

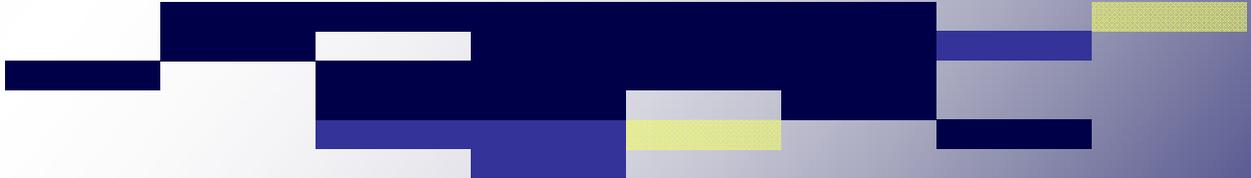


TUSCOLA COUNTY MICHIGAN



Comprehensive Annual Financial Report

Year Ended December 31, 2010



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



**For the Year Ended
December 31, 2010**

Issued by:

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



Anderson, Tuckey, Bernhardt & Doran, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

PAGE

SECTION ONE: INTRODUCTORY SECTION

Letter of Transmittal.....	i-xiii
List of Principal Officers.....	xiv
Organizational Chart.....	xv
GFOA Certificate.....	xvi

SECTION TWO: FINANCIAL SECTION

Independent Auditor's Report	I-II
Management's Discussion and Analysis	III-XV
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	1
Statement of Activities.....	2-3
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	4
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund.....	8-9
Health Department.....	10
Statement of Net Assets - Proprietary Funds.....	11
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	12
Statement of Cash Flows - Proprietary Funds.....	13-14
Statement of Fiduciary Net Assets - Fiduciary Funds.....	15
Notes to Basic Financial Statements.....	16-46

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
Required Supplementary Information	
Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions.....	47
Supplementary Information - Combining and Individual Fund Statements	
General Fund	
Schedule of Revenues and Other Financing Sources - Budget and Actual.....	48-50
Schedule of Expenditures and Other Financing Uses - Budget and Actual.....	51-60
Nonmajor Governmental Funds	
Combining Balance Sheet.....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	62
Combining Balance Sheet - Special Revenue Funds.....	63-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds.....	70-76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds - Budget and Actual.....	77-101
Combining Balance Sheet - Capital Project Funds.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Project Funds.....	103
Nonmajor Enterprise Funds	
Combining Statement of Net Assets.....	104-105
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	106-107
Combining Statement of Cash Flows.....	108-109
Internal Service Funds	
Combining Statement of Net Assets.....	110
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	111
Combining Statement of Cash Flows.....	112
Fiduciary Funds	
Combining Balance Sheet - Fiduciary Funds.....	113
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	114
Component Unit	
Statement of Net Assets and Governmental Fund Balance Sheet - Drain Commission.....	115
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Drain Commission.....	116

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION THREE: STATISTICAL SECTION	
Net Assets by Component	117
Changes in Net Assets	118-120
Fund Balances of Governmental Funds	121
Changes in Fund Balance of Governmental Funds and General Government Tax Revenues by Source	122-123
Assessed Value and Estimated Actual Value of Taxable Property	124
Property Tax Rates Direct and Overlapping Governments	125
Principal Property Taxpayers	126
Property Tax Levies and Collections	127
Ratio of Outstanding Debt by Type	128
Ratios of General Bonded Deb Outstanding	129
Direct and Overlapping Governmental Activities Debt	130
Legal Debt Margin Information	131
Demographic and Economic Statistics	132
Principal Employers	133
Full-time Equivalent County Employees by Function	134
Operating Indicators by Function	135
Capital Asset Statistics by Function	136

TUSCOLA COUNTY, MICHIGAN

TABLE OF CONTENTS

PAGE

SECTION FOUR: SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards.....	137
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 Governmental Auditing Standards.....	138-139
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-13.....	140-141
Schedule of Findings and Questioned Costs.....	142-144
Summary of Schedule of Prior Audit Findings.....	145-146

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

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June 17, 2011

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, 2010.

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 Anderson, Tuckey, Bernhardt, and Doran, 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, 2010 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, 2010 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 55,000.

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, Animal Control, Information Systems Department, Risk Management, Human Resources Department, Payroll Department, Corporate Council 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 includes: 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. <http://www.tuscolacounty.org/>

II - Annual County Budget Development and Reporting Process

The annual budget, in conjunction with monthly financial reports and the annual Comprehensive Annual Financial Report, are the foundations for Tuscola County's financial planning and control.

All agencies of Tuscola County are required to submit annual budget appropriation requests 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. Departments who are not in agreement with their budget have opportunities to address specific concerns with the Board of Commissioners. Budget Public Hearings are required to be held and adoption of a final budget is required no later than December 31, which is the close of Tuscola County's fiscal year.

The appropriated budget is prepared by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 8-9 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 77.

III - 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.

Economic Indicators of Concern

All major economic indicators reveal that the county and state economies are amongst the worst in the nation. Michigan has one of the highest unemployment rates in the nation. The economies of Tuscola County and the State of Michigan have, and continue to be devastated by unprecedented declines in the American automobile industry that have had both spiraling and rippling effects with far reaching consequences not only on the manufacturing base, but also on the retail and service sectors of the economy.

