

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Tuscola County	County Tuscola
Fiscal Year End December 31, 2006	Opinion Date June 19, 2007	Date Audit Report Submitted to State June 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

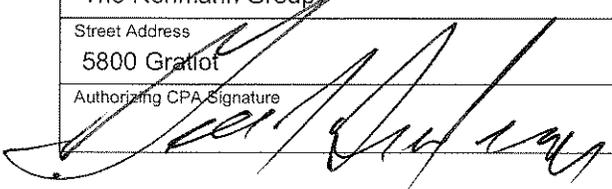
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None	
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit report	
Certified Public Accountant (Firm Name) The Rehmann Group		Telephone Number 989-799-9580	
Street Address 5800 Gratiot		City Saginaw	State Zip MI 48605
Authorizing CPA Signature 		Printed Name Gerald Deslover	License Number 1101007126

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



**For the Year Ended
December 31, 2006**

Issued by:

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

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION ONE: INTRODUCTORY SECTION	
Letter of Transmittal	i - x
List of Principal Officers	xi
Organizational Chart.....	xii
GFOA Certificate.....	xiii
SECTION TWO: FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17-18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	19
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	23-24
Health Department	25
Road Patrol	26
Statement of Net Assets – Proprietary Funds.....	27
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29-30
Statement of Fiduciary Net Assets – Fiduciary Funds	31
Notes to Basic Financial Statements	32-66

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
General Fund	
Schedule of Revenues and Other Financing Sources – Budget and Actual	67-69
Schedule of Expenditures and Other Financing Uses – Budget and Actual.....	70-79
Nonmajor Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	81
Combining Balance Sheet – Special Revenue Funds.....	82-85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	86-89
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – Budget and Actual	90-101
Combining Balance Sheet – Debt Service Funds.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	103
Combining Balance Sheet – Capital Project Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	105
Balance Sheet – Permanent Fund – Non-expendable Cemetery Fund.....	106
Statement of Revenues, Expenditures and Changes in Fund Balance – Permanent Fund – Non-expendable Cemetery Fund.....	107
Nonmajor Enterprise Funds	
Combining Statement of Net Assets	108
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	109
Combining Statement of Cash Flows	110
Internal Service Funds	
Combining Statement of Net Assets	111
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	112
Combining Statement of Cash Flows	113
Fiduciary Funds	
Combining Balance Sheet – Fiduciary Funds	114
Combining Statement of Changes in Assets and Liabilities – Agency Funds	115
Component Unit	
Statement of Net Assets and Governmental Fund Balance Sheet – Drain Commission	116
Statement of Activities and Governmental Fund, Revenues, Expenditures and Changes in Fund Balance – Drain Commission	117

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION THREE: STATISTICAL SECTION	
Net Assets by Component	118
Changes in Net Assets	119
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds and General Governmental Tax Revenues by Source	121
Assessed Value and Estimated Actual Value of Taxable Property	122
Property Tax Rates Direct and Overlapping Governments	123
Principal Property Taxpayers	124
Property Tax Levies and Collections	125
Ratio of Outstanding Debt by Type	126
Ratios of General Bonded Debt Outstanding	127
Direct and Overlapping Governmental Activities Debt	128
Legal Debt Margin Information	129
Demographic and Economic Statistics	130
Principal Employers	131
Full-time Equivalent County Employees by Function	132
Operating Indicators by Function	133
Capital Asset Statistics by Function	134

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

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

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

June 19, 2007

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, 2006.

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, 2006 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, 2006 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.

I - Profile of the Government

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Tuscola County was incorporated in 1851 and is located in the east central portion of the lower peninsula of the state. The County occupies an area of approximately 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. (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 /Family Court, District Court, and Probate Court. All judges are elected at large on a non-partisan basis and serve a six-year term.

Tuscola County provides a full range of services which 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.

II - Annual County Budget Development Process

The annual budget serves as the foundation for Tuscola County's financial planning and control. All agencies of Tuscola County are required to submit requests for appropriation to the Controller-Administrator. The Controller-Administrator uses these requests as the starting point for developing a proposed budget. The Controller-Administrator then presents this proposed budget to the Board of Commissioners for review. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, which is the close of Tuscola County's fiscal year.

The appropriated budget is prepared by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general and major special revenue funds, these comparisons are presented on pages 23 through 26 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general and major special revenue funds, with appropriated annual budgets, these comparisons are presented in the governmental fund subsection of this report, which starts on page 90.

III - County Activity Summary

The following is a summary of county activities during 2006:

- Several positive economic development events occurred in 2006 that are further discussed on pages 6 and 7
- 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 to inform the public of available services and strengthen the delivery of these services
- 911 telephone surcharge that funds dispatch was renewed and alternative, more equitable methods of funding dispatch with the shift from wire-line to wireless telephones may be approved by the State
- 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 was restored in 2006 and additional security was implemented at the Friend of the Court in early 2007

- The County continues to be well managed by conducting multi-year financial planning which is instrumental to the County Board of Commissioners making effective policy/financial decisions
- Installation of a new Video Arraignment System that allows prisoners to be sentenced without having to leave the jail and thus improving security and reducing time to conduct arraignment
- A complete re-write to the non-union personnel policies was finished in 2006

IV - Economic Factors Affecting Financial Condition

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

The State of Michigan has a major presence within the county at the Caro Center (Regional Mental Health Facility) and Camp Tuscola (Level I state prisoner re-entry facility). Public sector operations including the county, schools and local units of government are major employers. 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. The following is a summary of challenges and opportunities of the state, region and local economy.

Manufacturing Job Declines

Michigan's once powerful manufacturing base, which for years was driven by the automobile industry, has been declining and is anticipated to continue to decline over the next several years. Hundreds of thousands of quality jobs have been eliminated in the automobile industry. While the national economy continues to grow, the economies of Michigan and Tuscola County continue to dramatically decline. The state has experienced eight consecutive years of employment losses. This level of economic deterioration has not occurred since the Great Depression 75 years ago.

From 2003 to 2005, the state lost more than 100,000 manufacturing jobs primarily in the automobile industry. University of Michigan economists project that more automobile jobs will be lost with unemployment rates anticipated to go even higher in 2007 and 2008. Dr. George Fulton, a University of Michigan economist, recently explained that the Big Three market share will continue to decline in 2007 and 2008. The economist said the state lost more than 40,000 manufacturing jobs in 2006, with projected losses of 30,000 in 2007 and 24,000 in 2008. This means that in six years Michigan will have lost nearly 200,000 manufacturing jobs centered on the automobile industry.

Local Economic Problems Escalate

The economies of Tuscola County and the surrounding region have experienced many economic set-backs and challenges because it is so closely interconnected with the automobile industry. Both General Motors and Ford Motor Companies have restructured with unprecedented employment reductions. Major automobile plants and suppliers are located in nearby Flint, Saginaw and Bay City. Delphi, a significant automotive parts manufacturer that has employed many Tuscola County residents, has filed Chapter 12 bankruptcy and has implemented significant restructuring of its operations including wage/benefit concessions and job reductions. Young people are leaving because there are no employment opportunities. Area realtors explain that many homes in the area that formerly sold for \$130,000 to \$140,000 are now selling for \$90,000 to \$95,000. Vacant stores in downtown areas are increasing.

One of the indicators of economic difficulties is an aging population and lack of population growth. Tuscola County median age is older than both the state and nation. The year 2000 median age for these three entities is as follows: county 37.0, state 35.5 and nation 35.3. Since the year 2000, statistics show that Tuscola County's population has continually decreased

United States Department of Agriculture (USDA) unemployment information explains that Tuscola County has consistently had a higher unemployment rate than the state and nation. In 2005, the county unemployment rate was 7.9%, which is 18% higher than the 6.7% rate for the state, while the national unemployment rate was at 5.1%. More recent Michigan Department of Labor and Economic Growth data shows that in March of 2006 unemployment in Tuscola County spiked at 9.9%.

Compounding the high unemployment rate is the fact that Tuscola County families have less purchasing power than the state and national averages. According to the USDA, in 2003 the Tuscola County median household income was \$39,798 compared to \$46,291 for the state and \$43,318 for the nation. Tuscola County's median household income was a meager 86% of the state's and 92% of the nation's median household income. Even more concerning, Tuscola County's growth in median family income for the five year period from 1998 to 2003 was only 5.7% compared to 10.3% for the state and 11.4% for the nation.

Property mortgage foreclosures are a simple and direct indicator of economic conditions. Foreclosure is the process lenders use to reclaim property when mortgage payment agreements are not fulfilled. Foreclosures have been increasing at an alarming rate in the county. Records from the Tuscola County Register of Deeds Office identified the number of foreclosures over the past three years as follows: 2004 – 108, 2005 – 147 and for only 11 months of 2006 – 177. Even more shocking, based on a longer term trend, there were only 16 foreclosures in 1996 compared to 177 for only 11 months of 2006.

The number of building permits issued in Tuscola County has been declining. According to the South Central Michigan Construction Code Commission, 980 total building permits were issued from January to April of 2006 compared to 1,153 permits for the same period of 2005. This is a decline of 173 permits or 18%. According to the U.S. Census, even without adjusting for inflation, the valuation of new housing construction declined from \$15,600,000 in 2002 to \$15,271,000 in 2004.

Tuscola County's ability to compete in a global economy is directly tied to educational attainment. Tuscola County has consistently lagged behind the state and nation in

educational attainment. According to the USDA ERS, only 17.44% of Tuscola County residents that were 25 or older in the year 2000 had completed college, which is strikingly below the 28.75% for the state and 30.72% for the nation. This statistic is exacerbated by the lack of a community or public college available to Tuscola County residents.

Positive Steps Taken to Rebuilding the Economy

The County and other entities have taken several positive steps to rebuild and strengthen the local economy in working to reverse the trends described above. Major county economic development activities for 2005 and 2006 are described below.

Camp Tuscola Re-opened

One of the major accomplishments of Tuscola County during the year 2006 was getting Camp Tuscola re-opened. Through much hard work by our Board of Commissioners and many other county officials, this extremely beneficial economic development for the residents of Tuscola County became a reality. It is estimated that with the re-establishment of 50 corrections jobs, approximately \$11 million will be infused back into the local economy. With the re-opening of Camp Tuscola, a positive mindset has been established to continue rebuilding the economy of Tuscola County and creating valuable jobs for its residents.

Energizing Tuscola's Economy through Entrepreneurship

Several countywide leaders have been meeting since August of 2005 to discuss innovative approaches to "Rebuild Tuscola County through Entrepreneurship". Tuscola County recognizes that a significant portion of new jobs are created by new and existing local businesses, and that new jobs created by local entities are most likely to stay local in this global economy.

County leaders were organized as the Entrepreneurship Task Force for the Tuscola County Economic Development Corporation (EDC) Board of Directors and have carried the banner of entrepreneurial development for nearly two years. Their first project was a major accomplishment in organizing a countywide conference to help local entrepreneurs start, expand, sell and/or buy their business venture. With nearly 100 attendees, this successful summit concluded with resounding feedback that Tuscola County needed to do more for encouraging entrepreneurialism. Specifically, a call was made for a sort of ombudsman to provide business counseling services and to assist in navigating the intimidating process of starting a small business.

Through a number of statewide conferences and independent due diligence, county leaders identified a model of entrepreneurial development that stood out for having proven its effectiveness in rural communities all over the world. Using human capital development, Enterprise Facilitation was developed by Dr. Ernesto Sirolli more than twenty years ago and has empowered dozens of communities in Australia, New Zealand, Europe, Canada and the United States to start thousands of new and expanding businesses with thousands more new jobs.

There is no doubt that this project will not only create new jobs, but incubate businesses with a better chance of success. Enterprise Facilitation projects enjoy an average business success rate of approximately 80%, much higher than the usual 20% rate of sustainability. The Entrepreneurship Task Force expects that once the Enterprise Facilitation project is established, at least 25 new jobs will be created each year, with significant potential for even better results.

The methodology of the Sirolli Institute endeavors to help communities capture the “passion, imagination, and resources of its people” to create and expand successful enterprises and local jobs. Tuscola County highly anticipates the opportunity and privilege to serve as the first Enterprise Facilitation project east of the Mississippi River, and to serve as an example and pilot for more projects in Michigan and on the East Coast of the United States. Final funding arrangements are being secured and the current goal is to launch this program by September 1, 2007.

Other Positive Economic Development Events

An economic development strategy plan (Community Assessment Team – CAT) with a team of experts from MSU – Extension was completed. 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.

V - State Financial Trends – County Impacts

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 3.91 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 that hinder the rebuilding of state and county economies. 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.

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 had not been 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.

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.

VI - 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 and a strong bond rating 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.

VII - 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.

VIII - 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 substantial 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.

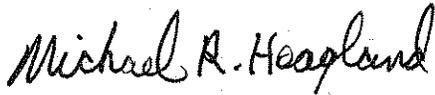
IX - Awards and Acknowledgements

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, 2005. 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.

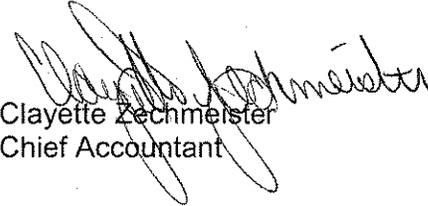
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

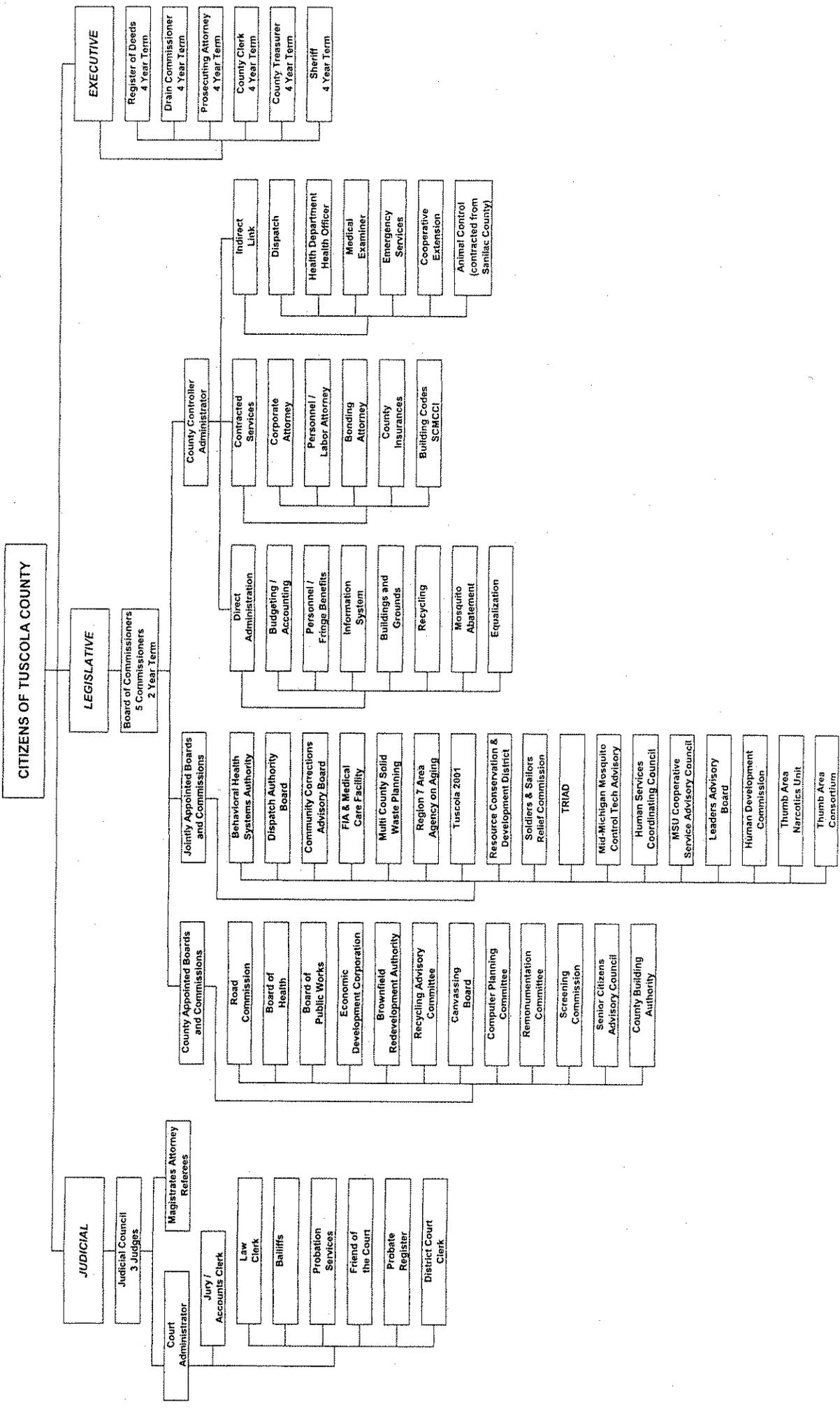
Circuit Court Judge
District Court Judge
Probate Court Judge
Prosecutor
Sheriff
County Clerk
Register of Deeds
Drain Commissioner
Treasurer

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



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, 2005

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.



A handwritten signature in cursive script, appearing to read "Ronald J. Hauer".

President

A handwritten signature in cursive script, appearing to read "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

June 19, 2007

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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Tuscola County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% and 66% 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. The financial statements of the Medical Care Facility were not audited in accordance with *Governmental Auditing Standards*. 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 aggregate remaining fund information of ***Tuscola County, Michigan***, as of December 31, 2006, 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 Road Patrol 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 June 19, 2007, 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 cursive script that reads "Lehmann Johnson".

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of *Tuscola County, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2006. 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 \$30,478,725 (net assets). Of this amount, \$18,372,789 (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 \$2,998,482 as restated from the previous year. Total net assets were restated as \$27,480,243 in 2005, compared to \$30,478,725 in 2006.
- The capital asset portion of the total net assets decreased by \$393,506. In 2005 these assets were \$21,513,173 compared to \$21,119,667 in 2006.
- The restricted portion of total assets decreased by \$514,045 from the restricted assets in 2005.
- The unrestricted portion of total assets increased by \$3,695,186. This is mostly due to the Business-type Activities with the increase of 3,238,630. The remaining increase was for the Governmental Activities of \$456,556.

Fund Balance Information.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,510,039. Approximately 68 percent of this total amount, \$5,780,382 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 \$1,377,578 or approximately 12 percent of the total general fund expenditures. The total fund balance for the general fund was \$1,987,578.
- 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. For 2006, net income from delinquent taxes is \$835,520. This is mostly contributed to operating interest earnings on taxes of \$355,282 and non-operating interest earned of \$292,906.

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 2005. (See page 64 restatements).

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

The government-wide financial statements can be found on pages 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 57 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Health Department Fund, and Road Patrol Fund each of which are considered to be major funds. Data from the other 54 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, debt service funds, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 23-26 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. In 2005, 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 the Delinquent Tax Revolving Funds, which are considered to be major funds of the County and other enterprise funds that are considered non-major enterprise funds. The detail for the non-major enterprise funds can be found on pages 108-110. The internal service funds are combined in a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* on pages 111-113.

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 32-66 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 67-117 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 \$30,478,725 at the close of the most recent fiscal year.

The following tables show net assets for governmental and business-type activities, in addition to a comparison of 2005 and 2006 balances.

Tuscola County's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$15,701,063	\$14,252,103	\$16,716,759	\$15,422,397	\$32,417,822	\$29,674,500
Capital assets, net	6,284,500	6,202,092	15,228,673	14,917,575	21,513,173	21,119,667
Total assets	<u>21,985,563</u>	<u>20,454,195</u>	<u>31,945,432</u>	<u>30,339,972</u>	<u>53,930,995</u>	<u>50,794,167</u>
Long-term liabilities outstanding	2,226,996	1,954,907	15,235,037	13,506,697	17,462,033	15,461,604
Other liabilities	5,992,941	3,796,687	3,178,437	1,057,151	9,171,378	4,853,838
Total liabilities	<u>8,219,937</u>	<u>5,751,594</u>	<u>18,413,474</u>	<u>14,563,848</u>	<u>26,633,411</u>	<u>20,315,442</u>
Net Assets						
Invested in capital assets,						
net of related debt	4,790,205	5,041,097	4,128,673	4,074,228	8,918,878	9,115,325
Restricted	1,829,746	2,059,273	860,557	931,338	2,690,303	2,990,611
Unrestricted	7,145,675	7,602,231	8,542,728	10,770,558	15,688,403	18,372,789
Total net assets	<u>\$ 13,765,626</u>	<u>\$ 14,702,601</u>	<u>\$ 13,531,958</u>	<u>\$ 15,776,124</u>	<u>\$ 27,297,584</u>	<u>\$ 30,478,725</u>

One of the largest portions of the County's net assets of \$18,372,789 reflects its unrestricted net assets. This is a change from 2005 of \$2,684,386. The majority of this change \$2,227,830 is recorded in business-type activities.

An additional portion of the County's net assets, \$2,990,611 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.

