986	2,148,223	3,188,833	2,082,366	1,062,425	476,156	220,764	1,523,801	10,820,554

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>
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%
2005	4,733,095	4,723,028	99.8%

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	
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%
2005	1,646,239,767	3,292,479,534	82,528,308	165,056,616	1,728,768,075	3,457,536,150	50.00%

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

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

Assessment Jurisdiction		1996 (2)		1997 (2)		1998 (2)	
Township of: (1)		Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
Akron		25.3475	43.3475	25.3276	43.3276	25.3050	43.3050
Almer		22.9786	40.9786	23.3868	41.3868	23.6282	41.6282
Arbela		22.7645	40.7645	22.6325	40.6325	22.6554	40.6554
Columbia		24.8986	42.8986	24.8955	42.8955	26.2980	44.2973
Dayton		22.9974	40.9974	22.9638	40.9638	22.8619	40.8619
Denmark		21.4633	39.4633	21.3282	39.3282	21.3170	39.3170
Elkland		24.0736	42.0736	24.1013	42.1013	23.9162	41.9144
Ellington		26.4201	44.4201	26.4748	44.4748	27.1750	45.1750
Elmwood		25.8997	43.8997	25.8799	43.8799	25.7481	43.7469
Fairgrove		22.9671	40.9671	22.8552	40.8552	22.9256	40.9256
Fremont		20.5793	38.5793	20.5561	38.5561	20.4730	38.4730
Gilford		22.7651	40.7651	22.9032	40.9032	23.8534	41.8534
Indianfields		23.0346	41.0346	22.5286	40.5286	23.5055	41.5055
Juniata		24.8524	42.8524	24.8325	42.8325	25.0623	43.0623
Kingston		22.8603	40.4603	22.3559	40.3559	24.2042	42.2042
Koylton		21.6333	39.6333	23.4745	41.4745	23.1713	41.1713
Millington		23.7903	41.7903	24.5336	42.5336	24.5775	42.5775
Novesta		25.7867	43.7867	25.7105	43.7105	25.7192	43.7192
Tuscola		22.4807	40.4807	22.6891	40.6891	21.7086	39.7086
Vassar		23.1369	41.1369	23.0963	41.0963	22.0355	40.0355
Watertown		21.4829	39.4829	21.5349	39.5349	21.4825	39.4825
Wells		23.1320	41.1320	25.0806	43.0806	25.3730	43.7063
Wisner		25.8909	43.5909	25.5620	43.5620	25.5355	43.5355
Village of:							
	Twp of:						
Akron	Akron	35.5345	53.5345	36.0951	54.0951	36.0191	54.0191
	Fairgrove	34.5741	52.5741	35.0427	53.0427	35.0597	53.0597
Caro	Almer	39.3886	57.3886	39.8001	57.8001	40.3157	58.3157
	Indianfields	39.6046	57.6046	39.0986	57.0986	39.7055	57.7055
Cass City	Elkland	46.2301	61.4477	43.4178	61.4178	43.4174	61.4174
Fairgrove	Fairgrove	31.8561	49.8561	32.8857	50.8857	32.7845	50.7845
Gagetown	Elmwood	39.9011	57.9011	39.6090	57.6090	39.0208	57.0172
Kingston	Kingston	41.7880	59.7880	41.3651	59.3651	43.6266	61.6266
	Koylton	41.7897	59.7897	43.3276	61.3276	43.5443	61.5443
Mayville	Fremont	34.4801	52.4801	34.4569	52.4569	34.1848	52.1848
Millington	Millington	38.7499	56.7499	39.4057	57.4057	39.3118	57.3118
Reese	Denmark	35.7628	53.7628	35.7429	53.7429	34.7232	52.7232
Unionville	Columbia	42.6963	60.6963	42.6741	60.6741	45.0221	63.0221
City of:							
Vassar		46.0884	64.0884	45.7885	63.7885	44.2492	62.2492
(1) The individual township rates above are an average of the various rates for taxing districts (principally school districts) contained within the townships.							
(2) Homestead, Non-Homestead and specific school districts rates reflected are the result of Proposal A.							(continued)