For decades, the automobile industry was the engine powering the Michigan economy. Over the past eight years, hundreds of thousands of quality jobs have been permanently eliminated from this essential industrial base. Michigan's ten year structural state budget crisis continues for the 2011/2012 fiscal year. The state budget is directly linked and nearly a mirror image to the domestic auto industry's struggles. The number of auto workers has been reduced by over two-thirds in the last 10 years. Both General Motors and Chrysler filed Chapter 11 Bankruptcy and have received major loans from the Federal Government. Predictions by University of Michigan economists and other entities making economic forecasts are that for the first time in a decade job growth is expected for 2011 and 2012.

Although only modest, employment growth is a positive reversal of a multiple year decline in employment.

Tuscola County is experiencing great financial pressures because of the significant systemic economic downturn. Overall, economic problems are negatively impacting the revenue base and the ability of the County to maintain service levels. County unemployment, mortgage foreclosures, declining residential property values, shrinking household income, an aging population, reduced community and economic development activity, and educational attainment are consistently lagging behind statewide and national averages. According to the U.S. Census, the July 2009 population estimate for Tuscola County was 55,395. This is a decline of 2,871 or 4.9% from the year 2000 population of 58,266. Tuscola County's unemployment rate remains in the range of 13% to 14%. Land values continue to decline resulting in reductions in property tax revenue available to the county to deliver services.

The residential class of land is experiencing the largest declines. The number of property foreclosures has been skyrocketing over the past several years which is negatively impacting property values. Most concerning is that further declines are projected over the next several years. Property tax is the single largest source of revenue to the general fund. The importance of property tax revenue cannot be overstated because it represents 45% of the total revenue for operations. Property tax value declines are clearly a result of the significantly weakened economy.

Positive Steps Taken to Rebuild the Economy

The County and other entities have taken positive steps to rebuild and strengthen the local economy in working to reverse the trends described above. Major County economic development activities during 2010 include the following:

Job Retention/Creation

Recent positive economic development activities that have retained and/or created new jobs with the assistance of the Tuscola County Economic Development Corporation (EDC) and other economic development entities are outlined below.

- In 2009 and 2010, the EDC provided small business counseling to the new owners of an automotive parts manufacturing firm in Millington. The new owners decided to maintain the operation and jobs in Tuscola County. No employees were laid off. **Advanced Decorative Systems** was formerly called Kaumagraph Corporation and has been in Millington since 1984. The new owners say that the future of the company looks bright.
- In 2009, Village of Cass City officials reported that the **Dairy Farmers of America** has purchased 40 acres of land in the Cass City Industrial Park. Although plans are not firmed up, local officials are optimistic that a large milk or dairy processing plant may be built which will benefit a large number of Dairy Farmers of America members in the region.
- The former Grede Foundry in Vassar was purchased by **Metavation** in late 2009. The Tuscola County EDC worked with the City of Vassar and the Michigan Economic Development Corporation to retain 82 of the previous 95 jobs at the plant.

The foundry had been for sale for quite some time and there were fears that the plant would be shut down.

- The Village of Cass City has approved a tax abatement application for **Walbro Engine Management**, which has been located in Tuscola County since 1953. The manufacturing firm has purchased about \$4 million worth of new equipment which will be used to make multi-layer fuel tanks for the marine and consumer product markets. About 15 new jobs were created over the last few months.
- **The Star of the West Milling Company** located in Richville (Denmark Township) has submitted a tax abatement application to the Denmark Township board for approval regarding a \$ 1.3 million expansion project. The expansion is scheduled to be completed in the spring of 2011.
- **Poet Biorefining** has completed a multi-million dollar expansion and upgrading of an equipment project in the City of Caro Industrial Park. It is the first successful ethanol processing plant to locate in the State of Michigan, and continues to have a positive impact on farms in a multi-county region. There are 47 people employed at the plant.
- **Wind Energy Development**—The EDC continues to work with wind development firms that have plans to place a large number of wind turbines in Tuscola, Huron and Sanilac County over the next few years. A number of agencies are also receiving the benefits of regional grants dealing with energy efficiency and broadband-fiber optic communication improvements to be made in most parts of the County and the Thumb Area. A number of local firms are also entering the solar panel manufacturing field with new jobs being created or retained by related businesses.

Revolving Loan Fund

The Tuscola County Economic Development Corporation (EDC) has administered a Revolving Loan Fund designated for Tuscola County projects. This has been an excellent tool for local economic development. The fund serves the gap financing needs of small businesses and entrepreneurs, and has helped businesses and individuals in all economic segments of the economy and in all geographic areas of the County. The need for gap financing occurs when a financial institution is willing to provide a percentage of the loan, but they are unable to lend the full amount requested in order to launch or expand the business due to what is perceived as a higher risk loan than the financial institution is willing to bear. The revolving loan fund supplements conventional financing and under no circumstances replaces traditional financing through a financial institution.