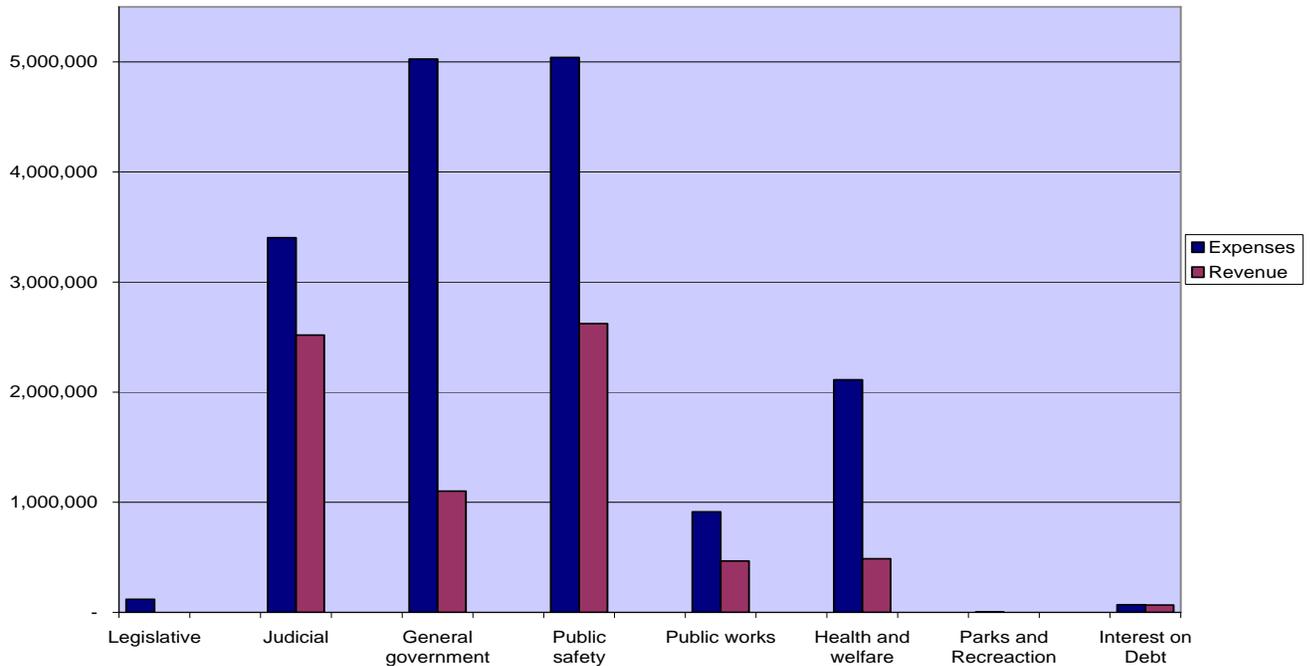
Tuscola County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenue:						
Charges for services	5,329,956	5,277,691	9,368,356	12,886,218	14,698,312	18,163,909
Operating grants and contributions	4,984,909	4,500,462	-	-	4,984,909	4,500,462
Capital grants and contributions	182,980	185,615	139,455	146,134	322,435	331,749
General Revenue:		-				
Property Taxes	8,604,431	9,127,818	1,507,485	1,575,186	10,111,916	10,703,004
Grants and contributions not restricted to specific programs	98,107	106,465	-	-	98,107	106,465
Unrestricted investment earnings	204,241	350,147	609,127	417,938	813,368	768,085
Miscellaneous general revenues		10,302		330,159		340,461
Total revenues	<u>19,404,624</u>	<u>19,558,500</u>	<u>11,624,423</u>	<u>15,355,635</u>	<u>31,029,047</u>	<u>34,914,135</u>
Expenses:						
Legislative	117,986	119,534	-	-	117,986	119,534
Judicial	3,236,683	3,403,161	-	-	3,236,683	3,403,161
General Government	5,300,418	5,026,156	-	-	5,300,418	5,026,156
Public						
Safety	5,016,821	5,040,173	-	-	5,016,821	5,040,173
Public Works	1,064,344	912,869	-	-	1,064,344	912,869
Health and Welfare	4,658,677	4,811,305	-	-	4,658,677	4,811,305
Culture and Recreation	2,480	3,344	-	-	2,480	3,344
Interes on debt	87,755	69,229	-	-	87,755	69,229
Delinquent property tax			28	366	28	366
Caro Sewage (Refunding)			-	30,790	-	30,790
Mayville Storm Sewer			-	61,350	-	61,350
Richville Water System			-	41,195	-	41,195
Millington Sewer System			-	12,799	-	12,799
Denmark Sewer System			-	-	-	-
Tax Foreclosure			-	115,871	-	115,871
Other	-	-	176,694	-	176,694	-
Medical Care Facility			10,086,430	12,315,825	10,086,430	12,315,825
Total expenses	<u>19,485,164</u>	<u>19,385,771</u>	<u>10,263,152</u>	<u>12,578,196</u>	<u>29,748,316</u>	<u>31,963,967</u>
Change in net assets before transfers	(80,540)	172,729	1,361,271	2,777,439	1,280,731	2,950,168
Transfers	<u>775,307</u>	<u>764,246</u>	<u>(726,120)</u>	<u>(715,932)</u>	<u>49,187</u>	<u>48,314</u>
Increase in net assets	694,767	936,975	635,151	2,061,507	1,329,918	2,998,482
Net assets-beginning of year, as restated	<u>13,070,859</u>	<u>13,765,626</u>	<u>12,896,807</u>	<u>13,714,617</u>	<u>25,967,666</u>	<u>27,480,243</u>
Net assets-end of year	<u>\$ 13,765,626</u>	<u>\$ 14,702,601</u>	<u>\$ 13,531,958</u>	<u>\$ 15,776,124</u>	<u>\$ 27,297,584</u>	<u>\$ 30,478,725</u>

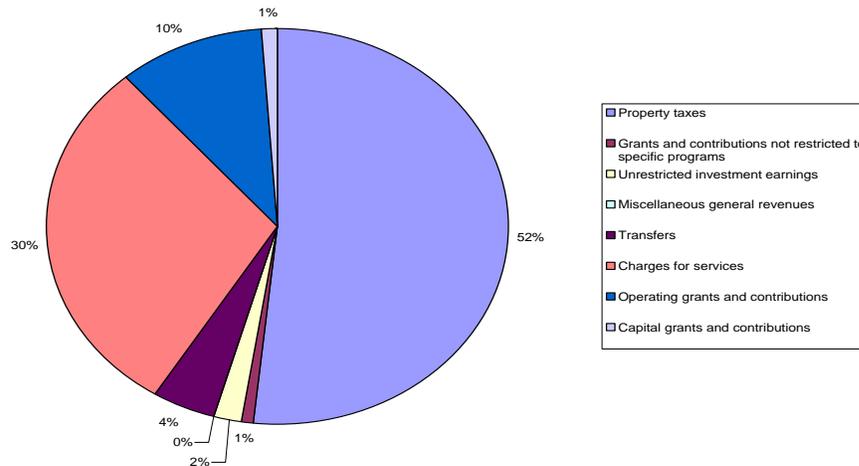
Governmental activities. Governmental activities increased the County’s net assets by \$936,975 accounting for 31 percent of the total growth in the net assets of the County. This increase is \$242,208 higher than the growth from 2004 to 2005.

- Property taxes including general operating and all special purpose millages increased by approximately \$591,088 during the year. Most of this increase is the product of increased taxable values and residential growth.
- The statement of activities for program revenues on the primary government shows program revenue at \$9,963,768 short of covering governmental expenses by \$9,422,003. Our primary government depends on general revenues like property taxes and transfers to end the year in a positive balance.
The statement of activities can be found on pages 17-18.

Expenses and Program Revenues - Governmental Activities



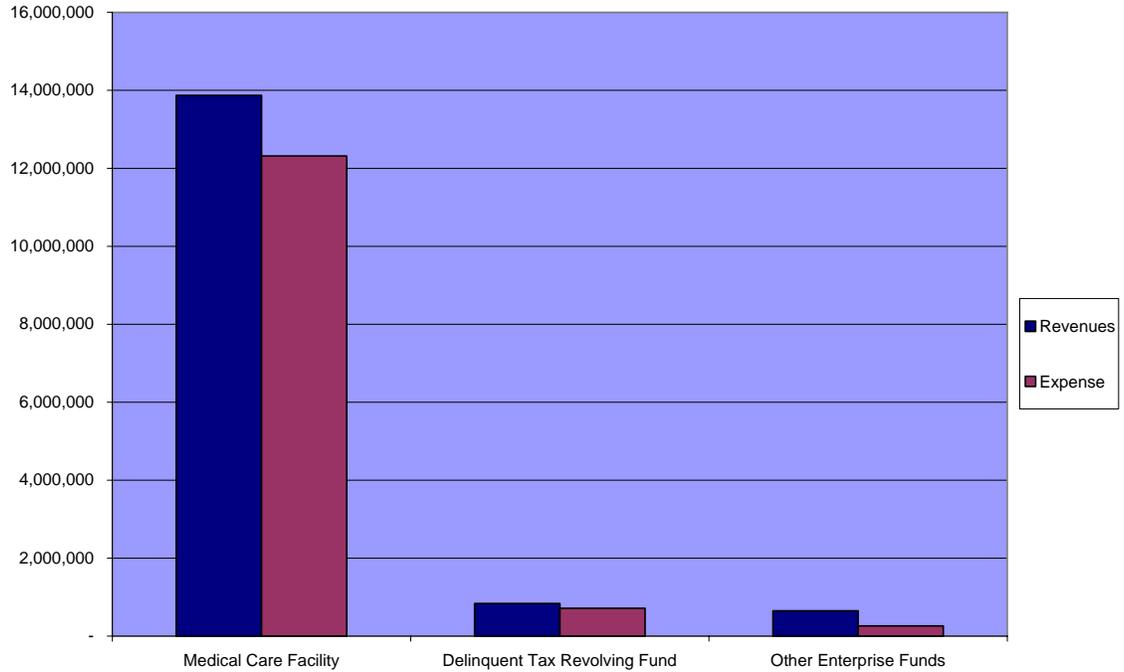
Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$2,061,507 accounting for 69 percent of the total growth in the government's net assets for the current year. This is a substantial increase of \$1,426,356 from 2005. Key elements of the fluctuations are as follows:

- The Medical Care Facility completed the remodeling of the existing building, and the new construction of an Alzheimer unit in 2005. The result of this completion is a dramatic increase in charges for services of \$3,933,018. Even though the operating and maintenance expenses are up \$2,042,022 this still results in a net income of \$1,553,599 for the year.
- Interest income for the delinquent tax revolving fund continues to increase due to higher interest rates on investments. For 2006, we recorded \$292,906 in interest income and \$355,282 on interest on taxes. The total income before transfers was \$835,520. This amount is up \$109,400 from fiscal year end 2005.

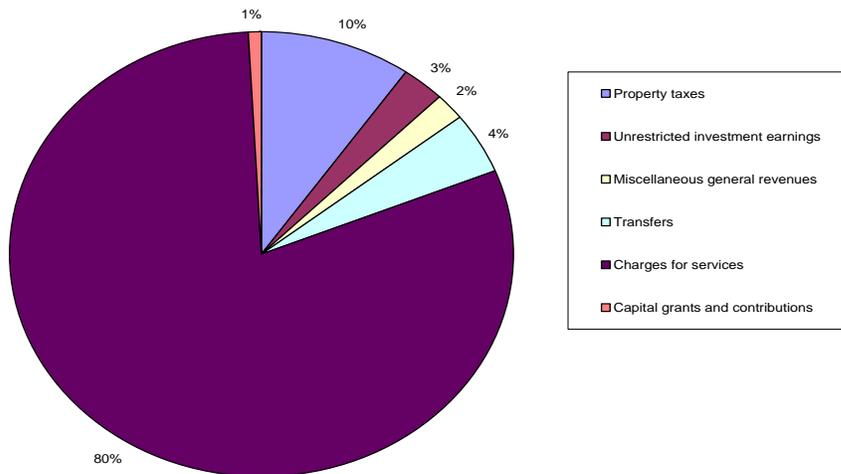
Expense and Program Revenues - Business-type Activities



Major Business-type activities are Medical Care Facility and Delinquent Tax Revolving Funds. Other nonmajor Business-type funds or enterprise funds are Caro sewage disposal (refunded), Mayville storm sewer, Richville water system, Millington sewer system, Denmark sewer system and the Tax foreclosure fund.

Additional information on these nonmajor enterprise funds can be found on pages 108-110.

Revenues by Source Business-type Activities



The majority of Revenues for all Business-type activities comes from charges for services. This accounts for 80 percent of the total revenue or \$12,675,960.

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 \$8,510,039. Of this total amount, 68 percent or \$5,780,382 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 \$296,662 and *unreserved- undesignated fund balance* of \$5,483,720. The *unreserved-designated fund balance* has been designated for specific purposes. The remainder of *fund balance* is reserved to indicate that it is not available for new spending because it has already been committed to: 1) \$610,000 to cover advances to component units, 2) \$6,800 to cover non-current due from, 3) \$2,046,227 for capital projects, 4) \$44,606 to cover prepaid items, 5) \$22,024 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 \$1,377,578, while total fund balance was \$1,987,578. 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 revenue reserve sharing fund is no longer a major fund for fiscal year end 2006. The fund balance of \$2,021,513 is expected to be depleted in fiscal year 2008.

The fund balance of the County's general fund increased by \$213,947 during the current fiscal year.

The Health Department fund had a decrease of \$46,120 in fund balance for the current year, for an ending fund balance of \$643,765.

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 transfers out resulted in an increase of \$222,575. Variances between budget and actual were generally favorable with the final fund balance being \$377,008 greater than budgeted.

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, 2006, amounted to \$21,119,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment.

Since the completion of the Medical Care Facility in 2005, there have been no major capital asset events.

County of Tuscola Capital assets (net of depreciation)

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2006	2006	2006
Land	560,646	-	560,646
Construction in Progress	-	399,772	399,772
Buildings	3,027,915	8,278,725	11,306,640
Improvements	1,170,909	619,939	1,790,848
Vehicles	317,682	-	317,682
Equipment	1,513,768	5,619,139	7,132,907
Health Dept accum. Depreciation	(388,828)	-	(388,828)
Total	<u>\$ 6,202,092</u>	<u>\$ 14,917,575</u>	<u>\$ 21,119,667</u>

Additional information on the County's capital assets can be found in note III C on pages 43-45 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$31,004,380. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$15,478,040 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 2006.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total taxable valuation. The current debt limitation for the County is \$136,089,233 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 50-52 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 2007 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2006 was 8.7 percent, which is an increase from an average rate of 6.6 percent a year ago. This is higher than the State's average unemployment rate of 6.9 percent and the national average rate of 4.6 percent.
- Public Act 357 of 2004 essentially created a funding mechanism to serve as a substitute to state revenue sharing payments where the County is gradually shifting 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. The distribution amount for 2007 is \$1,074,592. The county is expecting this source of funds to be depleted in fiscal year 2008.

- The 2007 budget has a minimal increase over the 2006 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 2007 budget is balanced primarily through transfers and one-time sources of funds, postponing many needed equipment and capital items.

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, 2006

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 2,067,494	\$ 2,808,090	\$ 4,875,584	\$ 139,696	\$ 887,543	\$ 1,027,239
Investments	5,326,943	1,572,480	6,899,423	-	8,445,037	8,445,037
Accounts receivable	6,628,010	6,590,763	13,218,773	1,784,532	11,995,434	13,779,966
Advance to component units	610,000	-	610,000	-	-	-
Internal balances	(460,876)	460,876	-	-	-	-
Prepaid items and other assets	44,606	217,855	262,461	109,334	-	109,334
Inventory	35,926	-	35,926	361,043	-	361,043
Restricted cash	-	934,933	934,933	1,092,546	-	1,092,546
Restricted investments	-	2,837,400	2,837,400	-	-	-
Restricted receivables	-	-	-	1,499,671	-	1,499,671
Capital assets, net:						
Assets not being depreciated	560,646	399,772	960,418	25,771,355	4,624,317	30,395,672
Assets being depreciated	5,641,446	14,517,803	20,159,249	40,382,841	10,746,966	51,129,807
Total assets	20,454,195	30,339,972	50,794,167	71,141,018	36,699,297	107,840,315
Liabilities						
Accounts payable	961,070	681,275	1,642,345	1,474,060	1,294,191	2,768,251
Accrued liabilities	4,850	178,021	182,871	84,426	-	84,426
Advance from primary government	-	-	-	-	610,000	610,000
Unearned revenue	2,830,767	197,855	3,028,622	246,669	-	246,669
Noncurrent liabilities:						
Due within one year	628,613	898,000	1,526,613	50,000	1,647,513	1,697,513
Due in more than one year	1,326,294	12,608,697	13,934,991	14,736	13,830,527	13,845,263
Total liabilities	5,751,594	14,563,848	20,315,442	1,869,891	17,382,231	19,252,122
Net Assets						
Invested in capital assets, net of related debt	5,041,097	4,074,228	9,115,325	66,154,196	(106,757)	66,047,439
Restricted for:						
Debt service	-	920,811	920,811	-	2,626,009	2,626,009
Capital projects	2,046,227	-	2,046,227	1,092,546	5,142,748	6,235,294
Donor contributions	6,012	10,527	16,539	-	-	-
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	234	-	234	-	-	-
Unrestricted	7,602,231	10,770,558	18,372,789	2,024,385	11,655,066	13,679,451
Total net assets	\$ 14,702,601	\$ 15,776,124	\$ 30,478,725	\$ 69,271,127	\$ 19,317,066	\$ 88,588,193

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

TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 119,534	\$ -	\$ -	\$ (119,534)
Judicial	3,403,161	1,456,367	1,062,160	(884,634)
General government	5,026,156	899,733	202,550	(3,923,873)
Public safety	5,040,173	1,658,525	938,694	(2,418,007)
Public works	912,869	467,382	-	(445,487)
Health and welfare	4,811,305	795,485	2,297,058	(1,625,228)
Culture and recreation	3,344	199	-	(3,145)
Interest on debt	69,229	-	-	(2,095)
Total governmental activities	<u>19,385,771</u>	<u>5,277,691</u>	<u>4,500,462</u>	<u>(9,422,003)</u>
Business-type activities:				
Medical care facility	12,315,825	11,938,841	-	(376,984)
Delinquent property tax	366	542,980	-	542,614
Caro Sewage Disposal (Refunded)	30,790	-	-	30,790
Mayville Storm Sewer	61,350	-	-	61,350
Richville Water System	41,195	-	-	41,195
Millington Sewer System	12,799	-	-	12,799
Denmark Sewer System	-	288,001	-	288,001
Tax Foreclosure	115,871	116,396	-	525
Total business-type activities	<u>12,578,196</u>	<u>12,886,218</u>	<u>-</u>	<u>454,156</u>
Total primary government	<u>\$ 31,963,967</u>	<u>\$ 18,163,909</u>	<u>\$ 4,500,462</u>	<u>\$ (8,967,847)</u>
Component units				
Road Commission	\$ 8,161,590	\$ -	\$ 11,535,018	\$ 3,373,428
Drain Commission	1,531,999	-	-	6,445,259
Total component units	<u>\$ 9,693,589</u>	<u>\$ -</u>	<u>\$ 11,535,018</u>	<u>\$ 8,286,688</u>

continued...

TUSCOLA COUNTY
STATEMENT OF ACTIVITIES (CONCLUDED)
YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Road Commission	Drain Commission	Total
Changes in net assets						
Net (expense) revenue	\$ (9,422,003)	\$ 454,156	\$ (8,967,847)	\$ 3,373,428	\$ 4,913,260	\$ 8,286,688
General revenues:						
Property taxes	9,127,818	1,575,186	10,703,004	1,487,517	-	1,487,517
Grants and contributions not restricted to specific programs	106,465	-	106,465	-	-	-
Unrestricted investment earnings	350,147	417,938	768,085	42,801	327,210	370,011
Miscellaneous general revenues	10,302	330,159	340,461	74,095	-	74,095
Transfers - internal activities	764,246	(715,932)	48,314	-	-	-
Total general revenues and transfers	10,358,978	1,607,351	11,966,329	1,604,413	327,210	1,931,623
Change in net assets	936,975	2,061,507	2,998,482	4,977,841	5,240,470	10,218,311
Net assets, beginning of year, as restated	13,765,626	13,714,617	27,480,243	64,293,286	14,076,596	78,369,882
Net assets, end of year	\$ 14,702,601	\$ 15,776,124	\$ 30,478,725	\$ 69,271,127	\$ 19,317,066	\$ 88,588,193

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

**TUSCOLA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Health Department (F.Y.E. 9-30-06)	Road Patrol	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 7,000	\$ 548,750	\$ 93,947	\$ 1,417,797	\$ 2,067,494
Investments	3,346,925	-	94,771	1,885,247	5,326,943
Receivables:					
Taxes receivable	2,146,383	-	1,195,154	1,306,620	4,648,157
Taxes receivable - delinquent	20,357	-	12,787	10,115	43,259
Accounts receivable	160,359	137,538	-	185,206	483,103
Due from other funds	725,908	-	-	2,460,972	3,186,880
Due from State	64,793	14,115	-	268,586	347,494
Due from other governmental units	997	-	-	-	997
Prepaid expenditures	-	44,606	-	-	44,606
Inventory	-	35,926	-	-	35,926
Advances to component unit	610,000	-	-	-	610,000
TOTAL ASSETS	\$ 7,082,722	\$ 780,935	\$ 1,396,659	\$ 7,534,543	\$ 16,794,859
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	142,419	63,377	5,209	91,865	302,870
Accrued liabilities	97,473	37,867	30,235	53,451	219,026
Due to other governments	-	-	-	19,282	19,282
Due to other funds	4,541,829	-	11,841	275,946	4,829,616
Deposits payable	-	-	-	40,000	40,000
Deferred revenue	313,423	35,926	1,207,941	1,316,736	2,874,026
TOTAL LIABILITIES	5,095,144	137,170	1,255,226	1,797,280	8,284,820
Fund balance					
Reserved for:					
Advances to component units	610,000	-	-	-	610,000
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Restricted contributions	-	6,012	-	16,012	22,024
Capital projects	-	-	-	2,046,227	2,046,227
Prepaid items	-	44,606	-	-	44,606
Unreserved:					
Designated	-	296,662	-	-	296,662
Undesignated	1,377,578	296,485	141,433	-	1,815,496
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	3,667,990	3,667,990
Permanent funds	-	-	-	234	234
Total fund balance	1,987,578	643,765	141,433	5,737,263	8,510,039
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,082,722	\$ 780,935	\$ 1,396,659	\$ 7,534,543	\$ 16,794,859

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, 2006

Fund balances - total governmental funds	\$	8,510,039
<p>Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.</p>		
Add: Capital assets		12,000,848
Subtract: Accumulated depreciation		(5,798,756)
<p>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.</p>		
Add: deferred delinquent property taxes		43,259
Add: Long-term receivables - Due from other governments		1,105,000
<p>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.</p>		
Add: net assets of governmental activities accounted for in internal service funds		797,118
<p>Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.</p>		
Subtract: bonds payable		(1,160,996)
Subtract: compensated absences		(793,911)
Net assets of governmental activities	\$	<u>14,702,601</u>

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

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	General	Health Department (F.Y.E. 9-30-06)	Road Patrol	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 5,267,937	\$ -	\$ 1,125,182	\$ 2,739,573	\$ 9,132,692
Licenses and permits	562,255	175,720	-	-	737,975
Intergovernmental					
Federal	89,345	981,853	-	764,967	1,836,165
State	969,876	420,670	-	1,289,882	2,680,428
Local	-	212,200	-	266,592	478,792
Charges for services	1,977,044	437,265	-	1,138,602	3,552,911
Fines and forfeits	71,215	-	-	7,505	78,720
Interest and rents	307,377	-	8,382	129,317	445,076
Reimbursements and refunds	504,232	-	3,265	4,839	512,336
Other	-	44,614	3,666	144,697	192,977
TOTAL REVENUES	9,749,281	2,272,322	1,140,495	6,485,974	19,648,072
EXPENDITURES					
Current:					
Legislative	119,534	-	-	-	119,534
Judicial	2,312,881	-	-	1,068,996	3,381,877
General government	3,364,813	-	-	1,101,780	4,466,593
Public safety	2,145,404	-	1,046,284	1,549,440	4,741,128
Public works	911,102	-	-	-	911,102
Health and welfare	454,012	2,698,683	-	1,522,524	4,675,219
Culture and recreation	-	-	-	3,344	3,344
Other	245,792	-	-	-	245,792
Capital outlay	-	9,936	72,054	561,020	643,010
Debt service - principal	-	-	69,163	334,010	403,173
Debt service - interest	-	-	2,120	67,109	69,229
TOTAL EXPENDITURES	9,553,538	2,708,619	1,189,621	6,208,223	19,660,001
REVENUES OVER (UNDER) EXPENDITURES	195,743	(436,297)	(49,126)	277,751	(11,929)
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	69,874	-	69,874
Sale of capital assets	-	-	-	9,097	9,097
Transfer in	1,709,019	390,177	-	1,642,681	3,741,877
Transfer out	(1,690,815)	-	(2,611)	(1,284,205)	(2,977,631)
TOTAL OTHER FINANCING SOURCES (USES)	18,204	390,177	67,263	367,573	843,217
NET CHANGE IN FUND BALANCES	213,947	(46,120)	18,137	645,324	831,288
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	1,773,631	689,885	123,296	5,091,939	7,678,751
FUND BALANCE, END OF YEAR	\$ 1,987,578	\$ 643,765	\$ 141,433	\$ 5,737,263	\$ 8,510,039

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, 2006

Net change in fund balances - total governmental funds	\$	831,288
Amounts reported for <i>governmental activities</i> 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		442,828
Subtract: depreciation expense		(526,441)
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		43,259
Subtract: prior year deferred delinquent property taxes		(48,133)
Subtract: change in long-term receivables		(95,000)
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		403,174
Subtract: note proceeds		(69,874)
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		(61,211)
Add: gain on the disposal of capital assets		1,205
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.		
Add: net income from governmental activities accounted for in internal service funds		15,880
Change in net assets of governmental activities	\$	936,975