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

Table 5

Assessment Jurisdiction										
		<u>1999 (2)</u>		<u>2000 (2)</u>		<u>2001 (2)</u>		<u>2002 (2)</u>		
Township of: (1)		Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	
Akron		27.4625	45.4625	27.7125	45.7125	27.8724	45.8724	28.0106	46.0106	
Almer		24.8890	42.8890	25.0556	43.0556	25.2205	43.2205	25.6809	43.6809	
Arbela		23.0802	41.0802	23.0802	41.0802	22.9179	40.9179	23.0028	40.9770	
Columbia		27.5458	45.5055	27.6458	45.6055	27.4148	45.3745	27.3557	45.3154	
Dayton		23.2249	41.1115	23.1704	41.0570	23.1505	40.9740	23.6044	41.3604	
Denmark		22.7411	40.7411	22.7411	40.7411	22.6197	40.6197	22.6880	40.6622	
Elkland		24.5775	42.4767	24.5775	42.4767	23.8940	41.7932	23.5335	41.4327	
Ellington		26.9468	44.9468	26.9468	44.9468	26.6265	44.6265	26.8062	44.8062	
Elmwood		26.1094	44.0422	26.1094	44.0422	25.6668	43.5996	25.4660	43.3988	
Fairgrove		25.7932	43.7932	25.9599	43.9599	25.8774	43.8774	26.0058	44.0058	
Fremont		20.2259	38.2259	42.1938	38.2138	20.1680	38.1644	20.2915	38.2204	
Gilford		27.1362	45.1362	27.3862	45.3862	27.3407	45.3407	27.1625	45.1625	
Indianfields		23.4167	41.4167	23.4167	41.4167	23.3914	41.3914	24.0332	42.0332	
Juniata		26.6793	44.6793	27.1083	45.1083	26.9485	44.9485	27.1676	45.1676	
Kingston		24.3701	42.2609	24.3351	42.2259	23.9947	42.1558	24.6882	42.5160	
Koylton		23.4942	41.3304	23.4942	41.3304	23.4810	41.2227	23.9223	41.6640	
Millington		23.8127	41.8127	23.8127	41.8127	23.7460	41.7460	23.8642	41.8642	
Novesta		25.6161	43.6161	25.5962	43.5962	25.3295	43.3295	25.3762	43.3762	
Tuscola		22.6678	40.6678	23.1632	41.1632	23.0492	41.0492	23.1386	41.1128	
Vassar		21.6459	39.6459	22.1413	40.1413	21.9935	39.9911	22.1022	40.0548	
Watertown		20.8714	38.8714	20.8714	38.8714	20.8217	38.8181	20.9483	38.8772	
Wells		25.6537	43.5781	25.6537	43.5781	25.5614	43.4461	26.0280	43.9127	
Wisner		27.6820	45.6820	27.9320	45.9320	28.0849	46.0849	28.9767	46.9767	
Village of:	Twp of:									
Akron	Akron	40.3187	58.3187	40.6519	58.6519	40.6825	58.6825	40.6135	58.6135	
	Fairgrove	40.0772	58.0772	40.4104	58.4104	40.4186	58.4186	40.3532	58.3532	
Caro	Almer	40.0517	58.0517	40.0517	58.0517	40.2354	58.2354	41.0291	59.0291	
	Indianfields	39.5955	57.5955	39.5955	57.5955	39.5557	57.5557	40.1975	58.1975	
Cass City	Elkland	43.3369	61.3369	43.3369	61.3369	43.2034	61.2034	42.8073	60.8073	
Fairgrove	Fairgrove	37.6704	55.6704	37.9991	55.9991	38.4025	56.4025	38.4181	56.4181	
Gagetown	Elmwood	40.1482	57.9466	40.1482	57.9466	38.7751	56.5735	46.5237	64.3221	
Kingston	Kingston	44.5786	62.3518	44.7564	62.5296	44.4264	62.0805	45.0796	62.7337	
	Koylton	44.5179	62.2911	44.7307	62.5039	44.3329	61.9870	44.9531	62.6072	
Mayville	Fremont	33.5418	51.5418	33.3368	51.3368	33.2910	51.2838	33.3520	51.2098	
Millington	Millington	38.4597	56.4597	38.4597	56.4597	38.3832	56.3832	38.5014	56.5014	
Reese	Denmark	36.8652	54.8652	36.8652	54.8652	36.7692	54.7692	37.3678	55.3678	
Unionville	Columbia	45.0378	63.0378	45.0378	63.0378	45.1473	63.1473	45.2784	63.2784	
City of:										
Vassar		42.7187	60.7187	42.0141	60.0141	41.7796	59.7796	39.2770	57.2770	
		(1) The individual township rates above are an average of the various rates for taxing districts (principally school districts) contained within the townships.							(continued)	
		(2) Homestead, Non-Homestead and specific school districts rates reflected are the result of Proposal A.								

TUSCOLA COUNTY

Principal Taxpayers - (1)

Unaudited

December 31, 2005

Table 6

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Detroit Edison Company	Utility	\$ 22,717,026	1.79%
Dept. Of Natural Resources	Government	8,918,975	0.70%
Michigan Ethanol - East	Ethanol Processing	8,219,567	0.65%
Wal-Mart Stores #01-1798	Retail	5,697,926	0.45%
Consumer Power Company	Utility	5,549,678	0.44%
TI Group Automotive Sys.	Automotive Manufacturing Assembly	5,017,130	0.40%
Thumb Electric Co-Op	Utility Co-op	3,943,251	0.31%
Michigan Sugar Company	Sugar Processing	3,084,000	0.24%
International Transmission	Automotive Manufacturing Assembly	1,970,600	0.16%
Kaumagraph Flint Corp	Automotive Screen Printing	1,938,100	0.15%
Totals		<u>\$ 67,056,253</u>	

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

Tuscola County

Table 7

Computation of Direct and Overlapping Bonded Debt- Unaudited (1) December 31, 2005