The demand for financing of small businesses and local entrepreneurs far exceeds the present capital distribution capabilities of the Tuscola County EDC's Revolving Loan Fund. The Tuscola County EDC has a need for capital for the Revolving Loan Fund. A grant application has been approved by the Federal Government for \$20,000 to increase the capital available to the Revolving Loan Fund.

Enterprise Facilitation

For the past three years, citizens and local officials have been working to energize and rebuild the economy through entrepreneurship with the implementation of an Enterprise

Facilitation Program. Enterprise facilitation is a “bottom up” people-centered approach to economic development involving an Enterprise Facilitator working with a community-based board to provide free one-on-one confidential business management and networking advice to aspiring entrepreneurs and existing businesses to achieve success.

Approximately 40 clients have already utilized program services. Major areas where assistance has been provided by the Enterprise Facilitator and Management Board include: marketing of product-service and financial management. Individuals and businesses are aware and appreciate the Enterprise Facilitation Program principles and methodology. The community has grown to understand and appreciate that enterprise facilitation is an important component to overall economic development.

Economic Gardening

This program assists the growth of promising, emerging small businesses by providing access to a coordinated and comprehensive market information research “infrastructure.” This infrastructure integrates databases provided through local libraries and the State of Michigan’s Electronic Library (MeL). These integrated databases are complemented by value-adding technical assistance. This information provides businesses with market research and competitive intelligence which in many cases enables them to substantially improve their growth prospects. The success of the 2008 program was influential in the awarding of a third United States Department of Agriculture grant of \$20,000 to continue the program in 2010 and the first few months of 2011.

Thumb Area Tourism Council Advances

The Thumb Area Tourism Council, Inc. (TATC), a registered 501(c) (6) nonprofit organization, is a central tourism resource and destination marketing organization dedicated to increasing visibility of the tourism industry within Michigan's thumb area in an effort to attract tourism-related dollars and economic growth to the region.

TATC's objective is to promote the Thumb area as a travel destination rich in natural scenic beauty, strong cultural heritage, year-round recreation, and community-related entertainment and events. Promotional efforts of the Thumb Area Tourism Council include local, regional, and statewide marketing endeavors, community involvement and sponsorships, and much more. The Thumb Area Tourism Council is confident these promotional efforts will lead to a rise in economic growth for the area with the influx of new visitors, residents and business owners. A web-site has been created and identifies businesses and tourism attractions – www.thumbtourism.org.

Saginaw Bay Coastal Initiative

The Saginaw Bay Coastal Initiative is an important program to improve the environment of the bay and surrounding areas along with capitalizing on the bay as a tremendous asset for tourism/recreation and economic development. Some of the projects include: tourism enhancement, improvement to fisheries, muck removal and control, wetland protection, increasing access to the bay, phragmites control, and river shed improvements, etc.

Coastal Zone Management Grant

A Coastal Zone Management Grant was received to identify problems and implement solutions to make the northern coastal area of the County a point of destination and to increase tourism and economic development in this part of the County. This plan will

position the County for grant funds to help solve problems and to complement the overall work being done by the Saginaw Bay Coastal Initiative.

Airport Infrastructure Investments

The Tuscola Area Airport Authority has invested over 4 million dollars in improvements over the past 16 years. The Airport Authority was established by a number of local municipalities in Tuscola County. Improvements have included: road access realignment, runway extension, runway rehabilitation, parallel taxiway construction, taxiway extension, administration building construction, security fencing, replacement of fuel tanks, parking lot construction and tree cutting. The Tuscola Area Airport is used as an economic development tool throughout Tuscola County.

Industrial Park Upgrades

As of 2009, the Village of Mayville became the fifth community in Tuscola County to establish an industrial park. Local funding was used to purchase a parcel of vacant land and to make initial infrastructure improvements at the park. In 2009, Mayville was awarded a U.S. Department of Agriculture Rural Business Enterprise Grant to make essential electrical infrastructure improvements for the park. The City of Caro has purchased additional property adjacent to the Caro Renaissance Zone and the Caro Industrial Park. The City is taking steps to market this property to further develop the Caro Industrial Park. Other industrial parks are located in Millington, Vassar and Cass City.

Sewer and Water System Infrastructure Upgrades

Local governmental units in the County continue to make vital improvements to sewer and water systems by financing through bonds. Maintaining and upgrading the County sewer and water infrastructure is critical to economic development and to the well-being of residents. The most significant project in 2009 was the financing to extend the central water system from Hampton Township in Bay County into the Wisner Township area of Tuscola County. Actual construction is anticipated to begin in 2011. Other recent sewer and/or water upgrades have occurred in: Denmark Township, the City of Caro, the Village of Millington and the Village of Kingston.

Brownfield Redevelopment Grant

Tuscola County received a \$400,000 Brownfield Redevelopment Grant from the EPA for assessment and potential clean-up of 30 sites that are ready for the next stage of development. A second grant for additional activity to occur at other sites was requested in 2010. The objective of the program is to eliminate environmental problems that have occurred at these sites so the land can be properly used. Further information and possible use of these funds is available by contacting James McLoskey (Tuscola County Economic Development Corporation Director) at 989-673-2849.