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, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 5,036,600	\$ 5,036,600	\$ 5,267,937	\$ 231,337
Licenses and permits	616,812	631,812	562,255	(69,557)
Intergovernmental				
Federal	26,000	41,957	89,345	47,388
State	1,022,170	1,024,403	969,876	(54,527)
Charges for services	1,783,045	1,780,045	1,977,044	196,999
Fines and forfeits	82,250	87,250	71,215	(16,035)
Interest and rents	244,776	244,776	307,377	62,601
Other	637,554	661,877	504,232	(157,645)
TOTAL REVENUES	9,449,207	9,508,720	9,749,281	240,561
EXPENDITURES				
Legislative				
Board of Commissioners	130,714	130,714	119,534	(11,180)
Judicial				
Circuit Court	1,098,588	1,121,332	1,121,332	-
District Court	765,270	779,871	742,730	(37,141)
Jury Commission	5,160	5,160	3,771	(1,389)
Magistrate	231,991	231,991	227,944	(4,047)
Adult Probation	21,000	21,000	18,952	(2,048)
District Court Probation	217,301	217,302	198,152	(19,150)
Total Judicial	2,339,310	2,376,656	2,312,881	(63,775)
General government				
Elections	38,100	40,070	40,070	-
Legal	50,000	50,000	45,127	(4,873)
County Clerk	356,772	356,772	333,943	(22,829)
Controller	307,838	307,838	289,606	(18,232)
Equalizations	180,382	180,382	172,850	(7,532)
Prosecuting attorney	462,786	462,786	450,316	(12,470)
Cooperative reimbursement - prosecutor	159,913	159,913	143,111	(16,802)
Register of deeds	246,646	246,646	230,988	(15,658)
Treasurer	341,331	341,331	318,647	(22,684)
Cooperative extension	101,081	101,081	95,659	(5,422)
Computer operations	374,595	374,595	353,666	(20,929)
Building and grounds	790,307	760,663	730,688	(29,975)
Drain Commission	170,355	170,355	158,523	(11,832)
Livestock claims	825	1,619	1,619	-
Total general government	3,580,931	3,554,051	3,364,813	(189,238)
Public safety				
Courthouse security	-	90,548	76,278	(14,270)
Sheriff's department	1,747,497	1,770,497	1,668,921	(101,576)
Liquor/Traffic Enforcement	5,000	5,557	5,557	-
Marine safety	29,383	45,340	40,539	(4,801)
Secondary road patrol	123,776	123,775	123,775	-
Thumb area narcotics group	27,838	27,838	27,393	(445)
Planning commission	3,030	9,288	9,288	-
Plat Board	656	656	406	(250)
Emergency services	85,810	85,810	83,745	(2,065)
Animal shelter	70,700	109,502	109,502	-
Total public safety	2,093,690	2,268,811	2,145,404	(123,407)

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Public works				
Building codes	\$ 450,000	\$ 450,000	\$ 425,698	\$ (24,302)
Department of public works	1,500	1,768	1,768	-
Drains at large	483,635	483,636	483,636	-
Total public works	<u>935,135</u>	<u>935,404</u>	<u>911,102</u>	<u>(24,302)</u>
Health and welfare				
Substance abuse	51,000	53,233	53,233	-
Medical examiner	38,061	39,890	39,890	-
Veterans' burial	20,000	21,360	21,360	-
Economic development	26,265	26,265	26,265	-
Mental health appropriations	288,243	288,243	288,243	-
Environmental health	-	730	730	-
Cigarette tax	23,000	24,291	24,291	-
Total health and welfare	<u>446,569</u>	<u>454,012</u>	<u>454,012</u>	<u>-</u>
Other	<u>324,849</u>	<u>256,361</u>	<u>245,792</u>	<u>(10,569)</u>
TOTAL EXPENDITURES	<u>9,851,198</u>	<u>9,976,009</u>	<u>9,553,538</u>	<u>(422,471)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(401,991)</u>	<u>(467,289)</u>	<u>195,743</u>	<u>663,032</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,013,394	2,013,394	1,709,019	(304,375)
Transfer out	<u>(1,611,402)</u>	<u>(1,709,166)</u>	<u>(1,690,815)</u>	<u>18,351</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>401,992</u>	<u>304,228</u>	<u>18,204</u>	<u>(286,024)</u>
NET CHANGE IN FUND BALANCE	1	(163,061)	213,947	377,008
FUND BALANCE, BEGINNING OF YEAR	<u>1,773,631</u>	<u>1,773,631</u>	<u>1,773,631</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,773,632</u>	<u>\$ 1,610,570</u>	<u>\$ 1,987,578</u>	<u>\$ 377,008</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, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ 197,106	\$ 192,095	\$ 175,720	\$ (16,375)
Intergovernmental				
Federal	777,873	1,013,845	981,853	(31,992)
State	333,275	434,377	420,670	(13,707)
Local	168,115	219,114	212,200	(6,914)
Charges for services	395,812	421,169	437,265	16,096
Other	35,140	40,185	44,614	4,429
TOTAL REVENUES	<u>1,907,321</u>	<u>2,320,785</u>	<u>2,272,322</u>	<u>(48,463)</u>
EXPENDITURES				
Current				
Health and Welfare	2,327,926	2,711,784	2,698,683	(13,101)
Capital outlay	-	9,936	9,936	-
TOTAL EXPENDITURES	<u>2,327,926</u>	<u>2,721,720</u>	<u>2,708,619</u>	<u>(13,101)</u>
REVENUES OVER (UNDER) EXPENDITURES	(420,605)	(400,935)	(436,297)	(35,362)
OTHER FINANCING SOURCES				
Transfer in	397,388	390,046	390,177	131
NET CHANGE IN FUND BALANCE	(23,217)	(10,889)	(46,120)	(35,231)
FUND BALANCE, BEGINNING OF YEAR	<u>689,885</u>	<u>689,885</u>	<u>689,885</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 666,668</u>	<u>\$ 678,996</u>	<u>\$ 643,765</u>	<u>\$ (35,231)</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
ROAD PATROL
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 1,131,000	\$ 1,131,000	\$ 1,125,182	\$ (5,818)
Interest	6,000	6,000	8,382	2,382
Reimbursements and refunds	-	-	3,265	3,265
Other	-	-	3,666	3,666
TOTAL REVENUES	1,137,000	1,137,000	1,140,495	3,495
EXPENDITURES				
Public safety	1,076,756	1,079,756	1,046,284	(33,472)
Capital outlay	74,000	74,000	72,054	(1,946)
Debt service - principal	-	69,163	69,163	-
Debt service - interest	-	2,120	2,120	-
TOTAL EXPENDITURES	1,150,756	1,225,039	1,189,621	(35,418)
REVENUE OVER (UNDER) EXPENDITURES	(13,756)	(88,039)	(49,126)	38,913
OTHER FINANCING USES (SOURCES)				
Note proceeds	-	-	69,874	69,874
Transfer out	-	(2,611)	(2,611)	-
Total other financing uses (sources)	-	(2,611)	67,263	69,874
NET CHANGE IN FUND BALANCE	(13,756)	(90,650)	18,137	108,787
FUND BALANCE, BEGINNING OF YEAR	123,296	123,296	123,296	-
FUND BALANCE, END OF YEAR	\$ 109,540	\$ 32,646	\$ 141,433	\$ 108,787

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

TUSCOLA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

	Enterprise Funds			Total	Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds		Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,112,435	\$ 351,038	\$ 344,617	\$ 2,808,090	\$ -
Investments	1,572,480	-	-	1,572,480	-
Receivables:					
Taxes receivable - delinquent	8,634	1,902,305	-	1,910,939	-
Accounts receivable	1,196,503	41,536	-	1,238,039	-
Allowance for uncollectible accounts	(122,152)	-	-	(122,152)	-
Due from other governmental units	-	141,936	486,001	627,937	-
Net pension assets	186,048	-	-	186,048	-
Other assets	31,807	-	-	31,807	-
Restricted cash	934,933	-	-	934,933	-
Restricted investments	-	2,837,400	-	2,837,400	-
Due from other funds	-	1,169,774	239	1,170,013	1,181,860
Total current assets	5,920,688	6,443,989	830,857	13,195,534	1,181,860
Noncurrent assets:					
Due from other governmental units	-	-	2,936,000	2,936,000	-
Capital assets, net	14,549,228	-	368,347	14,917,575	-
Total noncurrent assets	14,549,228	-	3,304,347	17,853,575	-
Total assets	20,469,916	6,443,989	4,135,204	31,049,109	1,181,860
Liabilities					
Current liabilities:					
Accounts payable	381,317	11,957	288,001	681,275	-
Accrued and other liabilities	137,099	-	-	137,099	384,742
Due to other funds	-	709,137	-	709,137	-
Patient trust fund	14,122	-	-	14,122	-
Deposits payable	26,800	-	-	26,800	-
Bonds payable current	700,000	-	198,000	898,000	-
Total current liabilities	1,259,338	721,094	486,001	2,466,433	384,742
Noncurrent liabilities:					
Long-term debt	9,775,000	-	2,936,000	12,711,000	-
Deferred costs	(102,303)	-	-	(102,303)	-
Unearned revenue	197,855	-	-	197,855	-
Total long-term liabilities	9,870,552	-	2,936,000	12,806,552	-
Total liabilities	11,129,890	721,094	3,422,001	15,272,985	384,742
Net assets					
Invested in capital assets, net of related debt	4,074,228	-	-	4,074,228	-
Restricted for:					
Donor contributions	10,527	-	-	10,527	-
Debt service	920,811	-	-	920,811	-
Unrestricted	4,334,460	5,722,895	713,203	10,770,558	797,118
Total net assets	\$ 9,340,026	\$ 5,722,895	\$ 713,203	\$ 15,776,124	\$ 797,118

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, 2006

	Enterprise Funds				Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Operating revenue					
Taxes	\$ 313,630	\$ -	\$ -	\$ 313,630	\$ -
Charges for services	11,938,841	186,588	550,531	12,675,960	1,555,275
Interest on taxes	-	355,282	-	355,282	-
Other operating revenue	237,757	1,110	92,474	331,341	-
Total operating revenue	12,490,228	542,980	643,005	13,676,213	1,555,275
Operating expenses					
Operation and maintenance	10,926,733	366	-	10,927,099	1,536,457
Benefits and claims	-	-	-	-	2,938
Administration	-	-	115,871	115,871	-
Depreciation	975,577	-	-	975,577	-
Total operating expenses	11,902,310	366	115,871	12,018,547	1,539,395
Operating income (loss)	587,918	542,614	527,134	1,657,666	15,880
Non-operating revenue (expenses)					
Property taxes for debt service	1,261,556	-	-	1,261,556	-
Interest income	117,712	292,906	7,320	417,938	-
Loss on disposal of capital assets	(72)	-	-	(72)	-
Interest expense and fiscal charges	(413,515)	-	(146,134)	(559,649)	-
Total non-operating revenue (expenses)	965,681	292,906	(138,814)	1,119,773	-
Income (loss) before transfers	1,553,599	835,520	388,320	2,777,439	15,880
Transfers					
Transfers out	-	(715,932)	-	(715,932)	-
Change in net assets	1,553,599	119,588	388,320	2,061,507	15,880
Net assets, beginning of year, as restated	7,786,427	5,603,307	324,883	13,714,617	781,238
Net assets, end of year	\$ 9,340,026	\$ 5,722,895	\$ 713,203	\$ 15,776,124	\$ 797,118

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

**TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2006**

	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	\$ 13,311,408	\$ 289,130	\$ 550,531	\$ 14,151,069	\$ 1,562,626
Cash payments for interfund services provided	-	(21,534)	(95)	(21,629)	(1,140,899)
Cash payments to suppliers for goods and services	(4,583,599)	(528)	(115,871)	(4,699,998)	(1,539,395)
Cash payments to employees for services	(7,411,770)	-	-	(7,411,770)	-
Other operating revenue	-	-	92,474	92,474	-
Net cash provided (used) by operating activities	1,316,039	267,068	527,039	2,110,146	(1,117,668)
Cash flows from non-capital financing activities					
Transfers out	-	(715,932)	-	(715,932)	-
Principal paid on long-term debt	-	-	(183,000)	(183,000)	-
Interest paid on long-term debt	-	-	(146,134)	(146,134)	-
Contributions from local units	-	-	183,000	183,000	-
Net cash provided(used) by non-capital financing activities	-	(715,932)	(146,134)	(862,066)	-
Cash flows from capital and related financing activities					
Property taxes for debt services	1,261,556	-	-	1,261,556	-
Loss from disposal of capital assets	(72)	-	-	(72)	-
Principal payments	(625,000)	-	-	(625,000)	-
Interest payments	(413,515)	-	-	(413,515)	-
Purchases of capital assets	(318,828)	-	(346,621)	(665,449)	-
Net cash provided (used) by capital and related financing activities	(95,859)	-	(346,621)	(442,480)	-
Cash flows from investing activities					
Interest received	117,712	292,906	-	410,618	-
Purchase of investments	-	(129,300)	-	(129,300)	-
Investment income	-	-	7,320	7,320	-
Sale of investments	(262,620)	-	-	(262,620)	-
Net cash provided (used) by investing activities	(144,908)	163,606	7,320	26,018	-
Net increase (decrease) in cash and cash equivalents	1,075,272	(285,258)	41,604	831,618	(1,117,668)
Cash and cash equivalents, beginning of year	1,972,096	636,296	303,013	2,911,405	1,117,668
Cash and cash equivalents, end of year	\$ 3,047,368	\$ 351,038	\$ 344,617	\$ 3,743,023	\$ -
Statement of net assets classification of cash and cash equivalents					
Cash and cash equivalents	2,112,435	351,038	344,617	2,808,090	-
Restricted assets	934,933	-	-	934,933	-
	\$ 3,047,368	\$ 351,038	\$ 344,617	\$ 3,743,023	\$ -

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, 2006**

	Enterprise Funds			Total	Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	587,918	542,614	527,134	1,657,666	15,880
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	975,577	-	-	975,577	-
Bad debt expense	398,324	-	-	398,324	-
Changes in assets and liabilities which increase (decrease) cash:					
Receivables	1,928,294	(145,081)	-	1,783,213	7,351
Due from other governments	-	(107,659)	-	(107,659)	-
Due from other funds	-	32,135	(95)	32,040	(1,140,899)
Accounts payable	(1,068,636)	(1,272)	-	(1,069,908)	-
Accrued and other liabilities	33,572	-	-	33,572	-
Due to other funds	-	(53,669)	-	(53,669)	-
Unearned revenue	(1,539,010)	-	-	(1,539,010)	-
Net cash provided (used) by operating activities	\$ 1,316,039	\$ 267,068	\$ 527,039	\$ 2,110,146	\$ (1,117,668)

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

**TUSCOLA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,588,444</u>
LIABILITIES	
Accrued liabilities	\$ 1,072,336
Due to other governmental units	377,832
Undistributed receipts	39,220
Undistributed taxes	<u>1,099,056</u>
TOTAL LIABILITIES	<u>\$ 2,588,444</u>

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006

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, 2006

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, 2006

The *road patrol fund* accounts for the collection of a separate tax millage that is used to fund the operations of the County road patrol.

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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the investments company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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. Restricted assets in the Delinquent Tax fund are set aside for the purchase of the delinquent taxes.

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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

6. LONG-TERM OBLIGATIONS

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

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

7. FUND EQUITY

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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

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:

	<u>Carrying Amount</u>
Government-Wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 4,875,584
Investments	6,899,423
Restricted cash	934,933
Restricted investments	2,837,400
Component Units:	
Cash and cash equivalents	1,027,239
Investments	8,445,037
Restricted cash	1,092,546
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>2,588,444</u>
Total	<u>\$ 28,700,606</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Notes to financial statements

Deposits	\$ 12,064,418
Investments	16,628,373
Cash on hand	<u>7,815</u>
Total	<u>\$ 28,700,606</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
Michigan Class Accounts	N/A	\$11,313,176	S&P P1, Moody A1
PFIT Money Market	30 day avg	400,719	S&P AAA
Commercial Paper	2	868,141	S&P A1+, Moody P1
Federal Home Loan	4	3,518,612	S&P AAA, Moody Aaa
Comerica Money Market	N/A	<u>527,725</u>	S&P P1, Moody A1
		<u>\$16,628,373</u>	

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.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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 \$15,907,925 of the County’s bank balance of \$16,407,925 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.

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 and Federal Home Loan. 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	\$ 4,691,416	\$ 1,910,939	\$ -
Accounts	483,103	1,238,039	1,784,532
Special assessments			
Due within one year	-	-	1,647,153
Due after one year	-	-	10,007,913
Intergovernmental			
Due within one year	448,491	627,937	340,368
Due after one year	1,005,000	2,936,000	-
Less: allowance for uncollectible accounts	-	(122,152)	-
Total	\$ 6,628,010	\$ 6,590,763	\$ 13,779,966

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 20,357	\$ 288,599
Property taxes receivable (Road Patrol)	12,787	1,195,154
Property taxes receivable (Nonmajor Governmental fund types)	10,115	1,306,621
Inventory	-	35,926
Grant drawdowns prior to meeting all eligibility requirements	-	4,467
Total	<u>\$ 43,259</u>	<u>\$ 2,830,767</u>

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006 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	\$ 560,646	\$ -	\$ -	\$ 560,646
Capital assets being depreciated:				
Buildings	6,021,925	9,935	-	6,031,860
Improvements	1,488,944	117,328	(925)	1,605,347
Equipment	2,558,091	183,860	(8,700)	2,733,251
Vehicles	938,039	131,705	-	1,069,744
Total capital assets being depreciated	<u>11,006,999</u>	<u>442,828</u>	<u>(9,625)</u>	<u>11,440,202</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less accumulated depreciation				
Buildings	\$(2,835,658)	\$(168,287)	\$ -	\$(3,003,945)
Improvements	(360,198)	(74,240)	-	(434,438)
Equipment	(1,055,390)	(172,793)	8,700	(1,219,483)
Vehicles	(671,629)	(80,433)	-	(752,062)
Health Department	<u>(360,270)</u>	<u>(30,688)</u>	<u>2,130</u>	<u>(388,828)</u>
Total accumulated depreciation	<u>(5,283,145)</u>	<u>(526,441)</u>	<u>10,830</u>	<u>(5,798,756)</u>
Total capital assets being depreciated, net	<u>5,723,854</u>	<u>(83,613)</u>	<u>1,205</u>	<u>5,641,446</u>
Governmental activities capital assets, net	<u>\$ 6,284,500</u>	<u>\$ (83,613)</u>	<u>\$ 1,205</u>	<u>\$ 6,202,092</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.

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	\$ -	\$ 399,772	\$ -	\$ 399,772
Capital assets being depreciated:				
Land improvements	\$ 681,338	\$ 29,388	\$ -	710,726
Buildings	9,666,195	11,692	-	9,677,887
Equipment	<u>6,352,427</u>	<u>224,597</u>	<u>(75)</u>	<u>6,576,949</u>
Total capital assets being depreciated	<u>16,699,960</u>	<u>265,677</u>	<u>(75)</u>	<u>16,965,562</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less accumulated depreciation:				
Land improvements	\$ (40,342)	\$ (50,445)	\$ -	\$ (90,787)
Buildings	(608,192)	(790,970)	-	(1,399,162)
Equipment	<u>(823,651)</u>	<u>(134,162)</u>	<u>3</u>	<u>(957,810)</u>
Total accumulated Depreciation	<u>(1,472,185)</u>	<u>(975,577)</u>	<u>3</u>	<u>(2,447,759)</u>
Total capital assets being depreciated, net	<u>15,227,775</u>	<u>(709,900)</u>	<u>(72)</u>	<u>14,517,803</u>

Business-type activities

capital assets, net	<u>\$ 15,227,775</u>	<u>\$ (310,128)</u>	<u>\$ (72)</u>	<u>\$ 14,917,575</u>
----------------------------	----------------------	---------------------	----------------	----------------------

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

Governmental activities:

Judicial	\$ 4,500
General government	118,756
Public safety	288,215
Public works	1,714
Health and welfare	82,568
Health department	<u>30,688</u>

Total depreciation expense – governmental activities **\$ 526,441**

Business-type activities:

Total depreciation expense – Medical Care Facility **\$ 975,577**

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 4,624,317	\$ -	\$ 4,624,317
Capital assets being depreciated:				
Infrastructure	11,604,912	-	-	11,604,912
Less accumulated depreciation				
Infrastructure	<u>(625,848)</u>	<u>(232,098)</u>	<u>-</u>	<u>(857,946)</u>
Total capital assets being depreciated	<u>10,979,064</u>	<u>(232,098)</u>	<u>-</u>	<u>10,746,966</u>
Drain commission capital assets, net	<u>\$ 10,979,064</u>	<u>\$ 4,392,219</u>	<u>\$ -</u>	<u>\$ 15,371,283</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Activity for the Road Commission for the year ended December 31, 2006, 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>23,792,656</u>	<u>1,684,481</u>	<u>-</u>	<u>25,477,137</u>
Total capital assets not being depreciated	<u>24,086,874</u>	<u>1,684,481</u>	<u>-</u>	<u>25,771,355</u>
Capital assets being depreciated:				
Infrastructure	65,578,687	6,411,468	-	71,990,155
Building	2,245,764	62,419	-	2,308,183
Equipment	5,301,065	174,937	(760,910)	4,715,092
Depletable assets	<u>282,718</u>	<u>-</u>	<u>-</u>	<u>282,718</u>
Total capital assets being depreciated	<u>73,408,234</u>	<u>6,648,824</u>	<u>(760,910)</u>	<u>79,296,148</u>
Less accumulated depreciation				
Infrastructure	(30,744,634)	(3,110,354)	-	(33,854,988)
Building	(1,161,704)	(60,600)	-	(1,222,304)
Equipment	(4,080,014)	(462,520)	749,945	(3,792,589)
Depletable assets	<u>(41,928)</u>	<u>(1,498)</u>	<u>-</u>	<u>(43,426)</u>
Total accumulated depreciation	<u>(36,028,280)</u>	<u>(3,634,972)</u>	<u>749,945</u>	<u>(38,913,307)</u>
Total capital assets being depreciated, net	<u>37,379,954</u>	<u>3,013,852</u>	<u>(10,965)</u>	<u>40,382,841</u>
Road commission capital assets, net	<u>\$ 61,466,828</u>	<u>\$ 4,698,333</u>	<u>\$ (10,965)</u>	<u>\$ 66,154,196</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To	Due From				Total
	General Fund	Road Patrol	Nonmajor Governmental Funds	Combined Revolving Tax Fund	
General Fund	\$ -	\$ 11,841	\$ 4,930	\$ 709,137	\$ 725,908
Combined Revolving Tax Fund	1,169,774	-	-	-	1,169,774
Nonmajor Governmental Funds	2,189,956	-	271,016	-	2,460,972
Nonmajor Enterprise Funds	239	-	-	-	239
Internal Service Funds	<u>1,181,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,181,860</u>
Total	<u><u>\$4,541,829</u></u>	<u><u>\$11,841</u></u>	<u><u>\$ 275,946</u></u>	<u><u>\$ 709,137</u></u>	<u><u>\$ 5,538,753</u></u>

The balance of \$2,189,956 due to the general fund from the nonmajor governmental funds resulted from negative cash balances in the County's pooled cash account.

The balance of \$1,181,860 due to the general fund from the internal service funds resulted from negative cash balances in the County's pooled cash account.

The balance of \$1,169,774 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 \$709,137 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.

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Advances to/from component units:

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

Transfers to					
	General	Health	Nonmajor		
Transfers from	Fund	Department	Governmental	Funds	Total
General	\$ -	\$ 341,863	\$ 1,348,952		\$ 1,690,815
Road Patrol	-	-	2,611		2,611
Nonmajor governmental funds	1,036,252	-	247,953		1,284,205
Delinquent Tax Revolving Fund	672,767	-	43,165		715,932
	1,709,019	341,863	1,642,681		3,693,563
Reconciling item	-	48,314	-		48,314
Total	\$ 1,709,019	\$ 390,177	\$ 1,642,681		\$ 3,741,877

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2006.