2000 Census Totals 2005 Taxable Value	58,266 \$ 1,269,585,053	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Building Authority		\$ 1,435,000	\$ 1,435,000	\$ -
Sewer		3,317,000	3,317,000	-
Capital Leases		59,295	-	59,295
		<u>\$ 4,811,295</u>	<u>\$ 4,752,000</u>	<u>\$ 59,295</u>
Per-Capita County Net Direct Debt				1.02
Percent County Net Direct Debt to 2005 Taxable				0.0047%
Overlapping Debt of County:				
School Districts				\$ 57,239,380
Townships				3,135,910
Intermediate School District				34,450
Village				5,208,526
City				-
Net Overlapping Debt				<u>\$ 65,618,266</u>
Net County and Overlapping Debt				<u>\$ 65,677,561</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 1,127.20
Percent Net Direct and Overlapping Debt to 2005 Taxable Value				5.1732%

(1) Includes Primary Government

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

Tuscola County
 Computation of Legal Debt Margin -Unaudited
 December 31, 2005

State Equalized Value of Real Property		\$ 1,646,202,929	
State Equalized Value of Personal Property		<u>82,528,308</u>	
Total State Equalized Value of Real and Personal Property		<u>1,728,731,237</u>	
Legal Debt Limit - 10% of State Equalized Value		172,873,124	
Gross Debt applicable to debt limit(1)	\$ 4,811,295		
Less:			
Assets in Debt Service Funds			
Available for payment of principal	<u>745</u>		
Total Amount of Debt Applicable to Debt Limit		<u>4,810,550</u>	
Legal Debt Margin		<u><u>\$ 168,062,574</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>
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	22,008,830	3.6%
2005	378,817	66,571	445,388	22,620,128	2.0%

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

(2) Includes Primary Government.

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

Tuscola County

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
1996	55,498	\$ 675,147,797	\$ 4,065,000	\$ 41,430	\$ 4,023,570	0.60%	\$ 72.50
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
2005	58,266 (3)	1,269,585,053	4,851,295	745	4,850,550	0.38%	83.25

(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>
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%
2005	58,266	37	12,246	6.6%

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	
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
2005	87	13,483,937	258	23,238,788	122,255,050	1,071,185,776	452,798,941	507,458

(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:		11,171	
Number of public school teachers:		649	
Pupils/Teacher ratio		17/1	
 Number of public schools:			
Elementary Schools		13	
Middle/Intermediate Schools		7	
High Schools		9	
Total		29	
 Tuscola Intermediate:			
Highland Pines Enrollment		230	
Highland Pines Teachers		45	
Pupils/Teacher ratio		5/1	
 Number of private schools:			
Students Enrolled		845	
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:	Gas:
Consumers Power	Consumers Power
Detroit Edison	
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

IV. SINGLE AUDIT

TUSCOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

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 05-79002	\$ 50,116
Friend of Court Cooperative Reimbursement Program (Major Program)	93.563	CSFOC 05-79001	453,763
Medical Enforcement	93.563	CSMED 05-79001	7,471
Title IV-D Incentive Program	93.563	N/A	94,065
Building Strong Families	93.556	SFSC 00-79002	<u>23,429</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>628,844</u>
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed-through Michigan Department of State Police:			
Emergency Management Performance Grant	83.552	N/A	24,064
Law Enforcement Terrorism Prevention Program	97.004	N/A	72,933
Homeland Security Grant Program (Note 3)	97.004	N/A	201,786
Hazard Mitigation Grant Program	97.039	N/A	12,000
Hazard Mitigation Grant Program	97.039	N/A	<u>354,693</u>
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>665,476</u>
U.S. DEPARTMENT OF JUSTICE			
Passed-through Office of Community Health			
Victims of Crime Act	16.575	20587-5 V 2000	<u>54,037</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG)			
Housing Program (Note 4)	14.228	MSC-1997-0815-HO	<u>342,110</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,690,467</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 modified 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 Statement of Revenues, Expenditures, and Changes in Fund Balance reflects total federal awards of \$2,262,902. The Statement includes federal funds received by the Tuscola County Health Department of \$927,128. 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 \$354,693 of federal grant activity recorded in the Drain Commission component unit.

NOTE 3 Approximately 30% of this award was provided to subrecipients.

NOTE 4 100% of this award was provided to subrecipients.



**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**

March 29, 2006

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, 2005, and have issued our report thereon dated March 29, 2006. 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 72% of the assets and 81% of the revenues of the aggregate discretely presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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, and Board of Commissioners, 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.



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

March 29, 2006

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, 2005. *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 \$927,128 and \$141,666 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2005. 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, 2005.

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 72% of assets and 81% of revenues of the aggregate discretely presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Road Commission, is based on the reports of other auditors.

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

A handwritten signature in cursive script, reading "Lehmann Johnson".

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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>
97.039	Hazard Mitigation Grant Program
14.228	Michigan Community Development Block Grant (CDBG) Housing Program

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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.