IV - State Financial Trends – Impact County

The State continues to experience enormous financial problems. Multiple years of billion plus dollar reductions have been made to close the structural gap between state revenues and expenditures. 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.

Tremendous financial challenges have confronted Tuscola County over the past several years and the problem is anticipated to continue in 2011 and 2012. 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 3.9 mills, modest tax base and declines in key County revenue sources have negatively impacted the ability to maintain County services. For the past several 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.

V – 2010 County Activity Summary

Office Space Changes

Implementation of a plan to resolve county office space problems was initiated in 2010. The county lacked sufficient office space and has been leasing space for several years which has become costly. Certain high risk county departments are not located in the metal detector security of the Courthouse. The county entered into a lease purchase agreement and moved these five departments to the HH Purdy Building: Controller, Drain Commissioner, Equalization, Register of Deeds and Treasurer. The County Prosecutor will be moved to the Annex Building. Departments moving to the Courthouse include: Friend of the Court and Adult Probation.

The county will begin the process to purchase rather than lease the HH Purdy Building. The County will proceed to borrow funds to purchase the HH Purdy Building in 2011 and make bond payments which are significantly lower than lease payments.

Although there are capital improvement and lease/purchase costs with these changes, the Board feels the county is solving a space problem without adding an additional financial burden to the county. Considering all financial factors, it is estimated that the return on investment is approximately three years.

Wind Energy Potentials

State mandates require 10% of total energy generated to come from wind and other renewable sources by 2015. Tuscola County has been identified by public and private wind energy companies as having significant wind energy potential with as many as 500 wind generators that could be located in the County in the next three or four years. Considerable amounts of private land have been leased for wind generators. Most of this land is in the northern and central portions of the County. International Transmission Company is currently planning \$500 million in upgrades to transmission lines in Huron, Sanilac and Tuscola Counties so the increase in electrical generation can be moved through the transmission grid system.

Wind generators are taxed as personal property providing the potential for increased revenue to county and local governments in the next several years. A local committee called the Thumb Regional Renewable Energy Collaborative has been formed to review fair and equitable methods of taxing wind generators.

Road Commissioners Changed from Appointed to Elected

The County Road Commissioners have an important responsibility with jurisdiction over a multi-million dollar budget. The County Board decided in 2010 that County Road Commissioners should be elected rather than be appointed. Also, the decision was made

to increase the number of Road Commissioners from three to five. Effective January of 2011, there are five Road Commissioners. Of these five, three have been elected and the other two positions will be elected in future elections when the terms of current members in office expire.

Courthouse Security Re-established

At the start of 2010, full scale metal detector security at the County Courthouse was eliminated for financial reasons. However, after a major concerning threat occurred, full scale metal detector security was re-established. Annual costs to operate this security level are approximately \$165,000. Security costs at the Friend of the Court Building are an estimated \$60,000 per year.

Wisner Township Area Water Project

This is an estimated \$3.8 million project to bring fresh water along M-25 to the Wisner Township area from Bay County. The United States Department of Agriculture (USDA) Rural Development is offering a grant to fund 45% of the project cost. Also, the USDA would provide a 40 year low interest loan to fund other portions of the project cost. In much of this area, the water is undrinkable and has to be transported. Actual construction is expected to begin in 2011.

Employee Health Insurance Changes

In 2010, significant changes were made to employee health insurance coverage. These changes were implemented as a cost cutting measure to help balance the 2011 and future year budgets. Coverage for county commissioners and road commissioners was eliminated effective January 1, 2011. For union and non-union employees, employee share of cost for co-pays and deductibles was increased for the base county plan also beginning January 1, 2011.

Professional Service Changes

State law requires the county to perform an annual audit. Proposals were received to perform this service for the county. The annual audit is a critical document that certifies that the financial information for decision making in the county is accurate. The decision was made that a change would be made for the 2010 audit which will be conducted by Anderson, Tuckey, Bernhardt and Doran. It is thought that a periodic change in auditors can be beneficial for the county. The firm that does labor negotiations and other legal work for the county was also changed in 2010 to Braun, Kendrick and Finkbeiner. The County Cost Allocation Plan is now done by a new company called Management of America.

Tire Recycling Program Great Success

The use of trailers for tire recycling in local units of government was started in 2010. This program was highly successful with eight local units of government participating including: Dayton, Vassar, Fremont, Columbia, Arbela and Almer Townships along with the City of Vassar and Village of Akron. It is estimated that over 6,400 tires were recycled. This is an estimated 192,000 pounds or 96 tons of rubber.

The program increases tire collection by the county making trailers available to local governments. The county finances the program using Mosquito Abatement funds available from the public approved Mosquito Abatement millage. Other Michigan County mosquito abatement programs also use Mosquito Abatement millage funds for tire collection because removal of tires helps to reduce breeding grounds for mosquitos. Since each

trailer costs \$1,200 to rent, there is a limit of 10 trailers per year. This program has the added advantage of saving the individual from the travel time and costs of going to the Recycling Center in Caro.