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, 2006 was as follows:

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental activities:					
Notes Payable	\$ 59,295	\$ 69,874	\$ (73,174)	\$ 55,995	\$ 26,987
Building Authority:					
General obligation bonds:					
Tuscola County Series 1996	235,000	-	(235,000)	-	-
Tuscola County Series 1999	1,200,000	-	(95,000)	1,105,000	100,000
Compensated absences	<u>732,701</u>	<u>562,837</u>	<u>(501,626)</u>	<u>793,912</u>	<u>501,626</u>
Governmental activities					
Long-term liabilities	<u>\$ 2,226,996</u>	<u>\$ 632,711</u>	<u>\$ (904,800)</u>	<u>\$ 1,954,907</u>	<u>\$ 628,613</u>
Business-type activities					
General obligation bonds	\$ 11,100,000	\$ -	\$ (625,000)	\$ 10,475,000	\$ 700,000
Less deferred amounts	(110,828)	-	8,525	(102,303)	-
General obligation bonds:					
Mayville Storm Sewer	1,227,000	-	(18,000)	1,209,000	18,000
Millington Sanitary Sewer	300,000	-	(5,000)	295,000	5,000
Richville Water System	800,000	-	(60,000)	740,000	60,000
Caro Area Sewage System	<u>990,000</u>	<u>-</u>	<u>(100,000)</u>	<u>890,000</u>	<u>115,000</u>
Business-type activity					
Long-term liabilities	<u>\$ 14,306,172</u>	<u>\$ -</u>	<u>\$ (799,475)</u>	<u>\$ 13,506,697</u>	<u>\$ 898,000</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Road Commission:					
Compensated absences	\$ 15,212	\$ -	\$ (476)	\$ 14,736	\$ -
Installment purchase agreement	<u>100,000</u>	<u>-</u>	<u>(50,000)</u>	<u>50,000</u>	<u>50,000</u>
Total Road Commission	<u>\$ 115,212</u>	<u>\$ -</u>	<u>\$ (50,476)</u>	<u>\$ 64,736</u>	<u>\$ 50,000</u>
Drain Commission:					
General obligation bonds:					
Moore Drain	\$ -	\$ 3,395,000	\$ -	\$ 3,395,000	\$ 150,000
Bach and Branches Drain	-	2,080,000	-	2,080,000	125,000
Alder Creek Drain	1,000,000	-	(100,000)	900,000	100,000
Constant DuRussel	825,000	-	(165,000)	660,000	165,000
S.O. Drain	110,000	-	(55,000)	55,000	55,000
Sucker Creek Drain	250,000	-	(125,000)	125,000	125,000
Shebon I/C Drain	47,700	-	(9,540)	38,160	9,540
State and Colling Drain	975,000	-	(175,000)	800,000	175,000
Northwest Drain	4,880,000	-	(330,000)	4,550,000	350,000
Sebewaing River Intercounty Drain	2,455,000	-	(255,000)	2,200,000	275,000
Reese Drain	440,000	-	(25,000)	415,000	25,000
Notes Payable	<u>357,650</u>	<u>-</u>	<u>(97,770)</u>	<u>259,880</u>	<u>92,973</u>
Total Drain Commission	<u>\$ 11,340,350</u>	<u>\$ 5,475,000</u>	<u>\$ (1,337,310)</u>	<u>\$ 15,478,040</u>	<u>\$ 1,647,513</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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 \$16,887,000 for business-type activities. During the year, the County did not issue any 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%	\$ 1,160,995
Business-type activities	7.2 – 8.7%	13,506,697

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>
2007	\$ 126,987	\$ 57,747	\$ 898,000	\$ 521,704
2008	134,008	50,499	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	120,000	31,504	1,172,000	381,378
2012-2016	555,000	58,554	5,993,000	1,204,010
2017-2021	-	-	1,534,000	295,703
2022-2026	-	-	310,000	196,012
2027-2031	-	-	267,000	126,400
2032-2036	-	-	340,000	52,500
Total	<u>\$ 1,160,995</u>	<u>\$ 279,034</u>	<u>\$ 13,609,000</u>	<u>\$ 4,148,491</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% annually.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$12,377,533. 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 \$5,475,000. Long term debt of the Drain Commission will be repaid through special assessments. General obligation bonds and notes currently outstanding are as follows.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75 – 6.5%	\$ 15,478,040

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,647,513	\$ 490,945
2008	1,445,113	432,177
2009	1,435,106	378,358
2010	1,475,106	323,492
2011	1,078,366	274,829
2012-2016	4,846,836	854,839
2017-2021	2,675,000	232,924
2022-2026	<u>875,000</u>	<u>38,259</u>
Total	<u>\$ 15,478,040</u>	<u>\$3,025,823</u>

F. DESIGNATED FUND BALANCES

The following is a summary of the unreserved fund balances of the Health Department fund with management's designations:

Designated for:	
Compensated absences	\$ 108,216
Retirement contribution	110,760
Wage schedule implementation	30,686
Data mgt/capital improvements	<u>47,000</u>
Total	<u>\$ 296,662</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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.

Funding Policy. The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are 1.38%-13.84% 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, 2006, the annual pension cost of \$364,181 for the County, \$0 for the Medical Care Facility, \$113,290 for the Health Department, and \$97,226 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 \$12,000 for MERS contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2005, 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>
12/31/04	\$576,381	100%	\$0
12/31/05	359,130	100	0
12/31/06	364,181	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>
12/31/03	\$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
12/31/05	18,804,202	20,032,289	1,228,087	94	5,582,214	22.0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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		(13,970)
Plus: Adjustment to annual required contribution		<u>14,557</u>
Annual pension cost		587
Contributions made		<u>(12,000)</u>
Increase in net pension asset		(11,413)
Net pension (asset), beginning of year		<u>(174,635)</u>
Net pension (asset), end of year		<u>\$ (186,048)</u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/04	\$ 0	100%	\$ 165,942
12/31/05	0	100	174,635
12/31/06	0	100	186,049

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)
12/31/03	\$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)
12/31/05	9,179,884	7,958,259	(1,221,625)	115	4,912,174	(24.0)

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Health Department Plan

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/04	\$ 75,202	100%	\$0
9/30/05	102,942	100	0
9/30/06	113,390	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>
12/31/03	\$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
12/31/05	5,033,724	5,493,348	459,624	92	1,185,815	39

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>
12/31/04	\$106,668	100%	\$0
12/31/05	108,108	100	0
12/31/06	97,226	100	0

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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)
12/31/03	\$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
12/31/05	2,195,640	3,187,163	991,523	68.9	678,624	146.1

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% to 14.40% of annual covered payroll. Employees are not required to contribute to the plan. The contribution requirements of the Road Commission are established and may be amended by the Board of County Road Commissioners. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

Annual Pension Cost. For the year ended December 31, 2006, the Road Commission's annual pension cost of \$14,563 for the Massachusetts Mutual Plan was not equal to the Road Commission's required contribution of \$43,253. 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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 38,493	41%	\$ 22,580
12/31/05	45,621	32	30,870
12/31/06	43,253	33	28,690

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
April 1, 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
April 1, 2006	85,412	502,454	417,042	17.0	2,328,064	17.9

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, 2006, the County carried commercial insurance to cover these risks of loss, unless otherwise disclosed. The County has had no settled claims resulting from these risks that exceed their commercial coverage in the past three years.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Component Units:

Tuscola County Road Commission

The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability insurance. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Michigan County Road Commission Self-Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for large claims. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceed commercial insurance coverage in any of the past three fiscal years.

Workers' Compensation Benefits

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

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

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

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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>2006</u>	<u>2005</u>
Unpaid Claims, beginning of year	\$ 129,962	\$ 129,962
Incurred Claims (including IBNR)	(2,938)	(29,438)
Claims Paid	<u>2,938</u>	<u>29,438</u>
Unpaid Claims	<u>\$ 129,962</u>	<u>\$ 129,962</u>

Employee Health Benefits

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

Under the co-insurance agreement provided by Blue Cross and Blue Shield of Michigan, the County is responsible for claims for major medical expenses up to

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006

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

	<u>2006</u>	<u>2005</u>
Unpaid Claims, beginning of year	\$ 254,780	\$ 254,780
Incurred Claims (including IBNR)	1,519,715	1,503,262
Claims Paid	<u>(1,519,715)</u>	<u>(1,503,262)</u>
Unpaid Claims	<u>\$ 254,780</u>	<u>\$ 254,780</u>

C. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2006 ad valorem tax is levied and collectible by December 1, 2006, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over three years from winter to summer.

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

The taxable value of real and personal property at December 1, 2006 totaled \$1,250,856,004. The tax levy for fiscal year 2006 operations was based on the following rates:

General Operating	3.9141 mills
Road Patrol	.8979 mills
Senior Citizens	.1995 mills
Mosquito	.6334 mills
Recycling	.1488 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2481 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2006 operations was as follows:

Primary Road	.9537 mills
Bridge	.4745 mills

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

D. RESTATEMENTS

During the year ended December 31, 2006, a prior period adjustment in the amount of \$174,635 and \$8,024 was necessary to properly account for the understatement of a net pension asset and delinquent taxes receivable, during the year ended December 31, 2005, for the Medical Care Facility. The effect on the Statement of Net Assets net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$7,603,768
Net pension asset	174,635
Delinquent taxes	<u>8,024</u>
Net assets, beginning of year, as restated	<u>\$7,786,427</u>

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006 was \$46,308. The original cost of the building is \$1,066,371, which has \$675,368 of accumulated depreciation leaving a carrying value of \$391,003 and annual depreciation expense of \$35,546. The future rental payments to be received by the County are as follows:

Fiscal Year	Principal
<u>Ended</u>	
2007	\$ 46,308
2008	<u>3,859</u>
Total	<u>\$ 50,167</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 \$654,284 of accumulated

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

depreciation leaving a carrying value of \$572,499 and annual depreciation expense of \$40,893. The total rental expense under this operating lease for the year ended September 30, 2006 was \$85,676. Lease payments are determined annually by Tuscola County.

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, 2006 was \$1,896. The future payments due under the lease are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>
2007	\$ 1,896
2008	1,896
2009	1,896
2010	<u>1,422</u>
Total	<u>\$ 7,110</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>
2007	\$ 299,595
2008	172,020
2009	<u>68,290</u>
Total	<u>\$ 539,905</u>

* * * * *

SUPPLEMENTARY INFORMATION

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

REVENUES	Original Budget	Amended Budget	Actual	Over (Under) Budget
Taxes				
Property taxes	\$ 5,027,000	\$ 5,027,000	\$ 5,259,242	\$ 232,242
Payment in lieu of taxes	4,100	4,100	3,855	(245)
Trailer park taxes	5,500	5,500	4,840	(660)
Total Taxes	5,036,600	5,036,600	5,267,937	231,337
Licenses and Permits				
Marriage licenses	2,200	2,200	1,913	(287)
Building code licenses	450,000	450,000	425,662	(24,338)
Dog licenses	130,000	145,000	113,400	(31,600)
Unified court licenses	14,000	14,000	11,719	(2,281)
Other	20,612	20,612	9,561	(11,051)
Total Licenses and Permits	616,812	631,812	562,255	(69,557)
Intergovernmental				
Federal				
Co-op Reimbursement - Prosecutor	-	-	50,099	50,099
Civil defense	26,000	26,000	23,349	(2,651)
Marine safety	-	15,957	15,897	(60)
State				
Co-op Reimbursement - Prosecutor	74,000	74,000	25,808	(48,192)
Marine safety	13,000	13,000	27,628	14,628
SCAAP	1,000	1,000	-	(1,000)
Judges	236,577	236,577	239,217	2,640
Juvenile officer	27,317	27,317	27,317	-
State Payment Courts	345,000	345,000	306,703	(38,297)
Secondary Road Patrol	123,776	123,776	132,223	8,447
SSI Incentive	4,400	4,400	2,600	(1,800)
Liquor licenses	9,100	9,100	8,969	(131)
Hotel liquor tax	102,000	104,233	106,465	2,232
DSS Building Payment	53,000	53,000	58,534	5,534
Cigarette tax	33,000	33,000	34,412	1,412
Total Intergovernmental - Federal/State	1,048,170	1,066,360	1,059,221	(7,139)

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Charges for Services				
District Court costs	\$ 328,300	\$ 328,300	\$ 360,230	\$ 31,930
District Court - probation	209,000	209,000	204,158	(4,842)
County Clerk costs	100,500	100,500	127,832	27,332
Friend of the Court costs	20,000	20,000	34,344	14,344
Bond costs	3,200	3,200	4,103	903
District Court				
Screening assessment	26,500	26,500	29,451	2,951
Probate Court	55,000	55,000	79,170	24,170
Civil	119,000	119,000	155,575	36,575
Warrant fees	20,000	20,000	13,735	(6,265)
Friend of the Court	6,500	6,500	6,475	(25)
Child Care	13,000	13,000	10,970	(2,030)
Court	1,500	1,500	772	(728)
Searches and motion fees	100	100	84	(16)
Other	1,400	1,400	1,436	36
Circuit Court				
Court	500	500	1,804	1,304
Searches and motion fees	12,000	12,000	12,204	204
Jury, entry and forensic fees	20,000	20,000	19,196	(804)
Other	-	-	285	285
County Clerk				
DBA/Co-partnership	8,000	8,000	6,720	(1,280)
Certified	33,500	33,500	32,571	(929)
Copies	6,050	6,050	7,148	1,098
Other	13,575	13,575	25,319	11,744
Equalization	300	300	71	(229)
Register of Deeds				
Transfer	130,000	130,000	136,854	6,854
Recordings	260,000	260,000	203,501	(56,499)
Copies	50,000	50,000	50,215	215
Other	6,000	6,000	825	(5,175)
County Treasurer	89,600	89,600	93,485	3,885
Animal shelter	-	6,000	1,052	(4,948)
Sheriff	18,220	9,220	10,232	1,012
Jail	191,500	191,500	308,891	117,391
Other	8,900	8,900	8,492	(408)
Sales				
Sheriff				
Canteen	1,600	1,600	4,216	2,616
Auction	8,000	8,000	-	(8,000)
Animal shelter	-	-	2,005	2,005
Other	15,800	15,800	15,561	(239)
Film	5,500	5,500	8,062	2,562
Total Charges for Services	<u>1,783,045</u>	<u>1,780,045</u>	<u>1,977,044</u>	<u>196,999</u>
Fines and Forfeits				
District Court				
Bond forfeitures	10,000	10,000	12,059	2,059
Ordinance fines and warrant fees	60,250	65,250	49,361	(15,889)
County Treasurer	12,000	12,000	9,370	(2,630)
Sheriff	-	-	425	425
Total Fines and Forfeits	<u>82,250</u>	<u>87,250</u>	<u>71,215</u>	<u>(16,035)</u>

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Interest and Rents				
Interest	\$ 150,000	\$ 150,000	\$ 212,448	\$ 62,448
Rentals	94,776	94,776	94,929	153
Total Interest and Rent	<u>244,776</u>	<u>244,776</u>	<u>307,377</u>	<u>62,601</u>
Other Revenue				
Reimbursements and Refunds	<u>637,554</u>	<u>661,877</u>	<u>504,232</u>	<u>(157,645)</u>
TOTAL REVENUES	<u>9,449,207</u>	<u>9,508,720</u>	<u>9,749,281</u>	<u>240,561</u>
TRANSFERS IN				
Revolving Tax	655,000	655,000	672,767	17,767
County retirement	325,394	325,394	-	(325,394)
Remonumentation	-	-	1	1
Revenue sharing reserve fund	<u>1,033,000</u>	<u>1,033,000</u>	<u>1,036,251</u>	<u>3,251</u>
TOTAL TRANSFERS IN	<u>2,013,394</u>	<u>2,013,394</u>	<u>1,709,019</u>	<u>(304,375)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCE	<u>\$ 11,462,601</u>	<u>\$ 11,522,114</u>	<u>\$ 11,458,300</u>	<u>\$ (63,814)</u>

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
LEGISLATIVE				
Board of Commissioners				
Salaries and fringes	\$ 99,914	\$ 99,914	\$ 91,560	\$ (8,354)
Supplies, printing and postage	3,200	3,200	3,566	366
Memberships and subscription	11,000	11,000	10,829	(171)
Travel	9,500	9,500	9,153	(347)
Advertising	500	500	126	(374)
Telephone	1,600	1,600	1,683	83
Employee training	5,000	5,000	2,617	(2,383)
TOTAL LEGISLATIVE	130,714	130,714	119,534	(11,180)
JUDICIAL				
Circuit Court				
Salaries and fringes	675,893	675,893	653,580	(22,313)
Supplies, printing and postage	11,650	11,650	7,507	(4,143)
Contracted services	73,500	73,500	85,764	12,264
Court appointed counsel	240,000	260,591	284,243	23,652
Court appointed appeal of right	11,000	11,000	4,557	(6,443)
Witness fees and travel	7,200	7,200	8,500	1,300
Steno transcript	6,000	6,000	12,931	6,931
Steno appeal transcript	11,000	11,000	6,382	(4,618)
Jury fees, meals and travel	42,000	42,000	44,802	2,802
Memberships and subscriptions	2,325	2,325	2,045	(280)
Visiting judge	7,500	7,500	3,214	(4,286)
Travel	2,500	2,500	2,594	94
Telephone	2,100	2,100	1,928	(172)
Advertising	200	200	487	287
Repairs and maintenance	3,720	3,720	1,525	(2,195)
Employee training	1,500	3,653	610	(3,043)
Books	500	500	663	163
Total Circuit Court	1,098,588	1,121,332	1,121,332	-
District Court				
Salaries and fringes	579,220	592,154	568,604	(23,550)
Supplies, printing and postage	22,550	23,550	21,087	(2,463)
Contracted services	-	-	961	961
Court appointed counsel	104,500	104,000	96,803	(7,197)
Guardianship service	2,500	2,500	1,951	(549)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
District Court - continued				
Steno transcript	\$ 3,000	\$ 1,500	\$ 224	\$ (1,276)
Jury fees, meals and travel	27,500	27,500	27,129	(371)
Witness fees and travel	3,500	3,500	3,613	113
Memberships and subscriptions	3,150	3,150	3,747	597
Visiting judge	6,500	7,500	7,918	418
Travel	4,000	4,000	3,965	(35)
Advertising	250	250	-	(250)
Repairs and maintenance	2,900	4,567	2,275	(2,292)
Employee training	2,500	2,200	1,003	(1,197)
Books	3,200	3,500	3,450	(50)
Total District Court	<u>765,270</u>	<u>779,871</u>	<u>742,730</u>	<u>(37,141)</u>
Jury Commission				
Salaries and fringes	1,860	1,860	862	(998)
Supplies, printing and postage	3,000	3,000	2,744	(256)
Travel	300	300	165	(135)
Total Jury Commission	<u>5,160</u>	<u>5,160</u>	<u>3,771</u>	<u>(1,389)</u>
Magistrate				
Salaries and fringes	223,501	223,501	219,916	(3,585)
Supplies, printing and postage	6,800	6,130	6,297	167
Memberships and subscriptions	890	890	890	-
Travel	200	200	98	(102)
Repairs and maintenance	-	670	670	-
Employee training	300	300	-	(300)
Books	300	300	73	(227)
Total Magistrate	<u>231,991</u>	<u>231,991</u>	<u>227,944</u>	<u>(4,047)</u>
Adult Probation				
Supplies, printing and postage	6,000	6,000	5,311	(689)
Utilities	5,500	5,500	4,185	(1,315)
Lease payments	9,500	9,500	9,456	(44)
Total Adult Probation	<u>21,000</u>	<u>21,000</u>	<u>18,952</u>	<u>(2,048)</u>

(Continued)

TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
District Court Probation				
Salaries and fringes	\$ 213,261	\$ 213,261	\$ 194,261	\$ (19,000)
Supplies, printing and postage	3,500	3,500	3,350	(150)
Travel	100	100	100	-
Employee training	440	441	441	-
Total District Court Probation	<u>217,301</u>	<u>217,302</u>	<u>198,152</u>	<u>(19,150)</u>
TOTAL JUDICIAL	<u>2,339,310</u>	<u>2,376,656</u>	<u>2,312,881</u>	<u>(63,775)</u>
GENERAL GOVERNMENT				
Elections				
Salaries and fringes	2,500	2,500	1,958	(542)
Supplies, printing and postage	35,000	36,970	37,772	802
Employee training	100	100	55	(45)
Travel	500	500	285	(215)
Total Elections	<u>38,100</u>	<u>40,070</u>	<u>40,070</u>	<u>-</u>
Legal	<u>50,000</u>	<u>50,000</u>	<u>45,127</u>	<u>(4,873)</u>
County Clerk				
Salaries and fringes	341,872	341,872	316,889	(24,983)
Supplies, printing and postage	12,500	12,500	11,636	(864)
Contracted services	-	-	3,755	3,755
Memberships and subscription	550	550	563	13
Employee training	1,600	1,600	982	(618)
Travel	250	250	118	(132)
Total County Clerk	<u>356,772</u>	<u>356,772</u>	<u>333,943</u>	<u>(22,829)</u>
Controller				
Salaries and fringes	299,338	299,338	284,285	(15,053)
Supplies, printing and postage	3,400	3,400	1,367	(2,033)
Memberships and subscription	800	800	786	(14)
Health services	2,000	2,000	949	(1,051)
Travel	300	300	194	(106)
Employee training	2,000	2,000	2,025	25
Total Controller	<u>307,838</u>	<u>307,838</u>	<u>289,606</u>	<u>(18,232)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Equalizations				
Salaries and fringes	\$ 177,382	\$ 177,382	\$ 171,467	\$ (5,915)
Supplies, printing and postage	1,100	1,100	516	(584)
Memberships and subscription	750	750	705	(45)
Travel	750	750	162	(588)
Employee training	400	400	-	(400)
Total Equalizations	180,382	180,382	172,850	(7,532)
Prosecuting Attorney				
Salaries and fringes	438,286	438,286	426,879	(11,407)
Supplies, printing and postage	7,800	7,800	8,721	921
Contracted services	500	500	1,355	855
Steno transcript	1,500	1,500	667	(833)
Steno appeal transcript	500	500	25	(475)
Memberships and subscription	3,600	3,600	3,517	(83)
Travel	1,550	1,550	1,452	(98)
Employee training	3,000	3,000	2,726	(274)
Equipment rental	50	50	-	(50)
Books	6,000	6,000	4,974	(1,026)
Total Prosecuting Attorney	462,786	462,786	450,316	(12,470)
Cooperative reimbursement - Prosecutor				
Salaries and fringes	154,663	154,663	139,362	(15,301)
Supplies, printing and postage	1,900	1,900	1,947	47
Contracted services	1,000	1,000	723	(277)
Memberships and subscription	-	-	20	20
Telephone	-	-	1,059	1,059
Transcripts	1,600	1,600	-	(1,600)
Employee training	750	750	-	(750)
Total Cooperative Reimbursement - Prosecutor	159,913	159,913	143,111	(16,802)
Register of Deeds				
Salaries and fringes	238,846	238,846	223,823	(15,023)
Supplies, printing and postage	5,000	5,000	4,338	(662)
Memberships and subscription	600	600	452	(148)
Travel	1,200	1,200	1,375	175
Employee training	1,000	1,000	1,000	-
Total Register of Deeds	246,646	246,646	230,988	(15,658)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Treasurer				
Salaries and fringes	\$ 289,581	\$ 289,581	\$ 267,065	\$ (22,516)
Supplies, printing and postage	49,000	49,000	49,290	290
Memberships and subscription	350	350	250	(100)
Travel	700	700	382	(318)
Employee training	1,700	1,700	1,660	(40)
Total Treasurer	<u>341,331</u>	<u>341,331</u>	<u>318,647</u>	<u>(22,684)</u>
Cooperative Extension				
Supplies, printing and postage	6,300	6,300	6,493	193
Contractual services	84,831	84,831	78,490	(6,341)
Memberships and subscription	550	550	435	(115)
Travel	6,500	6,500	6,682	182
Repairs and maintenance	1,300	1,300	1,152	(148)
Employee training	1,500	1,500	2,318	818
Books	100	100	89	(11)
Total Cooperative Extension	<u>101,081</u>	<u>101,081</u>	<u>95,659</u>	<u>(5,422)</u>
Computer Operations				
Salaries and fringes	132,174	132,174	126,990	(5,184)
Supplies, printing and postage	10,041	10,041	9,986	(55)
Memberships and subscription	300	300	179	(121)
Travel	-	-	261	261
Telephone	780	780	207	(573)
Employee training	500	500	460	(40)
Computer service contract	217,300	217,300	199,311	(17,989)
Computer repairs and maintenance	8,000	8,000	10,352	2,352
Computer contractual	5,500	5,500	5,920	420
Total Computer Operations	<u>374,595</u>	<u>374,595</u>	<u>353,666</u>	<u>(20,929)</u>
Building and Grounds				
Salaries and fringes	325,307	295,663	270,681	(24,982)
Supplies, printing and postage	12,200	12,200	10,685	(1,515)
Uniforms and accessories	2,700	2,700	3,772	1,072
Gas, oil and grease	7,500	7,500	8,345	845
Janitorial supplies	15,000	15,000	19,079	4,079
Telephone	70,200	70,200	63,620	(6,580)
Utilities	227,700	227,700	219,400	(8,300)
Repairs and maintenance	123,600	123,600	128,247	4,647
Grounds care and maintenance	6,100	6,100	6,859	759
Total Building and Grounds	<u>790,307</u>	<u>760,663</u>	<u>730,688</u>	<u>(29,975)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Drain Commission				
Salaries and fringes	\$ 158,005	\$ 158,005	\$ 149,471	\$ (8,534)
Supplies, printing and postage	7,200	7,200	5,329	(1,871)
Memberships and subscription	750	750	540	(210)
Travel	2,900	2,900	1,407	(1,493)
Employee training	1,500	1,500	1,776	276
Total Drain Commission	170,355	170,355	158,523	(11,832)
Livestock Claims				
Trustee fees	25	25	-	(25)
Dog damages	800	1,594	1,619	25
Total Livestock Claims	825	1,619	1,619	-
TOTAL GENERAL GOVERNMENT	3,580,931	3,554,051	3,364,813	(189,238)
PUBLIC SAFETY				
Courthouse Security				
Salaries and fringes	-	89,273	75,568	(13,705)
Supplies, printing and postage	-	225	446	221
Laundry - employees	-	300	264	(36)
Employee training	-	750	-	(750)
Total Courthouse Security	-	90,548	76,278	(14,270)
Sheriff's Department				
Salaries and fringes	1,496,171	1,432,171	1,364,504	(67,667)
Supplies, printing and postage	12,250	12,250	7,964	(4,286)
Food	74,000	40,800	31,378	(9,422)
Vehicle operating supplies	1,500	1,500	141	(1,359)
Kitchen supplies	1,000	1,000	134	(866)
Other supplies	500	500	278	(222)
Clothing and bedding	6,500	6,500	6,385	(115)
Uniforms and accessories	6,000	6,000	4,458	(1,542)
Gas, oil and grease	8,500	8,500	8,561	61
Drugs and prescriptions	20,000	20,000	19,379	(621)
Janitorial supplies	7,500	7,500	6,466	(1,034)
Contractual services	5,000	20,000	19,065	(935)
Memberships and subscription	1,300	1,300	1,235	(65)
Laundry - employees	5,500	5,500	6,155	655
Laundry - inmates	3,700	3,700	3,750	50
Jail	-	97,200	95,829	(1,371)
Health services	50,800	50,800	60,907	10,107
Telephone	26,400	26,400	15,843	(10,557)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Sheriff - Continued				
Travel	\$ 1,200	\$ 1,200	\$ 674	\$ (526)
Advertising (help bids)	1,500	1,500	591	(909)
Insurance and bonds	5,600	5,600	3,875	(1,725)
Repairs and maintenance	6,000	6,000	6,019	19
Equipment rental	3,576	3,576	2,965	(611)
Bench warrant enforcement	-	8,000	-	(8,000)
Employee training	3,000	3,000	2,365	(635)
	<u>1,747,497</u>	<u>1,770,497</u>	<u>1,668,921</u>	<u>(101,576)</u>
Liquor/Traffic Enforcement	<u>5,000</u>	<u>5,557</u>	<u>5,557</u>	<u>-</u>
Marine Safety				
Salaries and fringes	19,291	24,835	24,323	(512)
Supplies, printing and postage	250	300	89	(211)
Uniforms and accessories	300	700	300	(400)
Gas, oil and grease	1,800	2,800	2,618	(182)
Equipment maintenance and supplies	500	700	601	(99)
Insurance	1,992	2,905	1,346	(1,559)
Repairs and maintenance	1,000	1,750	2,418	668
Rentals	3,050	4,640	3,050	(1,590)
Employee training	500	550	334	(216)
Equipment	700	6,160	5,460	(700)
	<u>29,383</u>	<u>45,340</u>	<u>40,539</u>	<u>(4,801)</u>
Secondary Road Patrol				
Salaries and fringes	115,247	115,940	115,940	-
Uniforms and accessories	400	168	168	-
Gas, oil and grease	6,000	6,061	6,061	-
Laundry	500	464	464	-
Liability and blanket bond	1,629	1,142	1,142	-
	<u>123,776</u>	<u>123,775</u>	<u>123,775</u>	<u>-</u>
Thumb Area Narcotics Group				
Salaries and fringes	<u>27,838</u>	<u>27,838</u>	<u>27,393</u>	<u>(445)</u>