Jail Overcrowding

County jail-overcrowding continues to be a problem. This situation is forcing the County to pay to house prisoners in other County jails. The problem has existed for the past six years. In 2010, the County spent approximately \$100,000 to house prisoners in other counties. This is less than previous years due to the effective management of these costs by the Sheriff and judges of the county. Behavioral Health programs are used to pay for County prisoner mental medical costs. These costs have now been shifted to the County by the State. The County is in the process of reviewing the potentials of implementing a tether program as a potential method of reducing prisoner housing costs.

Central Dispatch Technology Changes

Central Dispatch has completed negotiations for rebanding the 800MHz spectrum with Sprint/Nextel. The result of negotiations is that Sprint/Nextel will replace all first responder's mobile and portable radios for a savings of approximately \$1.8 million. In addition to these radios a Public Safety Interoperability Communications grant for radios in the amount of \$127,000 was received. Tuscola County Central Dispatch will replace the Central Dispatch radio equipment and upgrade the radio system to the Michigan Public Safety Communication System (MPSCS).

Energy Grant

Tuscola County, in conjunction with Huron and Sanilac Counties, has received approximately \$490,000 in federal grant funds to make county and local governmental offices more energy efficient. Some of the projects to be implemented with the grant include: installation of solar energy panels at the Municipal Building in Cass City, installation of a wind energy generator at the Municipal Building in the Village of Mayville, street lighting upgrades in the City of Caro, non-motorized transportation planning in the Village of Harbor Beach, County and Watertown Township lighting and conducting energy audits throughout the region.

Refinancing MCF Bonds

Preliminary information was received from the County Bond Attorneys that refinancing of the Medical Care Facility remodeling bonds could result in a savings of over \$100,000. This potential will be reviewed with potential action in 2011.

National Flood Insurance Program

Significant changes have been made by the Federal Government in determining property that is in the floodplain and procedures that local units of government must follow for citizens to qualify for floodplain insurance through the National Flood Insurance Program. More information regarding these changes will become available in 2011.

Airport Zoning Ordinance

The county adopted an Airport Zoning Ordinance in 2010. The ordinance regulated heights in portions of the county around the Tuscola Area Airport. An airport Zoning Administrator and Zoning Board of Appeals have been appointed to administer the ordinance in cooperation with local units of government. Copies of the Airport Zoning Ordinance are available from the Tuscola County Web Site.

Prescription Discount Card

The prescription discount card program is available to Tuscola County residents. Use of this card can provide a 22% reduction in the retail price of prescription drugs and will be accepted by most pharmacies in the County. It is provided by the National Association of Counties (NACo) and implemented by the Tuscola County Board of Commissioners. Additional information can be obtained by calling toll free 1-877-321-2652 or visiting the NACo website at www.caremark.com/naco for assistance with the program.

Special Purpose Millage Renewals

Road Patrol and Senior Citizen Millage renewals were approved by the public in August of 2010. The Road Patrol renewal is critical to maintaining public safety throughout the County. The Senior Citizen millage has been in place for many years and helps to provide essential services to senior citizens such as home delivered meals, transportation and flu shots.

Intergovernmental Cooperation

In 2011, the county plans to begin working with local units of government in the county and with surrounding county officials to determine new efficiencies that may be able to be achieved by eliminating duplication of services, economies of scale with fixed costs and cost containment.

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 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 management of 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 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 was funded 91.2% on an average for all Municipal Employees Retirement System units as of December 31, 2009 based on the most recent Actuarial Report.

The County provides full coverage health care benefits to its employees. Retirees are not covered, but they can continue on the county plan at their cost. Due to strong financial management and application of numerous cost-savings methods, Tuscola County has been able to keep increases below the industry average. Tuscola County's average increase has been 4.8% over the past 5 years, which is well below industry average increases. 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 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.

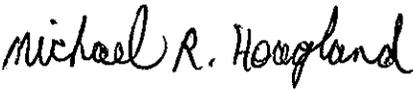
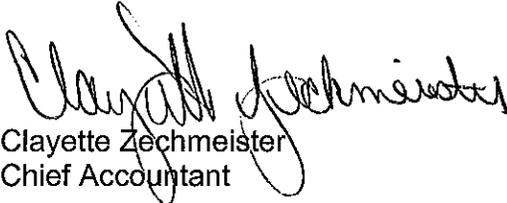
IX - Awards and Acknowledgements

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, 2009. This was the tenth 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 unflinching 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

Thomas Bardwell
District 2
Chairperson

District 1 Amanda Roggenbuck
District 5 Gerald Peterson

District 3 Tom Kern
District 4 Roy Petzold

Administration

County Controller/Administrator

Michael Hoagland

Elected Officials

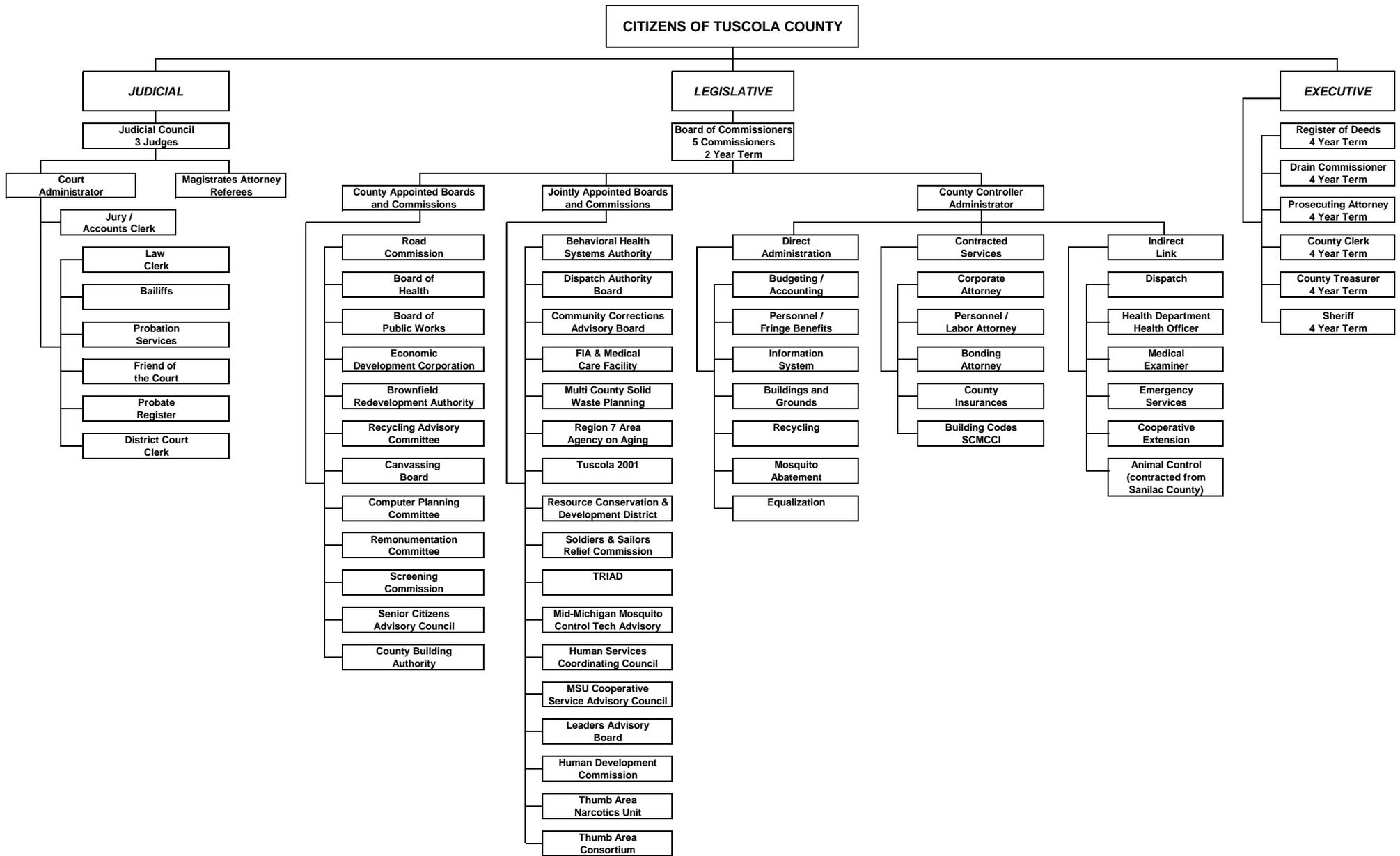
Circuit Court Judge
District Court Judge
Probate Court Judge
Prosecutor
Sheriff
County Clerk
Register of Deeds
Drain Commissioner
Treasurer

Patrick Joslyn
Kim Glaspie
William Kent
Mark Reene
Leland Teschendorf
Margie White
Daniel Grimshaw
Robert Mantey
Patricia Donovan-Gray

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
Jenifer Robb
Robert Popielarz
Glen Skrent
Steven Lark
Hal Hudson
Kate Neese
Gretchen Tenbusch
Donna Fraczek
Mary Lou Burns



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, 2009

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



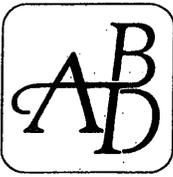
President

Executive Director

II. FINANCIAL SECTION

The Financial Section Contains:

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



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA

.....
Robert L. Tuckey, CPA

Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy D. Franzel
Laura J. Kosal, CPA
Jill M. Mulders, CPA

June 17, 2011

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tuscola County

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 (the "County") as of and for the year ended December 31, 2010, 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, a major governmental fund which represents 7% of assets and 12% of revenues of the governmental funds and 6% of assets and 14% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 55% of the assets and 94% of the revenues of the enterprise funds and 56% of assets and 93% of revenues of the business-type activities. 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 Medical Care Facility 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 Tuscola County Medical Care Facility were not audited in accordance with Government 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 the 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, 2010, and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund and the Health Department Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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2956 Main Street • Marlette, MI 48453
989-635-7545 fax: 989-635-7547