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Planning Commission				
Salaries and fringes	\$ 1,730	\$ 1,988	\$ 2,143	\$ 155
Supplies, printing and postage	200	200	36	(164)
Memberships and subscription	600	6,600	6,235	(365)
Travel	500	500	874	374
Total Planning Commission	3,030	9,288	9,288	-
Plat Board				
Salaries and fringes	656	656	406	(250)
Emergency Services				
Salaries and fringes	74,315	74,315	74,362	47
Supplies, printing and postage	2,600	2,600	2,171	(429)
Uniforms and accessories	400	400	445	45
Gas, oil and grease	1,500	1,500	1,281	(219)
Memberships and subscription	350	350	216	(134)
Telephone	1,270	1,270	1,141	(129)
Travel	400	400	375	(25)
Vehicle Insurance	1,200	1,200	795	(405)
Repairs and maintenance	2,500	2,500	1,899	(601)
Employee training	1,275	1,275	1,060	(215)
Total Emergency Services	85,810	85,810	83,745	(2,065)
Animal Shelter				
Contractual services	70,000	101,840	101,840	-
Supplies, printing and postage	200	3,000	1,630	(1,370)
Gas, oil and grease	-	3,462	5,224	1,762
Telephone	-	700	808	108
Dog license and collection fees	500	500	-	(500)
Total Animal Shelter	70,700	109,502	109,502	-
TOTAL PUBLIC SAFETY	2,093,690	2,268,811	2,145,404	(123,407)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
PUBLIC WORKS				
Building Codes				
Salaries and fringes	\$ -	\$ -	\$ 36	\$ 36
Contractual services	450,000	450,000	425,662	(24,338)
Total Building Codes	450,000	450,000	425,698	(24,302)
Department of Public Works	1,500	1,768	1,768	-
Drains at Large	483,635	483,636	483,636	-
TOTAL PUBLIC WORKS	935,135	935,404	911,102	(24,302)
HEALTH AND WELFARE				
Substance abuse	51,000	53,233	53,233	-
Medical Examiner				
Salaries and fringes	12,371	3,378	2,643	(735)
Supplies, printing and postage	2,000	2,000	1,593	(407)
Body Transport	1,800	4,668	4,668	-
Autopsies	18,000	18,591	19,347	756
Telephone	800	800	1,186	386
Contractual services	3,090	10,453	10,453	-
Total Medical Examiner	38,061	39,890	39,890	-
Veterans' Burial	20,000	21,360	21,360	-
Economic Development	26,265	26,265	26,265	-
Mental Health Appropriations	288,243	288,243	288,243	-
Environmental health	-	730	730	-
Cigarette tax	23,000	24,291	24,291	-
TOTAL HEALTH AND WELFARE	446,569	454,012	454,012	-
OTHER				
Insurance and bonds	182,000	200,361	197,528	(2,833)
Tax refunds and rebates	8,000	8,000	1,500	(6,500)
Appropriations	89,849	3,000	3,249	249
Audit	28,200	28,200	29,000	800
Accounting services	16,800	16,800	14,515	(2,285)
TOTAL OTHER	324,849	256,361	245,792	(10,569)
TOTAL EXPENDITURES	9,851,198	9,976,009	9,553,538	(422,471)

(Continued)

**TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
TRANSFERS OUT				
Capital improvements	\$ -	\$ 163,063	\$ 163,063	\$ -
Friend of the Court	301,321	301,321	282,970	(18,351)
Health Department	282,587	282,587	282,587	-
Veterans Counsel	59,276	59,276	59,276	-
Equipment/Capital Improvement	331,895	331,895	331,895	-
State Survey Grant	4,000	4,000	4,000	-
Child Care - Department of Human Services	167,500	167,500	167,500	-
Parks and recreation	-	700	700	-
Community corrections	20,073	20,073	20,073	-
Department of Human Services	12,000	12,000	12,000	-
Probate Child Care	418,750	348,751	348,751	-
Soldiers' Relief	14,000	18,000	18,000	-
	<u>1,611,402</u>	<u>1,709,166</u>	<u>1,690,815</u>	<u>(18,351)</u>
TOTAL TRANSFERS OUT				
	<u>\$ 11,462,600</u>	<u>\$ 11,685,175</u>	<u>\$ 11,244,353</u>	<u>\$ (440,822)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES				

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.

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

SPECIAL REVENUE FUNDS: (continued)

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.

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.

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.

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.

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.

LETTP 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.

SPECIAL REVENUE FUNDS: (continued)

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.

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

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

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

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

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.

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

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)

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.

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.

**TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,262,247	\$ -	\$ 155,550	\$ -	\$ 1,417,797
Investments	172,792	-	1,705,421	7,034	1,885,247
Taxes receivable	1,306,620	-	-	-	1,306,620
Taxes receivable - delinquent	10,115	-	-	-	10,115
Accounts receivable	185,139	-	67	-	185,206
Due from other funds	2,297,909	-	163,063	-	2,460,972
Due from State	233,586	-	35,000	-	268,586
TOTAL ASSETS	\$ 5,468,408	\$ -	\$ 2,059,101	\$ 7,034	\$ 7,534,543
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 91,865	\$ -	\$ -	\$ -	\$ 91,865
Accrued liabilities	53,451	-	-	-	53,451
Due to other governments	19,282	-	-	-	19,282
Due to other funds	263,072	-	12,874	-	275,946
Deposits payable	40,000	-	-	-	40,000
Deferred revenue	1,316,736	-	-	-	1,316,736
TOTAL LIABILITIES	1,784,406	-	12,874	-	1,797,280
FUND BALANCE					
Reserved for cemetery maintenance	-	-	-	6,800	6,800
Reserved for construction	-	-	2,046,227	-	2,046,227
Reserved for restricted contributions	16,012	-	-	-	16,012
Unreserved					
Undesignated	3,667,990	-	-	234	3,668,224
TOTAL FUND BALANCE	3,684,002	-	2,046,227	7,034	5,737,263
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,468,408	\$ -	\$ 2,059,101	\$ 7,034	\$ 7,534,543

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds	Debt Service	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 2,739,573	\$ -	\$ -	\$ -	\$ 2,739,573
Intergovernmental					
Federal	764,967	-	-	-	764,967
State	1,127,748	162,134	-	-	1,289,882
Local	266,592	-	-	-	266,592
Charges for services	1,138,602	-	-	-	1,138,602
Fines and forfeits	7,505	-	-	-	7,505
Interest and rent	50,664	1	78,318	334	129,317
Reimbursements and refunds	4,839	-	-	-	4,839
Other	109,697	-	35,000	-	144,697
TOTAL REVENUES	6,210,187	162,135	113,318	334	6,485,974
EXPENDITURES					
Current					
Judicial	1,068,996	-	-	-	1,068,996
General Government	1,101,780	-	-	-	1,101,780
Public Safety	1,549,440	-	-	-	1,549,440
Health and Welfare	1,522,524	-	-	-	1,522,524
Culture and Recreation	3,071	-	-	273	3,344
Capital outlay	509,255	-	51,765	-	561,020
Debt service - principal	4,010	330,000	-	-	334,010
Debt service - interest	2,162	64,947	-	-	67,109
TOTAL EXPENDITURES	5,761,238	394,947	51,765	273	6,208,223
REVENUES OVER (UNDER) EXPENDITURES	448,949	(232,812)	61,553	61	277,751
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	9,097	-	-	-	9,097
Transfer in	1,231,665	240,010	171,006	-	1,642,681
Transfer out	(1,276,262)	(7,943)	-	-	(1,284,205)
TOTAL OTHER FINANCING SOURCES (USES)	(35,500)	232,067	171,006	-	367,573
NET CHANGE IN FUND BALANCE	413,449	(745)	232,559	61	645,324
FUND BALANCE, BEGINNING OF YEAR	3,270,553	745	1,813,668	6,973	5,091,939
FUND BALANCE, END OF YEAR	\$ 3,684,002	\$ -	\$ 2,046,227	\$ 7,034	\$ 5,737,263

TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

ASSETS	Parks and Recreation	County Disaster	Local Government Police Contract	Friend of the the Court Act 294
Cash and cash equivalents	\$ -	\$ 2,692	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	6,710	31,965
Due from other funds	200	-	-	-
Due from State	-	-	-	100,539
TOTAL ASSETS	\$ 200	\$ 2,692	\$ 6,710	\$ 132,504
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 128	\$ -	\$ 21	\$ 2,765
Accrued liabilities	-	-	1,867	12,621
Due to other governments	-	-	-	-
Due to other funds	50	-	4,822	44,140
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	178	-	6,710	59,526
FUND BALANCE				
Reserved for restricted contributions	-	-	-	-
Unreserved				
Undesignated	22	2,692	-	72,978
TOTAL FUND BALANCE	22	2,692	-	72,978
TOTAL LIABILITIES AND FUND BALANCE	\$ 200	\$ 2,692	\$ 6,710	\$ 132,504

Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Millington Township Police Contract	Building Strong Families
\$ 42,850	\$ -	\$ -	\$ 218,868	\$ -	\$ 2,176
-	24,918	-	17,565	-	-
-	-	-	197,969	-	-
-	71	-	621	-	-
-	122,976	8,235	-	15,253	-
-	-	-	-	-	-
-	36,687	-	-	-	2,944
<u>\$ 42,850</u>	<u>\$ 184,652</u>	<u>\$ 8,235</u>	<u>\$ 435,023</u>	<u>\$ 15,253</u>	<u>\$ 5,120</u>
\$ -	\$ 373	\$ 313	\$ 2,914	\$ 19	\$ 300
-	29,347	2,205	2,561	4,619	-
-	-	-	-	-	-
-	154,861	5,717	-	10,615	-
-	-	-	-	-	-
-	71	-	198,590	-	-
-	184,652	8,235	204,065	15,253	300
-	-	-	-	-	-
42,850	-	-	230,958	-	4,820
42,850	-	-	230,958	-	4,820
<u>\$ 42,850</u>	<u>\$ 184,652</u>	<u>\$ 8,235</u>	<u>\$ 435,023</u>	<u>\$ 15,253</u>	<u>\$ 5,120</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

ASSETS	Victim Services	Voted Mosquito	Equipment and Capital Improvement	CDBG Housing Grant
Cash and cash equivalents	\$ -	\$ 186,365	\$ 285,358	\$ -
Investments	-	92,728	-	-
Taxes receivable	-	843,135	-	-
Taxes receivable - delinquent	-	6,790	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from State	11,847	-	-	-
TOTAL ASSETS	\$ 11,847	\$ 1,129,018	\$ 285,358	\$ -
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 5	\$ 195	\$ 44,524	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	10,326	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	849,926	-	-
TOTAL LIABILITIES	10,331	850,121	44,524	-
FUND BALANCE				
Reserved for restricted contributions	-	-	-	-
Unreserved				
Undesignated	1,516	278,897	240,834	-
TOTAL FUND BALANCE	1,516	278,897	240,834	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,847	\$ 1,129,018	\$ 285,358	\$ -

(Continued)

State Survey Grant	Victim of Crime Act Grant	Register of Deed Automation	State Homeland Security
\$ -	\$ -	\$ 67,414	\$ -
-	-	3,676	-
-	-	-	-
-	-	-	-
-	-	5,180	-
-	9,071	-	12,336
<u>\$ -</u>	<u>\$ 9,071</u>	<u>\$ 76,270</u>	<u>\$ 12,336</u>

\$ -	\$ -	\$ 1,847	\$ -
-	-	231	-
-	-	-	-
-	6,061	-	12,336
-	-	-	-
-	6,061	2,078	12,336
-	-	-	-
-	3,010	74,192	-
-	3,010	74,192	-
<u>\$ -</u>	<u>\$ 9,071</u>	<u>\$ 76,270</u>	<u>\$ 12,336</u>

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

	LETTP Homeland Security	Hazard Mitigation Grant Program	Community Corrections Services	Local Correction Officer Training
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 515	\$ 35,922
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from State	2,202	-	2,643	-
TOTAL ASSETS	\$ 2,202	\$ -	\$ 3,158	\$ 35,922
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 2,202	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	2,202	-	-	-
FUND BALANCE				
Reserved for restricted contributions	-	-	-	-
Unreserved				
Undesignated	-	-	3,158	35,922
TOTAL FUND BALANCE	-	-	3,158	35,922
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,202	\$ -	\$ 3,158	\$ 35,922

Forfeiture Sheriff / Prosecutor	Law Library	Computer Tech Grant Phase II	Michigan Justice Training	Revenue Sharing Reserve	Child Care D.H.S.	Department of Human Services
\$ 15,343	\$ 12,041	\$ -	\$ 13,429	\$ -	\$ 4,424	\$ 88,493
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	70	2,021,513	14,144	-
-	-	-	-	-	-	15,387
<u>\$ 15,343</u>	<u>\$ 12,041</u>	<u>\$ -</u>	<u>\$ 13,499</u>	<u>\$ 2,021,513</u>	<u>\$ 18,568</u>	<u>\$ 103,880</u>
\$ -	\$ 427	\$ -	\$ -	\$ -	\$ -	\$ 847
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	40,000
-	-	-	-	-	-	-
-	427	-	-	-	-	40,847
-	-	-	-	-	-	16,012
15,343	11,614	-	13,499	2,021,513	18,568	47,021
15,343	11,614	-	13,499	2,021,513	18,568	63,033
<u>\$ 15,343</u>	<u>\$ 12,041</u>	<u>\$ -</u>	<u>\$ 13,499</u>	<u>\$ 2,021,513</u>	<u>\$ 18,568</u>	<u>\$ 103,880</u>

TUSCOLA COUNTY
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

ASSETS	Probate Child Care	Soldiers Relief	Veterans Trust
Cash and cash equivalents	\$ 156,520	\$ 5	\$ 1,054
Investments	-	-	-
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from State	39,930	-	-
TOTAL ASSETS	\$ 196,450	\$ 5	\$ 1,054
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 21,497	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other governments	19,282	-	-
Due to other funds	14,144	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	54,923	-	-
FUND BALANCE			
Reserved for restricted contributions	-	-	-
Unreserved			
Undesignated	141,527	5	1,054
TOTAL FUND BALANCE	141,527	5	1,054
TOTAL LIABILITIES AND FUND BALANCE	\$ 196,450	\$ 5	\$ 1,054

Voted Senior Citizens	Employee Vacation and Sick Time	Totals
\$ 713	\$ 128,065	\$ 1,262,247
33,905	-	172,792
265,516	-	1,306,620
2,633	-	10,115
-	-	185,139
-	256,802	2,297,909
-	-	233,586
<u>\$ 302,767</u>	<u>\$ 384,867</u>	<u>\$ 5,468,408</u>

\$ 13,488	\$ -	\$ 91,865
-	-	53,451
-	-	19,282
-	-	263,072
-	-	40,000
268,149	-	1,316,736
<u>281,637</u>	<u>-</u>	<u>1,784,406</u>
-	-	16,012
<u>21,130</u>	<u>384,867</u>	<u>3,667,990</u>
<u>21,130</u>	<u>384,867</u>	<u>3,684,002</u>
<u>\$ 302,767</u>	<u>\$ 384,867</u>	<u>\$ 5,468,408</u>

(Continued)

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Parks and Recreation	County Disaster	Local Government Police Contract
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	65,855
Charges for services	199	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	-	-	-
Other	-	-	-
TOTAL REVENUES	199	-	65,855
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	65,855
Health and Welfare	-	-	-
Culture and recreation	3,071	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	3,071	-	65,855
REVENUES OVER (UNDER) EXPENDITURES	(2,872)	-	-
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfer in	700	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	700	-	-
NET CHANGE IN FUND BALANCE	(2,172)	-	-
FUND BALANCE, BEGINNING OF YEAR	2,194	2,692	-
FUND BALANCE, END OF YEAR	\$ 22	\$ 2,692	\$ -

Friend of the the Court Act 294	Family Counseling	Dispatch/ 911	Vassar Township Police Contract	Recycling	Millington Township Police Contract	Building Strong Families
\$ -	\$ -	\$ -	\$ -	\$ 185,183	\$ -	\$ -
489,830	-	-	-	-	-	24,734
200,479	-	156,430	-	-	-	-
-	-	-	69,100	-	131,264	-
77,941	5,520	895,733	-	59,306	-	-
-	-	-	-	-	-	-
140	-	1,264	-	5,459	-	-
-	3,213	-	-	-	-	-
9,559	-	16,498	-	710	-	-
<u>777,949</u>	<u>8,733</u>	<u>1,069,925</u>	<u>69,100</u>	<u>250,658</u>	<u>131,264</u>	<u>24,734</u>
1,058,479	5,497	-	-	-	-	-
-	-	-	-	202,860	-	-
-	-	987,015	69,100	-	131,264	-
-	-	-	-	-	-	24,734
-	-	-	-	-	-	-
12,626	-	34,173	-	7,193	-	-
4,010	-	-	-	-	-	-
2,162	-	-	-	-	-	-
<u>1,077,277</u>	<u>5,497</u>	<u>1,021,188</u>	<u>69,100</u>	<u>210,053</u>	<u>131,264</u>	<u>24,734</u>
(299,328)	3,236	48,737	-	40,605	-	-
-	-	-	-	-	-	-
282,970	-	43,165	-	-	-	-
-	-	(240,010)	-	-	-	-
<u>282,970</u>	<u>-</u>	<u>(196,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(16,358)	3,236	(148,108)	-	40,605	-	-
89,336	39,614	148,108	-	190,353	-	4,820
<u>\$ 72,978</u>	<u>\$ 42,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,958</u>	<u>\$ -</u>	<u>\$ 4,820</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Victim Services	Voted Mosquito	Equipment and Capital Security
REVENUES			
Taxes	\$ -	\$ 793,780	\$ -
Intergovernmental			
Federal	-	-	-
State	51,577	-	9,050
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rent	-	9,744	-
Reimbursements and refunds	-	-	1,556
Other	-	-	1,260
TOTAL REVENUES	51,577	803,524	11,866
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	676,285	-
Public Safety	51,551	-	-
Health and Welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	90,739	303,101
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	51,551	767,024	303,101
REVENUES OVER (UNDER) EXPENDITURES	26	36,500	(291,235)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	9,097
Transfer in	-	-	331,895
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	340,992
NET CHANGE IN FUND BALANCE	26	36,500	49,757
FUND BALANCE, BEGINNING OF YEAR	1,490	242,397	191,077
FUND BALANCE, END OF YEAR	\$ 1,516	\$ 278,897	\$ 240,834

CDBG Housing Mosquito	State Survey Improvement	Victim of Crime Act Grant	Register of Deed Automation	State Homeland Security
\$ -	\$ -	\$ -	\$ -	\$ -
28,366	-	57,846	-	138,872
-	92,549	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,353	-
-	-	-	-	-
-	-	35	81,635	-
28,366	92,549	57,881	82,988	138,872
-	-	-	-	-
28,366	96,551	-	50,184	-
-	-	58,190	-	116,872
-	-	-	-	-
-	-	-	-	-
-	-	-	2,467	22,000
-	-	-	-	-
28,366	96,551	58,190	52,651	138,872
-	(4,002)	(309)	30,337	-
-	-	-	-	-
-	4,000	-	-	-
-	(1)	-	-	-
-	3,999	-	-	-
-	(3)	(309)	30,337	-
-	3	3,319	43,855	-
\$ -	\$ -	\$ 3,010	\$ 74,192	\$ -

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2006

	LETP Homeland Security	Hazard Mitigation Grant Program	Community Corrections Services	Local Correction Officer Training
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	25,319	-	-	-
State	-	-	31,720	-
Local	-	-	-	-
Charges for services	-	-	1,975	19,751
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	25,319	-	33,695	19,751
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	50,610	10,876
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	25,319	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	25,319	-	50,610	10,876
REVENUES OVER (UNDER) EXPENDITURES	-	-	(16,915)	8,875
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	20,073	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	20,073	-
NET CHANGE IN FUND BALANCE	-	-	3,158	8,875
FUND BALANCE, BEGINNING OF YEAR	-	-	-	27,047
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 3,158	\$ 35,922