6261 Church Street • Cass City, MI 48726
989-872-3730 fax: 989-872-3978

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2011, on our considerations 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 in 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 on pages III through XV and the historical pension supplementary information for the Municipal Employees Retirement System of Michigan including the Schedule of Funding Progress and Employer Contributions on page 47 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 section 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 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 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 as a whole. The introductory and statistical sections 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.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2010. 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 \$32,184,459 (net assets). Of this amount, \$18,911,071 (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 decreased by \$6,280,312 from 2009.
- The capital asset portion of the total net assets had a decrease of (\$8,360,307). In 2009, these assets were \$25,417,411 compared to \$17,057,104 in 2010. The business-type activities decrease is (\$8,085,229) this major difference is due to the restatements regarding the Caro sewer system. (see Note 4-E on page 45 for further details) The governmental activities also had a decrease of (\$275,078).
- The restricted portion of total net assets increased by \$298,442 in comparison to the restricted net assets in 2009.
- The unrestricted portion of total net assets decreased by (\$6,476,375). This is mostly due to the decrease of business-type activities of (\$6,512,205). The difference is a increase in the governmental activities of \$35,830.

Fund Balance Information

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,960,269. Approximately 66 percent of this total amount, \$4,627,622 is available for spending at the government's discretion (unreserved fund balance).
- The general fund's unreserved-undesignated fund balance was \$1,305,050 or approximately 11 percent of the total general fund expenditures and transfers out at the end of the current fiscal year. The total fund balance for the general fund was \$1,661,213.

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 legislative, judicial, general government, public safety (including the jail), public works, health and welfare, and culture and recreation. The business-type activities of the County include the delinquent tax collections, Medical Care Facility and other enterprise funds that consist of public works activities for local units.

The government-wide financial statements include not only Tuscola County itself (known as the primary government), but also a legally separate Road Commission, Brownfield Redevelopment, 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 1-3 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 43 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Health Department Fund each of which are considered to be major funds. Data from the other 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, debt service funds, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The general fund and major governmental fund financial statements can be found on pages 8-10 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 77.

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, and other funds that consist of public works activities for local units. *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, Delinquent Tax Revolving Fund, Caro Sewer System, and the Denmark Sewer System which are considered to be major funds of the County, and other enterprise funds that are considered nonmajor enterprise funds. The detail for the nonmajor enterprise funds can be found on pages 104-109. 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 110-112.

The basic proprietary fund financial statements can be found on pages 11-14 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 15 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 16-46 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 combined and individual fund financial statements and schedules which can be found on pages 48-116 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 \$32,184,459 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 2009 and 2010 balances.

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Current and other assets	12,942,733	13,447,689	26,154,631	26,981,854	39,097,364	40,429,543
Capital assets, net	5,845,943	5,570,865	19,571,468	11,486,239	25,417,411	17,057,104
Total assets	18,788,676	19,018,554	45,726,099	38,468,093	64,514,775	57,486,647
Long-term liabilities outstanding	1,589,680	4,564,294	19,492,163	18,352,872	21,081,843	22,917,166
Other liabilities	3,909,398	1,349,200	1,058,763	1,035,822	4,968,161	2,385,022
Total liabilities	5,499,078	5,913,494	20,550,926	19,388,694	26,050,004	25,302,188
Net Assets						
Invested in capital assets, net of related debt	5,059,405	4,915,865	4,095,078	4,136,239	9,154,483	9,052,104
Restricted	2,012,008	1,935,180	1,910,834	2,286,104	3,922,842	4,221,284
Unrestricted	6,218,185	6,254,015	19,169,261	12,657,056	25,387,446	18,911,071
Total net assets	\$13,289,598	\$13,105,060	\$25,175,173	\$19,079,399	\$ 38,464,771	\$32,184,459

One of the largest portions of the County's net assets of \$18,911,071 reflects its unrestricted net assets. This is a decrease from 2009 of (\$6,476,375). The overall decrease is the result of the business-type activities of (\$6,512,205) with an increase of \$35,830 in the governmental activities.

The restricted portion of the County's net assets, \$4,221,284 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 the government as a whole, as well as for its business-type activities. The governmental activities however, have been reporting declines for four years. For 2007, the reduction was (\$55,292), in 2008 we have a larger reduction of (\$1,064,273) 2009 the decline is (\$293,438) and for 2010 (\$184,538).