Forfeiture Sheriff / Prosecutor	Law Library	Computer Tech Grant Phase II	Michigan Justice Training	Revenue Sharing Reserve	Child Care D.H.S.	Department of Human Services
\$ -	\$ -	\$ -	\$ -	\$ 1,511,168	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	7,368	-	137,579	242,179
-	-	373	-	-	-	-
-	-	-	-	-	42,650	-
1,005	6,500	-	-	-	-	-
-	-	-	-	29,432	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,005	6,500	373	7,368	1,540,600	180,229	242,179
-	5,020	-	-	-	-	-
-	-	-	-	-	-	-
1,314	-	-	6,793	-	-	-
-	-	-	-	-	329,162	256,083
-	-	-	-	-	-	-
-	-	11,637	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,314	5,020	11,637	6,793	-	329,162	256,083
(309)	1,480	(11,264)	575	1,540,600	(148,933)	(13,904)
-	-	-	-	-	-	-
-	-	2,611	-	-	167,500	12,000
-	-	-	-	(1,036,251)	-	-
-	-	2,611	-	(1,036,251)	167,500	12,000
(309)	1,480	(8,653)	575	504,349	18,567	(1,904)
15,652	10,134	8,653	12,924	1,517,164	1	64,937
\$ 15,343	\$ 11,614	\$ -	\$ 13,499	\$ 2,021,513	\$ 18,568	\$ 63,033

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Probate Child Care	Soldiers Relief	Veterans Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	179,281	-	19,536
Local	-	-	-
Charges for services	35,527	-	-
Fines and forfeits	-	-	-
Interest and rent	-	-	-
Reimbursements and refunds	70	-	-
Other	-	-	-
TOTAL REVENUES	214,878	-	19,536
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	558,534	17,995	18,523
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	558,534	17,995	18,523
REVENUES OVER (UNDER) EXPENDITURES	(343,656)	(17,995)	1,013
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	-	-	-
Transfer in	348,751	18,000	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	348,751	18,000	-
NET CHANGE IN FUND BALANCE	5,095	5	1,013
FUND BALANCE, BEGINNING OF YEAR	136,432	-	41
FUND BALANCE, END OF YEAR	\$ 141,527	\$ 5	\$ 1,054

Voted Senior Citizens	Employee Vacation and Sick Time	Totals
\$ 249,442	\$ -	\$ 2,739,573
-	-	764,967
-	-	1,127,748
-	-	266,592
-	-	1,138,602
-	-	7,505
3,272	-	50,664
-	-	4,839
-	-	109,697
252,714	-	6,210,187
-	-	1,068,996
-	47,534	1,101,780
-	-	1,549,440
317,493	-	1,522,524
-	-	3,071
-	-	509,255
-	-	4,010
-	-	2,162
317,493	47,534	5,761,238
(64,779)	(47,534)	448,949
-	-	9,097
-	-	1,231,665
-	-	(1,276,262)
-	-	(35,500)
(64,779)	(47,534)	413,449
85,909	432,401	3,270,553
\$ 21,130	\$ 384,867	\$ 3,684,002

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Parks and Recreation			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	199	199	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>199</u>	<u>199</u>	<u>-</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	2,000	3,071	3,071	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>2,000</u>	<u>3,071</u>	<u>3,071</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,000)</u>	<u>(2,872)</u>	<u>(2,872)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	700	700	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>700</u>	<u>700</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,000)	(2,172)	(2,172)	-
FUND BALANCE, BEGINNING OF YEAR	<u>2,194</u>	<u>2,194</u>	<u>2,194</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 194</u>	<u>\$ 22</u>	<u>\$ 22</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, 2006

	Friend of the Court Act 294			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	727,274	727,274	489,830	(237,444)
State	250	250	200,479	200,229
Local	-	-	-	-
Charges for services	74,206	74,206	77,941	3,735
Fines and forfeits	-	-	-	-
Interest and rent	-	-	140	140
Reimbursements and refunds	-	-	-	-
Other	7,950	7,950	9,559	1,609
TOTAL REVENUES	809,680	809,680	777,949	(31,731)
EXPENDITURES				
Current				
Judicial	1,154,527	1,147,401	1,058,479	(88,922)
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	5,500	12,626	12,626	-
Debt service - principal	-	-	4,010	4,010
Debt service - interest	-	-	2,162	2,162
TOTAL EXPENDITURES	1,160,027	1,160,027	1,077,277	(82,750)
REVENUES OVER (UNDER) EXPENDITURES	(350,347)	(350,347)	(299,328)	51,019
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	301,321	301,321	282,970	(18,351)
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	301,321	301,321	282,970	(18,351)
NET CHANGE IN FUND BALANCE	(49,026)	(49,026)	(16,358)	32,668
FUND BALANCE, BEGINNING OF YEAR	89,336	89,336	89,336	-
FUND BALANCE, END OF YEAR	\$ 40,310	\$ 40,310	\$ 72,978	\$ 32,668

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	149,460	157,108	156,430	(678)
-	-	-	-	-	-	-	-
6,500	6,500	5,520	(980)	928,800	928,800	895,733	(33,067)
-	-	-	-	-	-	-	-
-	-	-	-	2,500	2,500	1,264	(1,236)
1,500	1,500	3,213	1,713	-	-	-	-
-	-	-	-	26,950	13,116	16,498	3,382
8,000	8,000	8,733	733	1,107,710	1,101,524	1,069,925	(31,599)
10,966	10,966	5,497	(5,469)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	999,290	991,196	987,015	(4,181)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	34,316	34,173	(143)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,966	10,966	5,497	(5,469)	999,290	1,025,512	1,021,188	(4,324)
(2,966)	(2,966)	3,236	6,202	108,420	76,012	48,737	(27,275)
-	-	-	-	-	-	-	-
-	-	-	-	-	43,165	43,165	-
-	-	-	-	(240,931)	(240,010)	(240,010)	-
-	-	-	-	(240,931)	(196,845)	(196,845)	-
(2,966)	(2,966)	3,236	6,202	(132,511)	(120,833)	(148,108)	(27,275)
39,614	39,614	39,614	-	148,108	148,108	148,108	-
\$ 36,648	\$ 36,648	\$ 42,850	\$ 6,202	\$ 15,597	\$ 27,275	\$ -	\$ (27,275)

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2006

	Vassar Township Police Contract			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	72,394	72,394	69,100	(3,294)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>72,394</u>	<u>72,394</u>	<u>69,100</u>	<u>(3,294)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	72,394	72,394	69,100	(3,294)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>72,394</u>	<u>72,394</u>	<u>69,100</u>	<u>(3,294)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 187,000	\$ 187,000	\$ 185,183	\$ (1,817)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	143,019	143,019	131,264	(11,755)
48,700	48,700	59,306	10,606	-	-	-	-
-	-	-	-	-	-	-	-
2,000	2,000	5,459	3,459	-	-	-	-
-	-	-	-	-	-	-	-
1,000	1,000	710	(290)	-	-	-	-
<u>238,700</u>	<u>238,700</u>	<u>250,658</u>	<u>11,958</u>	<u>143,019</u>	<u>143,019</u>	<u>131,264</u>	<u>(11,755)</u>
-	-	-	-	-	-	-	-
204,085	219,085	202,860	(16,225)	-	-	-	-
-	-	-	-	143,019	143,019	131,264	(11,755)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,800	11,800	7,193	(4,607)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>230,885</u>	<u>230,885</u>	<u>210,053</u>	<u>(20,832)</u>	<u>143,019</u>	<u>143,019</u>	<u>131,264</u>	<u>(11,755)</u>
<u>7,815</u>	<u>7,815</u>	<u>40,605</u>	<u>32,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,815	7,815	40,605	32,790	-	-	-	-
<u>190,353</u>	<u>190,353</u>	<u>190,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 198,168</u>	<u>\$ 198,168</u>	<u>\$ 230,958</u>	<u>\$ 32,790</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, 2006

	Building Strong Families			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	25,000	25,000	24,734	(266)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	25,000	25,000	24,734	(266)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	25,000	25,000	24,734	(266)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	25,000	25,000	24,734	(266)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	4,820	4,820	4,820	-
FUND BALANCE, END OF YEAR	<u>\$ 4,820</u>	<u>\$ 4,820</u>	<u>\$ 4,820</u>	<u>\$ -</u>

Victim Services				Voted Mosquito			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 798,000	\$ 798,000	\$ 793,780	\$ (4,220)
-	-	-	-	-	-	-	-
52,100	52,100	51,577	(523)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,000	6,000	9,744	3,744
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>52,100</u>	<u>52,100</u>	<u>51,577</u>	<u>(523)</u>	<u>804,000</u>	<u>804,000</u>	<u>803,524</u>	<u>(476)</u>
-	-	-	-	-	-	-	-
-	-	-	-	696,380	692,320	676,285	(16,035)
52,100	52,100	51,551	(549)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	84,050	90,739	90,739	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>52,100</u>	<u>52,100</u>	<u>51,551</u>	<u>(549)</u>	<u>780,430</u>	<u>783,059</u>	<u>767,024</u>	<u>(16,035)</u>
-	-	26	26	23,570	20,941	36,500	15,559
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26	26	23,570	20,941	36,500	15,559
1,490	1,490	1,490	-	242,397	242,397	242,397	-
<u>\$ 1,490</u>	<u>\$ 1,490</u>	<u>\$ 1,516</u>	<u>\$ 26</u>	<u>\$ 265,967</u>	<u>\$ 263,338</u>	<u>\$ 278,897</u>	<u>\$ 15,559</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, 2006

	Equipment and Capital Improvement			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	9,050	9,050	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	1,556	1,556
Other	-	1,260	1,260	-
TOTAL REVENUES	-	10,310	11,866	1,556
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	373,213	427,336	303,101	(124,235)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	373,213	427,336	303,101	(124,235)
REVENUES OVER (UNDER) EXPENDITURES	(373,213)	(417,026)	(291,235)	125,791
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	9,097	9,097	-
Transfer in	331,895	331,895	331,895	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	331,895	340,992	340,992	-
NET CHANGE IN FUND BALANCE	(41,318)	(76,034)	49,757	125,791
FUND BALANCE, BEGINNING OF YEAR	191,077	191,077	191,077	-
FUND BALANCE, END OF YEAR	\$ 149,759	\$ 115,043	\$ 240,834	\$ 125,791

CDBG Housing Grant				State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112,500	112,500	28,366	(84,134)	-	-	-	-
-	-	-	-	62,029	92,549	92,549	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,500	112,500	28,366	(84,134)	62,029	92,549	92,549	-
-	-	-	-	-	-	-	-
112,500	112,500	28,366	(84,134)	65,679	96,551	96,551	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	350	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,500	112,500	28,366	(84,134)	66,029	96,551	96,551	-
-	-	-	-	(4,000)	(4,002)	(4,002)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,000	4,000	4,000	-
-	-	-	-	-	(1)	(1)	-
-	-	-	-	4,000	3,999	3,999	-
-	-	-	-	-	(3)	(3)	-
-	-	-	-	3	3	3	-
\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2006

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	58,575	60,087	57,846	(2,241)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	35	35	-
TOTAL REVENUES	<u>58,575</u>	<u>60,122</u>	<u>57,881</u>	<u>(2,241)</u>
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	58,575	63,440	58,190	(5,250)
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>58,575</u>	<u>63,440</u>	<u>58,190</u>	<u>(5,250)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(3,318)</u>	<u>(309)</u>	<u>3,009</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(3,318)	(309)	3,009
FUND BALANCE, BEGINNING OF YEAR	<u>3,319</u>	<u>3,319</u>	<u>3,319</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,319</u>	<u>\$ 1</u>	<u>\$ 3,010</u>	<u>\$ 3,009</u>

Register of Deed Automation				State Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	13,536	138,872	138,872	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	500	1,353	853	-	-	-	-
-	-	-	-	-	-	-	-
70,000	70,000	81,635	11,635	-	-	-	-
70,500	70,500	82,988	12,488	13,536	138,872	138,872	-
-	-	-	-	-	-	-	-
83,548	83,548	50,184	(33,364)	13,536	116,872	116,872	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,779	12,779	2,467	(10,312)	-	22,000	22,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
96,327	96,327	52,651	(43,676)	13,536	138,872	138,872	-
(25,827)	(25,827)	30,337	56,164	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(25,827)	(25,827)	30,337	56,164	-	-	-	-
43,855	43,855	43,855	-	-	-	-	-
\$ 18,028	\$ 18,028	\$ 74,192	\$ 56,164	\$ -	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2006

	LETTP Homeland Security			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	5,028	25,357	25,319	(38)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	5,028	25,357	25,319	(38)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	5,028	25,357	25,319	(38)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	5,028	25,357	25,319	(38)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Hazard Mitigation Grant Program				Community Corrections Services			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,000	14,000	-	(14,000)	-	-	-	-
-	-	-	-	48,674	31,719	31,720	1
-	-	-	-	-	1,975	1,975	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,119	-	-	-
14,000	14,000	-	(14,000)	51,793	33,694	33,695	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,000	14,000	-	(14,000)	51,793	51,793	50,610	(1,183)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,000	14,000	-	(14,000)	51,793	51,793	50,610	(1,183)
-	-	-	-	-	(18,099)	(16,915)	1,184
-	-	-	-	-	-	-	-
-	-	-	-	-	20,073	20,073	-
-	-	-	-	-	-	-	-
-	-	-	-	-	20,073	20,073	-
-	-	-	-	-	1,974	3,158	1,184
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974	\$ 3,158	\$ 1,184

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2006

	Local Corrections Officer Training			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	16,000	16,000	19,751	3,751
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	16,000	16,000	19,751	3,751
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	10,000	10,876	10,876	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	10,000	10,876	10,876	-
REVENUES OVER (UNDER) EXPENDITURES	6,000	5,124	8,875	3,751
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	6,000	5,124	8,875	3,751
FUND BALANCE, BEGINNING OF YEAR	27,047	27,047	27,047	-
FUND BALANCE, END OF YEAR	\$ 33,047	\$ 32,171	\$ 35,922	\$ 3,751

Forfeiture Sheriff/Prosecutor				Law Library			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
900	900	1,005	105	6,500	6,500	6,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>900</u>	<u>900</u>	<u>1,005</u>	<u>105</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
-	-	-	-	6,500	6,500	5,020	(1,480)
-	-	-	-	-	-	-	-
16,411	16,411	1,314	(15,097)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>16,411</u>	<u>16,411</u>	<u>1,314</u>	<u>(15,097)</u>	<u>6,500</u>	<u>6,500</u>	<u>5,020</u>	<u>(1,480)</u>
<u>(15,511)</u>	<u>(15,511)</u>	<u>(309)</u>	<u>15,202</u>	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>1,480</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(15,511)</u>	<u>(15,511)</u>	<u>(309)</u>	<u>15,202</u>	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>1,480</u>
<u>15,652</u>	<u>15,652</u>	<u>15,652</u>	<u>-</u>	<u>10,134</u>	<u>10,134</u>	<u>10,134</u>	<u>-</u>
<u>\$ 141</u>	<u>\$ 141</u>	<u>\$ 15,343</u>	<u>\$ 15,202</u>	<u>\$ 10,134</u>	<u>\$ 10,134</u>	<u>\$ 11,614</u>	<u>\$ 1,480</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, 2006

	Computer Tech Grant Phase II			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	373	373	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	373	373	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	11,637	11,637	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	-	11,637	11,637	-
REVENUES OVER (UNDER) EXPENDITURES	-	(11,264)	(11,264)	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	2,611	2,611	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	2,611	2,611	-
NET CHANGE IN FUND BALANCE	-	(8,653)	(8,653)	-
FUND BALANCE, BEGINNING OF YEAR	8,653	8,653	8,653	-
FUND BALANCE, END OF YEAR	<u>\$ 8,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Michigan Justice Training				Revenue Sharing Reserve			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,481,937	\$ 1,511,168	\$ 29,231
-	-	-	-	-	-	-	-
7,000	7,000	7,368	368	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,432	29,432
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,000</u>	<u>7,000</u>	<u>7,368</u>	<u>368</u>	<u>-</u>	<u>1,481,937</u>	<u>1,540,600</u>	<u>58,663</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,500	7,500	6,793	(707)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,500</u>	<u>7,500</u>	<u>6,793</u>	<u>(707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(500)</u>	<u>(500)</u>	<u>575</u>	<u>1,075</u>	<u>-</u>	<u>1,481,937</u>	<u>1,540,600</u>	<u>58,663</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(1,036,251)	(1,036,251)	-
-	-	-	-	-	(1,036,251)	(1,036,251)	-
(500)	(500)	575	1,075	-	445,686	504,349	58,663
<u>12,924</u>	<u>12,924</u>	<u>12,924</u>	<u>-</u>	<u>1,517,164</u>	<u>1,517,164</u>	<u>1,517,164</u>	<u>-</u>
<u>\$ 12,424</u>	<u>\$ 12,424</u>	<u>\$ 13,499</u>	<u>\$ 1,075</u>	<u>\$ 1,517,164</u>	<u>\$ 1,962,850</u>	<u>\$ 2,021,513</u>	<u>\$ 58,663</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, 2006

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	167,500	167,500	137,579	(29,921)
Local	-	-	-	-
Charges for services	30,000	30,000	42,650	12,650
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	197,500	197,500	180,229	(17,271)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	365,000	365,000	329,162	(35,838)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	365,000	365,000	329,162	(35,838)
REVENUES OVER (UNDER) EXPENDITURES	(167,500)	(167,500)	(148,933)	18,567
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	167,500	167,500	167,500	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	167,500	167,500	167,500	-
NET CHANGE IN FUND BALANCE	-	-	18,567	18,567
FUND BALANCE, BEGINNING OF YEAR	1	1	1	-
FUND BALANCE, END OF YEAR	\$ 1	\$ 1	\$ 18,568	\$ 18,567

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
330,000	330,000	242,179	(87,821)	315,000	315,000	179,281	(135,719)
-	-	-	-	-	-	-	-
-	-	-	-	40,000	40,000	35,527	(4,473)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	70	70
-	-	-	-	-	-	-	-
<u>330,000</u>	<u>330,000</u>	<u>242,179</u>	<u>(87,821)</u>	<u>355,000</u>	<u>355,000</u>	<u>214,878</u>	<u>(140,122)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
342,000	342,000	256,083	(85,917)	773,750	703,750	558,534	(145,216)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>342,000</u>	<u>342,000</u>	<u>256,083</u>	<u>(85,917)</u>	<u>773,750</u>	<u>703,750</u>	<u>558,534</u>	<u>(145,216)</u>
<u>(12,000)</u>	<u>(12,000)</u>	<u>(13,904)</u>	<u>(1,904)</u>	<u>(418,750)</u>	<u>(348,750)</u>	<u>(343,656)</u>	<u>5,094</u>
-	-	-	-	-	-	-	-
12,000	12,000	12,000	-	418,750	348,751	348,751	-
-	-	-	-	-	-	-	-
<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>418,750</u>	<u>348,751</u>	<u>348,751</u>	<u>-</u>
-	-	(1,904)	(1,904)	-	1	5,095	5,094
<u>64,937</u>	<u>64,937</u>	<u>64,937</u>	<u>-</u>	<u>136,432</u>	<u>136,432</u>	<u>136,432</u>	<u>-</u>
<u>\$ 64,937</u>	<u>\$ 64,937</u>	<u>\$ 63,033</u>	<u>\$ (1,904)</u>	<u>\$ 136,432</u>	<u>\$ 136,433</u>	<u>\$ 141,527</u>	<u>\$ 5,094</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, 2006

	Soldiers Relief			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	14,000	18,000	17,995	(5)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	14,000	18,000	17,995	(5)
REVENUES OVER (UNDER) EXPENDITURES	(14,000)	(18,000)	(17,995)	5
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	14,000	18,000	18,000	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	14,000	18,000	18,000	-
NET CHANGE IN FUND BALANCE	-	-	5	5
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 5	\$ 5

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 251,139	\$ 251,139	\$ 249,442	\$ (1,697)
-	-	-	-	-	-	-	-
17,000	19,536	19,536	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,500	2,500	3,272	772
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,000	19,536	19,536	-	253,639	253,639	252,714	(925)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,000	18,523	18,523	-	319,639	324,385	317,493	(6,892)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,000	18,523	18,523	-	319,639	324,385	317,493	(6,892)
-	1,013	1,013	-	(66,000)	(70,746)	(64,779)	5,967
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,013	1,013	-	(66,000)	(70,746)	(64,779)	5,967
41	41	41	-	85,909	85,909	85,909	-
\$ 41	\$ 1,054	\$ 1,054	\$ -	\$ 19,909	\$ 15,163	\$ 21,130	\$ 5,967

TUSCOLA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
YEAR ENDED DECEMBER 31, 2006

	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	-	47,534	47,534	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>47,534</u>	<u>47,534</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(47,534)</u>	<u>(47,534)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(47,534)	(47,534)	-
FUND BALANCE, BEGINNING OF YEAR	432,401	432,401	432,401	-
FUND BALANCE, END OF YEAR	<u>\$ 432,401</u>	<u>\$ 384,867</u>	<u>\$ 384,867</u>	<u>\$ -</u>

Total			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 1,236,139	\$ 2,718,076	\$ 2,739,573	\$ 21,497
955,913	1,103,090	764,967	(338,123)
1,149,013	1,181,812	1,127,748	(54,064)
290,040	290,413	266,592	(23,821)
1,144,206	1,146,380	1,138,602	(7,778)
7,400	7,400	7,505	105
13,500	13,500	50,664	37,164
1,500	1,500	4,839	3,339
109,019	93,361	109,697	16,336
<u>4,906,730</u>	<u>6,555,532</u>	<u>6,210,187</u>	<u>(345,345)</u>
1,171,993	1,164,867	1,068,996	(95,871)
1,162,192	1,251,538	1,101,780	(149,758)
1,513,245	1,614,228	1,549,440	(64,788)
1,856,389	1,796,658	1,522,524	(274,134)
2,000	3,071	3,071	-
507,720	648,590	509,255	(139,335)
-	-	4,010	4,010
-	-	2,162	2,162
<u>6,213,539</u>	<u>6,478,952</u>	<u>5,761,238</u>	<u>(717,714)</u>
<u>(1,306,809)</u>	<u>76,580</u>	<u>448,949</u>	<u>372,369</u>
-	9,097	9,097	-
1,249,466	1,250,016	1,231,665	(18,351)
(240,931)	(1,276,262)	(1,276,262)	-
<u>1,008,535</u>	<u>(17,149)</u>	<u>(35,500)</u>	<u>(18,351)</u>
(298,274)	59,431	413,449	354,018
<u>3,270,553</u>	<u>3,270,553</u>	<u>3,270,553</u>	<u>-</u>
<u>\$ 2,972,279</u>	<u>\$ 3,329,984</u>	<u>\$ 3,684,002</u>	<u>\$ 354,018</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)

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)
State Police Capital Expenditures (470)
Dispatch Building Construction and Equipment (479)
State Police Post Building Authority (482)
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, 2006**

	Dispatch Building and Equipment	State Police Post Building	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
FUND BALANCE			
Reserved for debt retirement	\$ -	\$ -	\$ -

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Dispatch Building and Equipment	State Police Post Building	Total
REVENUES			
Intergovernmental			
State	\$ -	\$ 162,134	\$ 162,134
Interest and rent	1	-	1
TOTAL REVENUES	1	162,134	162,135
EXPENDITURES			
Debt service			
Principal	235,000	95,000	330,000
Interest and fiscal charges	5,756	59,191	64,947
TOTAL EXPENDITURES	240,756	154,191	394,947
REVENUES OVER (UNDER) EXPENDITURES	(240,755)	7,943	(232,812)
OTHER FINANCING SOURCES (USES)			
Transfer in	240,010	-	240,010
Transfer out	-	(7,943)	(7,943)
TOTAL OTHER FINANCING SOURCES (USES)	240,010	(7,943)	232,067
NET CHANGE IN FUND BALANCE	(745)	-	(745)
FUND BALANCE, BEGINNING OF YEAR	745	-	745
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

**TUSCOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2006**

	D.H.S. Building Capital Expenditures	Dispatch Building Construction and Equipment
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Investments	47,885	-
Accounts receivable	67	-
Due from state	35,000	-
Due from other funds	-	-
	-	-
TOTAL ASSETS	\$ 82,952	\$ -
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	\$ 12,874	\$ -
FUND BALANCE		
Reserved for construction	70,078	-
	70,078	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 82,952	\$ -

State Police Post Building Authority	Capital Improvements Fund	State Police Capital Expenditures	Total
\$ 17,913	\$ 11,499	\$ 126,138	\$ 155,550
3,676	1,653,860	-	1,705,421
-	-	-	67
-	-	-	35,000
-	163,063	-	163,063
<u>\$ 21,589</u>	<u>\$ 1,828,422</u>	<u>\$ 126,138</u>	<u>\$ 2,059,101</u>

\$ - \$ - \$ - \$ 12,874

<u>21,589</u>	<u>1,828,422</u>	<u>126,138</u>	<u>2,046,227</u>
<u>\$ 21,589</u>	<u>\$ 1,828,422</u>	<u>\$ 126,138</u>	<u>\$ 2,059,101</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2006

	D.H.S. Building Capital Expenditures	Dispatch Building Construction and Equipment	
REVENUES			
Interest and rent	\$ 1,571	\$ -	
Other	35,000	-	
TOTAL REVENUES	36,571	-	
EXPENDITURES			
Miscellaneous	-	-	
REVENUES OVER (UNDER) EXPENDITURES	36,571	-	
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	
NET CHANGE IN FUND BALANCE	36,571	-	
FUND BALANCE, BEGINNING OF YEAR	33,507	-	
FUND BALANCE, END OF YEAR	\$ 70,078	\$ -	

State Police Post Building Authority	Capital Improvements Fund	State Police Capital Expenditures	Total
\$ 531	\$ 73,680	\$ 2,536	\$ 78,318
-	-	-	35,000
531	73,680	2,536	113,318
-	51,765	-	51,765
531	21,915	2,536	61,553
-	163,063	7,943	171,006
531	184,978	10,479	232,559
21,058	1,643,444	115,659	1,813,668
\$ 21,589	\$ 1,828,422	\$ 126,138	\$ 2,046,227

**TUSCOLA COUNTY
BALANCE SHEET
PERMANENT FUND
DECEMBER 31, 2006**

	<u>Cemetery Trust</u>
ASSETS	
Investments at fair value	\$ 7,034
	<hr/>
FUND BALANCE	
Reserved for cemetery maintenance	6,800
Unreserved	234
	<hr/>
TOTAL FUND BALANCE	\$ 7,034
	<hr/>

TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
PERMANENT FUND
YEAR ENDED DECEMBER 31, 2006

	<u>Cemetery Trust</u>
REVENUES	
Interest and rents	\$ 334
EXPENDITURES	
Current:	
Culture and recreation	273
NET CHANGE IN FUND BALANCE	61
FUND BALANCE, BEGINNING OF YEAR	6,973
FUND BALANCE, END OF YEAR	\$ 7,034

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Caro Refinanced Area Sewer (376)

Mayville Storm Sewer (379)

Richville Water System (380)

Millington Sewer Construction (484)

Denmark Sewer System (485)

Tax Foreclosure (532)

TUSCOLA COUNTY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006

	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	115,000	18,000	60,000
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>115,000</u>	<u>18,000</u>	<u>60,000</u>
Noncurrent assets			
Construction in progress	-	-	-
Due from other governments	<u>775,000</u>	<u>1,191,000</u>	<u>680,000</u>
Total noncurrent assets	<u>775,000</u>	<u>1,191,000</u>	<u>680,000</u>
TOTAL ASSETS	<u>890,000</u>	<u>1,209,000</u>	<u>740,000</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	-	-
Bonds payable, current	<u>115,000</u>	<u>18,000</u>	<u>60,000</u>
Total current liabilities	115,000	18,000	60,000
Long-term debt	<u>775,000</u>	<u>1,191,000</u>	<u>680,000</u>
TOTAL LIABILITIES	<u>890,000</u>	<u>1,209,000</u>	<u>740,000</u>
NET ASSETS			
Unrestricted	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ 225,518	\$ -	\$ 119,099	\$ 344,617
5,000	288,001	-	486,001
-	-	239	239
<u>230,518</u>	<u>288,001</u>	<u>119,338</u>	<u>830,857</u>
80,346	288,001	-	368,347
290,000	-	-	2,936,000
<u>370,346</u>	<u>288,001</u>	<u>-</u>	<u>3,304,347</u>
<u>600,864</u>	<u>576,002</u>	<u>119,338</u>	<u>4,135,204</u>
-	288,001	-	288,001
5,000	-	-	198,000
<u>5,000</u>	<u>288,001</u>	<u>-</u>	<u>486,001</u>
290,000	-	-	2,936,000
<u>295,000</u>	<u>288,001</u>	<u>-</u>	<u>3,422,001</u>
<u>\$ 305,864</u>	<u>\$ 288,001</u>	<u>\$ 119,338</u>	<u>\$ 713,203</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
	<u> </u>	<u> </u>	<u> </u>
Operating revenues			
Charges for services	\$ 30,790	\$ 61,350	\$ 41,195
Other	<u> -</u>	<u> -</u>	<u> -</u>
Total operating revenues	30,790	61,350	41,195
Operating expenses			
Administration	<u> -</u>	<u> -</u>	<u> -</u>
Operating income	<u> 30,790</u>	<u> 61,350</u>	<u> 41,195</u>
Nonoperating revenues (expenses)			
Interest and rent	-	-	-
Interest expense and fiscal charges	<u> (30,790)</u>	<u> (61,350)</u>	<u> (41,195)</u>
Total nonoperating revenues (expenses)	<u> (30,790)</u>	<u> (61,350)</u>	<u> (41,195)</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>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ 12,799	\$ 288,001	\$ 116,396	\$ 550,531
-	-	92,474	92,474
12,799	288,001	208,870	643,005
-	-	115,871	115,871
12,799	288,001	92,999	527,134
5,864	-	1,456	7,320
(12,799)	-	-	(146,134)
(6,935)	-	1,456	(138,814)
5,864	288,001	94,455	388,320
300,000	-	24,883	324,883
<u>\$ 305,864</u>	<u>\$ 288,001</u>	<u>\$ 119,338</u>	<u>\$ 713,203</u>

TUSCOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
Cash flows from operating activities:			
Cash received from customers	\$ 30,790	\$ 61,350	\$ 41,195
Cash paid for interfund services provided	-	-	-
Cash payments to suppliers	-	-	-
Other operating revenue	-	-	-
Net cash provided by operating activities	<u>30,790</u>	<u>61,350</u>	<u>41,195</u>
Cash flows from noncapital financing activities:			
Principal paid on long-term debt	(100,000)	(18,000)	(60,000)
Interest paid on long-term debt	(30,790)	(61,350)	(41,195)
Contributions from local units	100,000	18,000	60,000
Net cash used by noncapital financing activities	<u>(30,790)</u>	<u>(61,350)</u>	<u>(41,195)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	-	-
Cash flows from investing activities:			
Investment income	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
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)	\$ 30,790	\$ 61,350	\$ 41,195
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Due from other funds	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 30,790</u>	<u>\$ 61,350</u>	<u>\$ 41,195</u>

Millington Sewer System	Denmark Sewer System	Tax Foreclosure	Total
\$ 12,799	\$ 288,001	\$ 116,396	\$ 550,531
-	-	(95)	(95)
-	-	(115,871)	(115,871)
-	-	92,474	92,474
<u>12,799</u>	<u>288,001</u>	<u>92,904</u>	<u>527,039</u>
(5,000)	-	-	(183,000)
(12,799)	-	-	(146,134)
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>183,000</u>
<u>(12,799)</u>	<u>-</u>	<u>-</u>	<u>(146,134)</u>
<u>(58,620)</u>	<u>(288,001)</u>	<u>-</u>	<u>(346,621)</u>
<u>5,864</u>	<u>-</u>	<u>1,456</u>	<u>7,320</u>
(52,756)	-	94,360	41,604
<u>278,274</u>	<u>-</u>	<u>24,739</u>	<u>303,013</u>
<u>\$ 225,518</u>	<u>\$ -</u>	<u>\$ 119,099</u>	<u>\$ 344,617</u>
\$ 12,799	\$ 288,001	\$ 92,999	\$ 527,134
-	-	(95)	-
<u>-</u>	<u>-</u>	<u>(95)</u>	<u>(95)</u>
<u>\$ 12,799</u>	<u>\$ 288,001</u>	<u>\$ 92,904</u>	<u>\$ 527,039</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, 2006

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	498,984	325,394	357,482	1,181,860
TOTAL ASSETS, ALL CURRENT	498,984	325,394	357,482	1,181,860
LIABILITIES				
Current liabilities				
Accrued liabilities	129,962	-	254,780	384,742
Net Assets				
Unrestricted	\$ 369,022	\$ 325,394	\$ 102,702	\$ 797,118

TUSCOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
OPERATING REVENUES				
Charges for services	\$ 35,560	\$ -	\$ 1,519,715	\$ 1,555,275
OPERATING EXPENSES				
Insurance costs	16,742	-	1,519,715	1,536,457
Settlements and claims	2,938	-	-	2,938
TOTAL OPERATING EXPENSES	19,680	-	1,519,715	1,539,395
CHANGE IN NET ASSETS	15,880	-	-	15,880
Net assets, beginning of year	353,142	325,394	102,702	781,238
Net assets, end of year	\$ 369,022	\$ 325,394	\$ 102,702	\$ 797,118

TUSCOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2006

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 42,911	\$ -	\$ 1,519,715	\$ 1,562,626
Interfund services used	(498,984)	(284,433)	(357,482)	(1,140,899)
Cash payments to suppliers for goods and services	(19,680)	-	(1,519,715)	(1,539,395)
Net cash provided (used) by operating activities	(475,753)	(284,433)	(357,482)	(1,117,668)
Net (decrease) in cash and cash equivalents	(475,753)	(284,433)	(357,482)	(1,117,668)
Cash and cash equivalents, beginning of year	475,753	284,433	357,482	1,117,668
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 15,880	\$ -	\$ -	\$ 15,880
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	(498,984)	(284,433)	(357,482)	(1,140,899)
Receivables	7,351	-	-	7,351
Net cash provided (used) by operating activities	\$ (475,753)	\$ (284,433)	\$ (357,482)	\$ (1,117,668)

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, 2006**

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total
ASSETS			
Cash and cash equivalents	\$ 2,549,440	\$ 39,004	\$ 2,588,444
LIABILITIES			
Accrued liabilities	\$ 1,072,336	\$ -	\$ 1,072,336
Due to other governmental units	377,832	-	377,832
Undistributed receipts	216	39,004	39,220
Undistributed taxes	1,099,056	-	1,099,056
TOTAL LIABILITIES	\$ 2,549,440	\$ 39,004	\$ 2,588,444

TUSCOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2006

TRUST AND AGENCY	Balance <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2006</u>
ASSETS				
Cash and cash equivalents	\$ 1,748,281	\$ 22,330,582	\$ 21,529,423	\$ 2,549,440
LIABILITIES				
Accounts payable	\$ -	\$ 10,198,474	\$ 10,198,474	-
Accrued liabilities	380,561	2,993,232	2,301,457	1,072,336
Due to other governmental units	350,019	9,031,869	9,004,056	377,832
Undistributed receipts	3,396	3,324	6,504	216
Undistributed taxes	1,014,305	9,838,943	9,754,192	1,099,056
TOTAL LIABILITIES	\$ 1,748,281	\$ 32,065,842	\$ 31,264,683	\$ 2,549,440
LIBRARY PENAL FINES				
ASSETS				
Cash and cash equivalents	\$ 37,517	\$ 454,628	\$ 453,141	\$ 39,004
Investments	7,761	-	7,761	-
TOTAL ASSETS	45,278	454,628	460,902	39,004
LIABILITIES				
Undistributed receipts	\$ 45,278	\$ 455,988	\$ 462,262	\$ 39,004
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,785,798	\$ 22,785,210	\$ 21,982,564	\$ 2,588,444
Investments	7,761	-	7,761	-
TOTAL ASSETS	\$ 1,793,559	\$ 22,785,210	\$ 21,990,325	\$ 2,588,444
LIABILITIES				
Accounts payable	\$ -	\$ 10,198,474	\$ 10,198,474	\$ -
Accrued liabilities	380,561	2,993,232	2,301,457	1,072,336
Due to other governmental units	350,019	9,031,869	9,004,056	377,832
Undistributed receipts	48,674	459,312	468,766	39,220
Undistributed tax collections	1,014,305	9,838,943	9,754,192	1,099,056
TOTAL LIABILITIES	\$ 1,793,559	\$ 32,521,830	\$ 31,726,945	\$ 2,588,444

COMPONENT UNIT

TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET ASSETS AND BALANCE SHEET
DECEMBER 31, 2006

	GOVERNMENTAL FUND TYPES		
	Debt Service	Capital Project	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 13,460	\$ 448,750	\$ 425,333
Investments	2,613,049	5,831,988	-
Accounts receivable	-	-	-
Special assessments receivable	7,755,787	3,899,279	-
Due from other component units	-	-	207,478
Due from other governmental units	-	340,368	-
Capital assets, net	-	-	-
TOTAL ASSETS	\$ 10,382,296	\$ 10,520,385	\$ 632,811
LIABILITIES			
Accounts payable	500	1,270,880	22,811
Due to other component units	-	207,478	-
Deferred revenue	7,755,787	3,899,279	-
Drain bond payable	-	-	-
Drain notes payable	-	-	-
Advance from primary government	-	-	610,000
TOTAL LIABILITIES	7,756,287	5,377,637	632,811
FUND EQUITY			
Fund balance			
Reserved for debt service	2,626,009	-	-
Reserved for drain projects	-	5,142,748	-
TOTAL FUND EQUITY	2,626,009	5,142,748	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 10,382,296	\$ 10,520,385	\$ 632,811

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
\$ 887,543	\$ -	\$ 887,543
8,445,037	-	8,445,037
-	-	-
11,655,066	-	11,655,066
207,478	(207,478)	-
340,368	-	340,368
-	15,371,283	15,371,283
<u>\$ 21,535,492</u>	<u>15,163,805</u>	<u>36,699,297</u>
1,294,191	-	1,294,191
207,478	(207,478)	-
11,655,066	(11,655,066)	-
-	15,218,160	15,218,160
-	259,880	259,880
610,000	-	610,000
<u>13,766,735</u>	<u>3,615,496</u>	<u>17,382,231</u>
2,626,009	(2,626,009)	-
5,142,748	(5,142,748)	-
<u>7,768,757</u>	<u>(7,768,757)</u>	<u>-</u>
<u>\$ 21,535,492</u>		
	(106,757)	(106,757)
	2,626,009	2,626,009
	5,142,748	5,142,748
	11,655,066	11,655,066
	<u>\$ 19,317,066</u>	<u>\$ 19,317,066</u>

TUSCOLA COUNTY
DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2006

	Debt Service	Capital Project	Total Governmental Funds	Adjustments	Statement of Activities
REVENUES					
Taxes	\$ 1,903,347	\$ 751,637	\$ 2,654,984	\$ 2,363,761	\$ 5,018,745
Federal	-	1,426,514	1,426,514	-	1,426,514
Interest and rents	101,554	225,656	327,210	-	327,210
TOTAL REVENUE	2,004,901	2,403,807	4,408,708	2,363,761	6,772,469
EXPENDITURES / EXPENSES					
Capital outlay	-	5,346,859	5,346,859	(4,624,317)	722,542
Depreciation	-	-	-	232,098	232,098
Debt service					
Principal	1,239,540	97,774	1,337,314	(1,337,314)	-
Interest and charges	559,572	17,787	577,359	-	577,359
TOTAL EXPENDITURES / EXPENSES	1,799,112	5,462,420	7,261,532	(5,729,533)	1,531,999
REVENUES OVER (UNDER) EXPENDITURES	205,789	(3,058,613)	(2,852,824)	8,093,294	5,240,470
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	5,475,000	5,475,000	(5,475,000)	-
Transfers in	219,976	21,120	241,096	(241,096)	-
Transfers out	-	(241,096)	(241,096)	241,096	-
TOTAL OTHER FINANCING SOURCES (USES)	219,976	5,255,024	5,475,000	(5,475,000)	-
NET CHANGE IN FUND BALANCE	425,765	2,196,411	2,622,176	(2,622,176)	-
Change in net assets	-	-	-	5,240,470	5,240,470
FUND BALANCE / NET ASSETS, BEGINNING OF YEAR	2,200,244	2,946,337	5,146,581	8,930,015	14,076,596
FUND BALANCE / NET ASSETS, END OF YEAR	\$ 2,626,009	\$ 5,142,748	\$ 7,768,757	\$ 11,548,309	\$ 19,317,066

III. STATISTICAL SECTION

This section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Tuscola County
Net Assets by Component,
Last Four Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 6,772,818	\$ 4,565,125	\$ 4,790,205	\$ 5,041,097
Restricted	1,811,720	1,851,900	1,829,746	2,059,273
Unrestricted	<u>3,506,770</u>	<u>6,613,224</u>	<u>7,145,675</u>	<u>7,602,231</u>
Total governmental activities net assets	<u>\$ 12,091,308</u>	<u>\$ 13,030,249</u>	<u>\$ 13,765,626</u>	<u>\$ 14,702,601</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,073,120	\$ 2,215,771	\$ 4,128,673	\$ 4,074,228
Restricted	-	4,216,791	1,871,357	931,338
Unrestricted	<u>9,499,129</u>	<u>6,486,152</u>	<u>7,531,928</u>	<u>10,770,558</u>
Total business-type activities net assets	<u>\$ 10,572,249</u>	<u>\$ 12,918,714</u>	<u>\$ 13,531,958</u>	<u>\$ 15,776,124</u>
Primary government				
Invested in capital assets, net of related debt	\$ 7,845,938	\$ 6,780,896	\$ 8,918,878	\$ 9,115,325
Restricted	1,811,720	6,068,691	3,701,103	2,990,611
Unrestricted	<u>13,005,899</u>	<u>13,099,376</u>	<u>14,677,603</u>	<u>18,372,789</u>
Total primary government net assets	<u>\$ 22,663,557</u>	<u>\$ 25,948,963</u>	<u>\$ 27,297,584</u>	<u>\$ 30,478,725</u>

Tuscola County
Changes in Net Assets, Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004 (1)	2005	2006
Expenses				
Governmental activities:				
Legislative	\$ 104,985	\$ 107,275	\$ 117,986	\$ 119,534
Judicial	3,293,066	3,373,694	3,236,683	3,403,161
General government	4,621,668	4,905,058	5,300,418	5,026,156
Public safety	4,713,775	4,927,107	5,016,821	5,040,173
Public works	1,185,845	1,141,879	1,064,344	912,869
Health and welfare	4,478,759	4,425,578	4,658,677	4,811,305
Culture and recreation	1,841	1,938	2,480	3,344
Interest on debt	<u>552,866</u>	<u>245,467</u>	<u>87,755</u>	<u>69,229</u>
Total governmental activities expenses	<u>18,952,805</u>	<u>19,127,996</u>	<u>19,485,164</u>	<u>19,385,771</u>
Business-type activities:				
Medical care facility	685,209	8,404,754	10,086,430	12,315,825
Delinquent property tax	195	42	28	366
Water/sewage systems	-	-	139,455	146,134
Tax foreclosure	-	-	<u>37,239</u>	<u>115,871</u>
Total business-type activities expenses	<u>685,404</u>	<u>8,404,796</u>	<u>10,263,152</u>	<u>12,578,196</u>
Total primary government expenses	<u>\$ 19,638,209</u>	<u>\$ 27,532,792</u>	<u>\$ 29,748,316</u>	<u>\$ 31,963,967</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 5,681,712	\$ 5,507,671	\$ 5,329,956	\$ 5,277,691
Operating grants and contributions	4,374,809	4,429,950	4,984,909	4,500,462
Capital grants and contributions	<u>570,969</u>	<u>374,660</u>	<u>182,980</u>	<u>185,615</u>
Total governmental activities program revenues	<u>10,627,490</u>	<u>10,312,281</u>	<u>10,497,845</u>	<u>9,963,768</u>
Business-type activities:				
Charges for services	762,830	8,107,047	9,368,356	12,886,218
Operating grants and contributions	-	212,476	-	-
Capital grants and contributions	-	-	<u>139,455</u>	<u>146,134</u>
Total business-type activities program revenues	<u>762,830</u>	<u>8,319,523</u>	<u>9,507,811</u>	<u>13,032,352</u>
Total primary government program revenues	<u>\$ 11,390,320</u>	<u>\$ 18,631,804</u>	<u>\$ 20,005,656</u>	<u>\$ 22,996,120</u>
Net (Expenses)/Revenue				
Governmental activities	\$ (8,325,315)	\$ (8,815,715)	\$ (8,987,319)	\$ (9,422,003)
Business-type activities	<u>77,426</u>	<u>(85,273)</u>	<u>(755,341)</u>	<u>454,156</u>
Total primary government net expense	<u>\$ (8,247,889)</u>	<u>\$ (8,900,988)</u>	<u>\$ (9,742,660)</u>	<u>\$ (8,967,847)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 6,541,061	\$ 8,352,320	\$ 8,604,431	\$ 9,127,818
Grants and contributions not restricted to specific programs	1,115,501	516,767	98,107	106,465
Unrestricted investment earnings	121,986	193,516	204,241	350,147
Other	13,589	3,556	-	10,302
Transfers	<u>632,355</u>	<u>690,733</u>	<u>775,307</u>	<u>764,246</u>
Total governmental activities	<u>8,424,492</u>	<u>9,756,892</u>	<u>9,682,086</u>	<u>10,358,978</u>
Business-type activities:				
Property taxes	1,358,078	1,431,875	1,507,485	1,575,186
Unrestricted investment earnings	246,222	187,313	609,127	417,938
Other	-	234,704	-	330,159
Transfers	<u>(599,161)</u>	<u>(640,760)</u>	<u>(726,120)</u>	<u>(715,932)</u>
Total business-type activities	<u>1,005,139</u>	<u>1,213,132</u>	<u>1,390,492</u>	<u>1,607,351</u>
Total primary government	<u>\$ 9,429,631</u>	<u>\$ 10,970,024</u>	<u>\$ 11,072,578</u>	<u>\$ 11,966,329</u>
Change in Net Assets				
Governmental activities	\$ 99,177	\$ 941,177	\$ 694,767	\$ 936,975
Business-type activities	<u>1,082,565</u>	<u>1,127,859</u>	<u>635,151</u>	<u>2,061,507</u>
Total primary government	<u>\$ 1,181,742</u>	<u>\$ 2,069,036</u>	<u>\$ 1,329,918</u>	<u>\$ 2,998,482</u>

(1) Business-type activities has a substantial increase due to the Medical Care Facility expansion.

Source: Tuscola County Financial Reports

Tuscola County
 Fund Balances, Governmental Funds,
 Last Four Fiscal Years

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000
Unreserved	1,068,500	1,068,500	1,163,631	1,377,578
Total general fund	<u>\$ 1,678,500</u>	<u>\$ 1,678,500</u>	<u>\$ 1,773,631</u>	<u>\$ 1,987,578</u>
All Other Governmental Funds				
Reserved	\$ 1,846,230	\$ 1,886,143	\$ 1,884,836	\$ 2,119,657
Unreserved:				-
Designated	226,097	234,749	259,780	296,662
Undesignated (1)	314,117	384,513	1,899,658	437,918
Undesignated, reported in non-major:				
Special revenue funds	2,015,778	2,835,420	1,860,673	3,667,990
Permanent funds	41	53	173	234
Total all other governmental funds	<u>\$ 4,402,263</u>	<u>\$ 5,340,878</u>	<u>\$ 5,905,120</u>	<u>\$ 6,522,461</u>

(1) For Fiscal Year 2005 Unreserved Undesignated now includes the new Revenue Sharing Fund.

Tuscola County
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

Revenues	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Taxes	\$4,862,183	\$5,201,209	\$5,407,348	\$5,681,758	\$5,890,251	\$6,231,090	\$ 6,539,180	\$ 8,351,979	\$8,614,597	9,132,692
Licenses and permits	533,747	579,438	596,285	646,749	670,772	659,999	833,421	917,820	870,300	737,975
Intergovernmental										-
Federal	743,522	785,897	1,015,117	772,593	1,059,843	1,326,899	1,990,728	1,829,327	2,262,902	1,836,165
State	4,074,723	4,068,374	3,833,565	4,241,154	4,518,877	4,310,986	3,707,904	3,226,208	2,766,050	2,680,428
Local	511,760	525,926	582,135	615,024	613,336	564,984	596,847	633,757	492,373	478,792
Charges for services	7,590,226	7,985,643	8,738,860	9,926,327	10,113,586	10,358,359	3,859,045	3,501,901	3,424,880	3,552,911
Fines and forfeits	112,436	135,923	157,770	194,660	115,190	121,327	107,272	110,944	86,547	78,720
Interest and rents	471,609	379,371	364,174	502,405	437,181	347,549	216,819	288,349	299,140	445,076
Reimbursements and refunds	460,403	384,219	477,484	725,482	696,647	430,955	478,522	539,582	545,246	512,336
Other	627,353	316,472	220,471	373,092	354,195	337,953	88,008	164,232	142,755	192,977
Total revenues	19,987,962	20,362,472	21,393,209	23,679,244	24,469,878	24,690,101	18,417,746	19,564,099	19,504,790	19,648,072
Expenditures										
Legislative	147,263	144,675	145,713	118,747	125,353	121,977	104,773	107,275	117,986	119,534
Judicial	2,305,741	2,393,216	2,486,538	2,636,042	2,874,276	3,106,158	3,267,907	3,361,660	3,215,610	3,381,877
General government	2,782,717	2,896,603	3,120,608	3,549,453	3,750,600	4,079,340	4,257,958	4,354,624	4,676,476	4,466,593
Public safety	3,107,537	3,254,787	3,337,502	3,653,770	3,736,635	4,111,730	4,390,969	4,516,359	4,665,773	4,741,128
Public works	3,975,925	978,672	1,036,929	2,130,551	972,601	1,022,741	1,183,940	1,140,165	1,062,425	911,102
Health and welfare	8,860,906	9,563,045	9,357,896	10,040,349	10,736,943	11,314,506	4,324,363	4,338,991	4,530,105	4,675,219
Culture and recreation	9,567	9,623	10,664	10,104	15,080	9,862	1,841	1,938	2,480	3,344
Other	216,541	217,391	275,163	331,505	266,751	376,192	210,735	288,904	220,764	245,792
Capital outlay	1,822,483	1,723,028	1,332,980	1,746,790	1,226,096	728,508	421,663	529,500	608,893	643,010
Debt service										-
Interest							286,300	245,467	87,755	69,229
Principal	837,901	1,134,626	962,573	1,016,085	1,082,779	1,008,964	520,000	626,759	433,105	403,173
Total expenditures	24,066,581	22,315,666	22,066,566	25,233,396	24,787,114	25,879,978	18,970,449	19,511,642	19,621,372	19,660,001
Excess of revenues over (under) expenditures	(4,078,619)	(1,953,194)	(673,357)	(1,554,152)	(317,236)	(1,189,877)	(552,703)	52,457	(116,582)	(11,929)
Other Financing Sources (Uses)										
Note proceeds	-	-	-	-	-	-	-	180,507	14,487	69,874
Proceeds of refunding bonds	-	-	-	-	-	1,240,000	-	-	-	-
Payment to refunded bond agent	-	-	-	-	-	(1,182,592)	-	-	-	-
Bond issuance costs	-	-	-	-	-	(57,408)	-	-	-	-
Contract proceeds	153,000	73,911	11,912	-	-	-	-	-	-	-
Bond proceeds	2,430,000	200,000	1,615,000	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	9,097
Transfer in	3,450,578	3,397,604	3,625,650	3,914,943	4,630,545	4,308,841	2,763,533	3,144,749	3,754,063	3,741,877
Transfer out	(2,828,817)	(2,567,965)	(2,648,428)	(2,941,636)	(4,030,250)	(2,312,567)	(2,020,204)	(2,456,227)	(2,998,756)	(2,977,631)
Total other financing sources (uses)	3,204,761	1,103,550	2,604,134	973,307	600,295	1,996,274	743,329	869,029	769,794	843,217
Net change in fund balances	\$ (873,858)	\$ (849,644)	\$ 1,930,777	\$ (580,845)	\$ 283,059	\$ 806,397	\$ 190,626	\$ 921,486	\$ 653,212	\$ 831,288
Debt service as a percentage of noncapital expenditures	3.77%	5.51%	4.64%	4.33%	4.60%	4.01%	4.35%	4.59%	3.65%	3.92%

(1) Tuscola County implemented GASB Statement No. 34 for year ended 12-31-03. Years prior are reported as Primary Government.

Source: Tuscola County Financial Reports

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

Fiscal Year Ended December 31,	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Industrial, Commercial & Developmental	Residential	Timber-Cut & Agricultural						
1997	\$ 68,616,181	\$ 496,944,545	\$ 294,687,397	\$ 72,316,843	\$ 932,564,966	\$ 7.4334	\$ 1,865,129,932	50.00%	
1998	73,221,576	568,574,000	312,026,096	74,910,981	1,028,732,653	7.4397	2,057,465,306	50.00	
1999	76,271,126	637,634,663	328,327,443	78,840,341	1,121,073,573	7.3911	2,242,147,146	50.00	
2000	80,500,976	716,745,149	373,481,400	75,475,901	1,246,203,426	7.3911	2,492,406,852	50.00	
2001	88,291,310	800,728,632	430,173,675	77,651,222	1,396,844,839	7.3613	2,793,689,678	50.00	
2002	102,341,340	883,288,207	459,254,775	75,303,706	1,520,188,028	7.5043	3,040,376,056	50.00	
2003	108,327,720	943,905,449	445,918,320	75,640,501	1,573,791,990	8.4947	3,147,583,980	50.00	
2004	112,056,568	1,002,364,500	442,794,942	78,564,681	1,635,780,691	8.4985	3,271,561,382	50.00	
2005	122,255,050	1,071,185,776	452,798,941	82,528,308	1,728,768,075	8.4810	3,457,536,150	50.00	
2006	136,006,806	1,145,276,940	478,606,091	101,406,559	1,861,296,396	8.4597	3,722,592,792	50.00	

Source: Tuscola County Equalization Department

Note: Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

TUSCOLA COUNTY
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rates per \$1,000 of assessed value)

	Year Taxes Are Payable									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
County direct rates										
Operating Millage	\$ 4.0180	\$ 3.9999	\$ 3.9739	\$ 3.9739	\$ 3.9580	\$ 3.9544	\$ 3.9417	\$ 3.9342	\$ 3.9251	\$ 3.9141
Special Millage	3.4154	3.4398	3.4172	3.4172	3.4033	3.5499	3.5530	3.5643	3.5559	3.5456
Debt Millage	-	-	-	-	-	-	1.0000	1.0000	1.0000	1.0000
Total direct rate	7.4334	7.4397	7.3911	7.3911	7.3613	7.5043	8.4947	8.4985	8.4810	8.4597
City rate										
Vassar	23.5200	22.0000	21.3500	20.1500	20.1500	17.5000	17.5000	17.5000	17.5000	17.5000
Village rates										
	11.9105-	11.7389-	11.4994-	11.3281-	11.7940-	11.6678-	11.6678-	11.5359-	11.4678-	11.3072-
	18.5000	18.4625	18.4625	18.4625	18.4625	22.0000	22.0000	21.9340	21.9340	21.8569
School district rates (1)										
	26.5910-	26.5910-	26-6051-	26.6051-	26.7017-	26.6853-	25.3792-	26.1615-	25.5067-	27.4038-
	34.9351	34.9095	34.8826	34.8776	35.2739	35.2727	34.2618	35.2568	35.2506	35.2509
Township rates										
	1.2611-	1.2226-	1.1911-	1.1639-	1.1172-	1.0785-	1.0785-	1.0785-	1.0456-	1.0160-
	5.2613	5.4527	5.4239	5.4239	5.4064	5.4064	5.4719	5.4719	5.4667	5.4381
District library rates										
	1.0000	.9968-	.9909-	.5000-	.5000-	.5000-	.5000-	.4966-	.7966-	.7966-
		1.0000	0.9954	0.9954	0.9944	1.4909	1.4865	1.4794	1.4794	1.4761

(1) Includes local, SET, and intermediate school district millages.

Source: Tuscola County Equalization Department.

Note: State law requires that localities obtain the approval of the state legislature or a majority of the voters in a public election to raise direct rates.

Table 7

Tuscola County
Principal Property Tax Payers,
Current Year and Six Years Ago (1)

Taxpayer	2006			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Detroit Edison Company	\$ 22,717,026	1	1.79%	\$ 23,164,825	1	2.34%
Dept of Natural Resources	8,918,975	2	0.70%	17,403,094	2	1.76%
Michigan Ethanol - East	8,219,567	3	0.65%	-	-	-
Wal-Mart Stores #01-1798	5,697,926	4	0.45%	-	-	-
Consumers Power Company	5,549,678	5	0.44%	6,698,924	4	0.68%
TI Group Automotive Sys.	5,017,130	6	0.40%	-	-	-
Thumb Electric Co-Op	3,943,251	7	0.31%	4,177,996	6	0.42%
Michigan Sugar Company	3,084,000	8	0.24%	4,565,700	5	0.46%
International Transmission	1,970,600	9	0.16%	-	-	-
Kaumagraph Flint Corp.	1,938,100	10	0.15%	2,081,220	10	0.21%
Walbro Corporation	-	-	-	7,195,200	3	0.73%
Bicccgeneral Cable Ind	-	-	-	3,512,100	7	0.36%
Grede-Vassar Inc.	-	-	-	3,263,400	8	0.33%
Varlen Corp.	-	-	-	2,683,600	9	0.27%
Totals	<u>\$ 67,056,253</u>		<u>5.29%</u>	<u>\$ 74,746,059</u>		<u>7.56%</u>

(1) Information available from year 2000 to present only.

Tuscola County
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Operating Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
1997	\$ 3,264,935	\$ 3,022,429	92.57%	\$ -	\$ -	\$ -	-
1998	3,434,126	3,176,541	92.50%	-	-	-	-
1999	3,613,678	3,344,632	92.55%	-	-	-	-
2000	3,760,718	3,500,476	93.08%	-	-	-	-
2001	3,929,991	3,715,115	94.53%	-	-	-	-
2002	4,153,366	3,927,603	94.56%	-	-	-	-
2003	4,382,550	4,035,099	92.07%	-	-	-	-
2004	4,524,054	4,008,268	88.60%	-	-	-	-
2005	4,733,095	4,723,028	99.79%	-	-	-	-
2006	4,945,076	3,774,616	76.33%	707,740	235,913	4,718,269	95.41%

Source: Tuscola County Treasurer and Tuscola County Equalization Department

Note: Delinquent information not available for years 1997 through 2005.

Tuscola County

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities			
	General Obligation Bonds	Capital Lease Payable	Accrued Compensated Absences	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1997	\$ 7,139,000	\$ 167,679	\$ 629,545	\$ -	\$ 7,936,224	1.41%	\$ 137
1998	6,792,000	79,603	751,120	-	7,622,723	1.52%	131
1999	7,850,000	73,311	783,416	-	8,706,727	1.40%	149
2000	7,272,000	64,365	703,658	-	8,040,023	1.56%	138
2001	6,593,000	42,841	705,772	-	7,341,613	1.65%	126
2002	6,069,000	21,598	680,668	-	6,771,266	1.85%	116
2003 (1)	5,548,000	3,164	720,284	12,250,000	18,521,448	7.04%	318
2004	5,018,000	87,912	678,984	11,580,647	17,365,543	7.64%	298
2005 (2)	1,435,000	59,295	732,701	14,306,172	16,533,168	8.08%	284
2006	1,105,000	55,995	793,912	13,506,697	15,461,604	8.73%	265

(1) 2003 Statement 34 implementation. Medical Care Expansion for Business-type Activities.

(2) For FYE 2005 certain debt and capital projects funds were re-classified as Business-type Activities to comply with Statement 10, as amended.

Source: Tuscola County Financial Reports

Note: Details regarding the county's debt can be found in the notes to the financial statements.

Tuscola County
Ratios of Net General Bonded Debt Outstanding
(Last seven years)

General Bonded Debt Outstanding

Fiscal Year	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Less Paid by Benefited Municipality	Net General Bonded	Total Taxable Value	Percentage of Taxable Value
2000	\$ 3,345,000	\$ 3,927,000	\$ 64,365	\$ 7,272,000	\$ 64,365	\$ 988,950,752	0.0065%
2001	2,880,000	3,713,000	42,841	6,593,000	42,841	1,049,359,900	0.0041
2002	2,475,000	3,594,000	21,598	6,069,000	21,598	1,108,271,872	0.0019
2003	2,155,000	3,394,000	3,164	5,549,000	3,164	1,154,259,430	0.0003
2004	1,825,000	3,193,000	87,912	5,018,000	87,912	1,212,154,896	0.0073
2005	1,435,000	3,317,000	59,295	4,752,000	59,295	1,269,585,053	0.0047
2006	1,105,000	3,134,000	55,995	4,239,000	55,995	1,360,892,331	0.0041

Overlapping Debt

Fiscal Year	School Districts	Townships	Intermediate School		Village	City	Net Overlapping	Percentage of Taxable Value
2000	\$ 33,939,692	\$ 4,052,877	\$ 14,623	\$ 5,025,290		-	\$ 43,032,482	2.2981%
2001	36,876,178	3,758,381	34,055	5,704,927		-	46,373,541	2.2628
2002	38,857,111	3,522,036	30,769	5,408,285		-	47,818,201	2.3176
2003	37,928,112	3,246,251	27,300	5,240,084		-	46,441,747	2.4853
2004	47,922,484	3,359,207	25,507	4,973,357		-	56,280,555	2.1537
2005	57,239,380	3,135,910	34,450	5,208,526		-	65,618,266	1.9348
2006	55,081,941	3,438,351	31,996	4,772,431	688,846		64,013,565	2.1259

Source: Tuscola County Equalization

Note: Table will continue to grow as more data becomes available for a full ten fiscal years.

Tuscola County

Table 11

Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2006

	58,266		
2000 Census Totals			
2006 Taxable Value	\$ 1,360,892,331		
		<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>
			<u>Net</u>
Direct debt of County:			
Building Authority		\$ 1,105,000	\$ 1,105,000
Sewer/Water		3,134,000	3,134,000
Capital Leases		55,995	-
		<u>\$ 4,294,995</u>	<u>\$ 4,239,000</u>
			<u>\$ 55,995</u>
Per-Capita County Net Direct Debt			1.02
Percent County Net Direct Debt to 2006 Taxable			0.0041%
Overlapping Debt of County:			
School Districts			\$ 55,081,941
Townships			3,438,351
Intermediate School District			31,996
Village			4,772,431
City			688,846
Net Overlapping Debt			<u>\$ 64,013,565</u>
Net County and Overlapping Debt			<u>\$ 64,069,560</u>
Per-Capita County Net Direct and Overlapping Debt			\$ 1,099.60
Percent Net Direct and Overlapping Debt to 2006 Taxable Value			4.7079%

(1) Includes Primary Government

Sources: Tuscola County debt schedules, and the Municipal Advisory Council of Michigan overlapping debt schedules.

Tuscola County
 Legal Debt Margin Information,
 (Last Seven Fiscal Years)

Table 12

	Fiscal Year						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed Value of Property	\$ 1,246,203,426	\$ 1,396,844,839	\$ 1,520,188,028	\$ 1,574,245,456	\$ 1,636,313,411	\$ 1,728,731,237	\$ 1,861,296,396
Debt limit, 10% of Assessed Value (Statutory Limitation)	124,620,343	139,684,484	152,018,803	157,424,546	163,631,341	172,873,124	186,129,640
Total Net debt applicable to limit	<u>7,202,890</u>	<u>6,496,538</u>	<u>5,965,668</u>	<u>5,421,577</u>	<u>4,965,483</u>	<u>4,810,550</u>	<u>4,294,995</u>
Legal debt margin	<u>\$ 117,417,453</u>	<u>\$ 133,187,946</u>	<u>\$ 146,053,135</u>	<u>\$ 152,002,969</u>	<u>\$ 158,665,858</u>	<u>\$ 168,062,574</u>	<u>\$ 181,834,645</u>
Total net debt applicable to the limit as a percentage of debt limit	5.78%	4.65%	3.92%	3.44%	3.03%	2.78%	2.31%

Source: Tuscola County Debt Schedules.

Note: Debt schedules prepared from 2000 to current. Table will grow as information becomes available for a full ten fiscal years.

Tuscola County
Demographic and Economic Statistics,
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate</u>
1997	58,000	\$ 1,119,362	\$ 19,299	12,501	5.3%
1998	58,012	1,157,993	19,961	12,388	5.3%
1999	58,290	1,218,993	20,913	12,257	5.5%
2000	58,266	1,251,987	21,487	12,080	3.1%
2001	58,360	1,210,739	20,746	11,972	5.3%
2002	58,250	1,251,937	21,492	11,847	8.8%
2003	58,569	1,303,345	22,253	11,547	9.9%
2004	58,493	1,325,877	22,667	11,534	8.9%
2005	58,428	1,336,170	22,869	11,171	8.0%
2006	57,878	1,349,531	23,317	11,052	8.7%

(1) Census Bureau midyear population estimates. Year 2000 actual census data.

(2) Personal income includes net earnings by place of residence, dividends, interest and rent, and personal current transfer receipts. (dollars stated in thousands)

BEA data not available for 2006. Estimates based on population changes, and state change in personal income.

(3) Fall membership count. Public schools only.

Sources: US Census Bureau, BEA, and the Tuscola Intermediate School District.

Tuscola County
Principal Employers,
Current Year and Nine Years Ago

Table 14

<u>Employer</u>	<u>1997</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Walbro Corp.	850	1	3.2%	300	7	1.1%
Tuscola County	475	2	1.8%	475	1	1.7%
Michigan Dept of Mental Health	460	3	1.8%	435	2	1.6%
Wolverine Human Services	375	4	1.4%	333	4	1.2%
Grede-Vassar Inc.	260	5	1.0%	360	3	1.3%
Tuscola Intermediate School Dist.	250	6	1.0%	250	8	0.9%
Walbro Automotive Corp.	230	7	0.9%	-	0	
Kaumagraph Flint Corp.	220	8	0.8%	-	0	
Plastech	175	9	0.7%	205	10	0.7%
Hills and Dales General Hospital	170	10	0.6%	330	5	1.2%
Caro Schools	-	-	-	288	9	1.0%
Wal-Mart Inc.	-	-	-	330	6	1.2%
Total	3,465		13.2%	3,306		11.9%

Sources: Tuscola County Economic Development Corp., and the U.S. Bureau of Labor Statistics

Tuscola County

Table 15

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

Full-time Equivalent Employees as of December 31										
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function										
Legislative	7	7	7	7	7	5	5	5	5	5
Judicial	43	44	44	47	48	47	46	44	45	45
General Government	46	50	50	52	53	54	52	52	52	53
Public Safety	64	63	64	64	61	57	60	58	59	57
Public Works	8	8	8	8	7	-	-	-	-	-
Health and Welfare	(1)	153	130	131	152	163	162	162	165	167
Total	321	302	304	330	339	325	325	324	328	331

(1) Includes Health Department and Medical Care Facility.

TUSCOLA COUNTY

Table 16

Operating Indicators by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public safety (1)										
Incarcerated offenders	2,646	2,546	2,728	2,963	2,512	2,321	2,366	1,962	1,843	2,039
Traffic violations and other summons issued	2,355	5,021	6,708	7,364	5,556	6,581	5,460	4,504	2,689	3,318
Physical arrests	1,369	1,246	1,271	1,419	1,234	1,148	1,223	937	1,005	841
Judicial										
54th Circuit Court new case filings	1,679	1,762	1,687	1,832	1,899	1,806	1,829	1,629	1,467	1,626
71B District Court new case filings	15,345	14,945	17,590	19,004	15,052	17,703	14,937	12,272	10,446	10,935
Probate Court new case filings	563	547	524	541	558	458	354	382	382	351

(1) Traffic violations and physical arrests are for the Sheriff's Department only. Incarcerated offenders are from all police departments.

Sources: Sheriff's Annual Report, State Court Administrative Reports.

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

TUSCOLA COUNTY

Table 17

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety										
Sheriffs Department										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	12	13	16	20	23	25	24	22	24
Mileage	363,573	474,817	475,212	492,588	493,203	469,436	479,646	437,615	388,822	397,278
Boats/Watercraft	1	1	1	1	2	2	2	2	2	2
Animal control										
Vehicles	2	2	2	2	2	2	-	-	-	-
General Government										
Building and Grounds										
Vehicles	5	7	9	11	15	16	16	13	12	14
Mosquito control										
Vehicles	9	14	14	14	14	14	14	14	15	16
Recycling										
Vehicles	-	1	1	1	1	1	1	1	1	1
Health and Welfare										
Health Department										
Vehicles	3	3	3	4	4	4	4	4	4	4
Recreation and Culture										
Vanderbilt Park										
Acres	17	17	17	17	17	17	17	17	17	17
		-	-	-	-	-	-	-	-	-

Source: Tuscola County Controller's Office Asset Tracking System

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

IV. SINGLE AUDIT

TUSCOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2006

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 SERVICE:			
Passed-through Michigan Family Independence Agency:			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 06-79002	\$ 50,099
Friend of Court Cooperative Reimbursement Program (Major Program)	93.563	CSFOC 06-79001	386,646
Title IV-D Incentive Program	93.563	N/A	103,184
Building Strong Families	93.556	SFSC 00-79002	<u>24,734</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE			<u>564,663</u>
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed-through Michigan Department of State Police:			
Emergency Management Performance Grant			
Law Enforcement Terrorism Prevention Program	97.042	N/A	23,349
Homeland Security Grant Program	97.004	N/A	25,319
Hazard Mitigation Grant Program	97.004	N/A	138,872
Hazard Mitigation Grant Program	97.039	N/A	1,426,514
Passed-through Michigan Department of Natural Resources:			
Boating Safety Financial Assistance	97.012	N/A	<u>15,897</u>
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>1,629,951</u>
U.S. DEPARTMENT OF JUSTICE			
Passed-through Office of Community Health:			
Victims of Crime Act	16.575	20587-5 V 2000	<u>57,846</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG)			
Housing Program	14.228	MSC-1997-0815-HO	<u>28,366</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,280,826</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 STATEMENT:

The Statement of Revenues, Expenditures, and Changes in Fund Balance reflects total federal awards of \$1,836,165. The Statement includes federal funds received by the Tuscola County Health Department of \$981,853. 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 \$1,426,514 of federal grant activity recorded in the Drain Commission component unit.



**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**

June 19, 2007

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, 2006, and have issued our report thereon dated June 19, 2007. We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% of the assets and 66% 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. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Tuscola County's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Tuscola County's* internal control over financial reporting. Accordingly, we do express an opinion on the effectiveness of *Tuscola County's* internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Tuscola County's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in 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**

June 19, 2007

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, 2006. *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 \$981,853 and \$2,074,286 respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2006. 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, 2006.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *Tuscola County's* internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

We did not audit the financial statements of the Tuscola County Health Department, which is a major governmental fund, and therefore a separate opinion unit. We also did not audit the Tuscola County Road Commission, which represents 78% of assets and 66% 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. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

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



TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

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

Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

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

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

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

CFDA Number(s)

Name of Federal Program or Cluster

97.039

Hazard Mitigation Grant Program

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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.