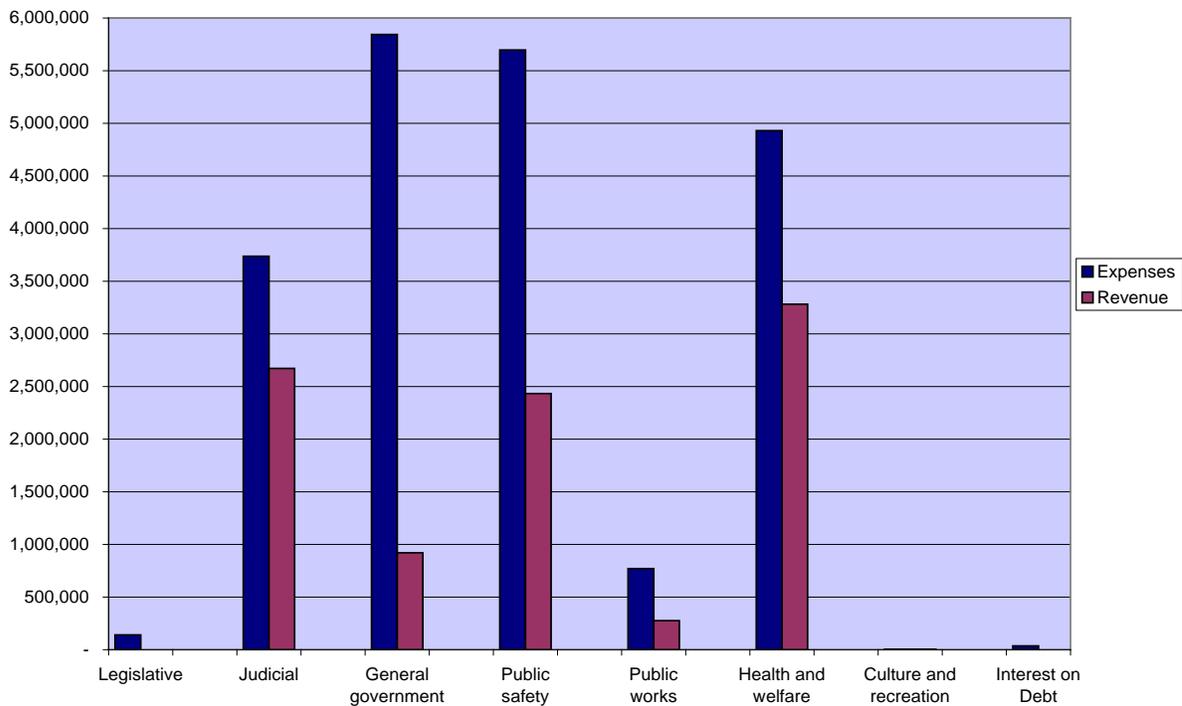
Tuscola County Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenue:						
Charges for services	5,472,463	4,834,226	15,726,743	16,970,487	21,199,206	21,804,713
Operating grants and contributions	4,891,058	4,753,124	-	-	4,891,058	4,753,124
Capital grants and contributions	50,264	-	477,656	299,672	527,920	299,672
General Revenue:						
Property Taxes	8,899,366	8,238,352	1,812,867	1,845,663	10,712,233	10,084,015
Grants and contributions not restricted to specific programs	1,184,605	1,106,822	-	-	1,184,605	1,106,822
Unrestricted investment earnings	270,797	592,262	137,287	103,738	-	696,000
Other Revenues	11,241	678,230	523,536	509,380	-	1,187,610
Total revenues	<u>20,779,794</u>	<u>20,203,016</u>	<u>18,678,089</u>	<u>19,728,940</u>	<u>39,457,883</u>	<u>39,931,956</u>
Expenses:						
Legislative	146,185	139,691	-	-	146,185	139,691
Judicial	3,909,720	3,737,722	-	-	3,909,720	3,737,722
General Government	5,711,900	5,844,575	-	-	5,711,900	5,844,575
Public Safety	5,997,680	5,696,877	-	-	5,997,680	5,696,877
Public Works	865,143	769,984	-	-	865,143	769,984
Health and Welfare	5,250,554	4,930,144	-	-	5,250,554	4,930,144
Culture and Recreation	6,541	4,401	-	-	6,541	4,401
Interes on debt	42,620	36,004	-	-	42,620	36,004
Medical Care Facility			16,390,118	17,189,496	16,390,118	17,189,496
Delinquent property tax			1,455	90	1,455	90
Caro Sewer System			111,530	109,542	111,530	109,542
Caro Sewage (Refunding)			18,682	14,435	18,682	14,435
Mayville Storm Sewer			58,267	57,250	58,267	57,250
Richville Water System			31,578	28,290	31,578	28,290
Millington Sewer System			3,769	3,487	3,769	3,487
Denmark Sewer System			88,849	86,668	88,849	86,668
Tax Foreclosure			215,711	253,288	215,711	253,288
Other	-	-	-	-	-	-
Total expenses	<u>21,930,343</u>	<u>21,159,398</u>	<u>16,919,959</u>	<u>17,742,546</u>	<u>38,850,302</u>	<u>38,901,944</u>
Change in net assets before transfers	(1,150,549)	(956,382)	1,758,130	1,986,394	607,581	1,030,012
Transfers - internal activities	857,111	866,904	(848,941)	(805,776)	8,170	61,128
Change in net assets	(293,438)	(89,478)	909,189	1,180,618	615,751	1,091,140
Net assets-beginning of year, as restated	<u>13,583,036</u>	<u>13,289,598</u>	<u>24,265,984</u>	<u>25,175,173</u>	<u>37,849,020</u>	<u>38,464,771</u>
Prior period adjustment	-	(95,060)	-	(7,276,392)	-	(7,371,452)
Net assets-end of year	<u>\$ 13,289,598</u>	<u>\$ 13,105,060</u>	<u>\$ 25,175,173</u>	<u>\$ 19,079,399</u>	<u>\$ 38,464,771</u>	<u>\$ 32,184,459</u>

Governmental Activities. Governmental activities decreased the County’s net assets by (\$184,538) for fiscal year 2010. This decrease is (\$108,900) less than the decrease in 2009.

- The revenues show a decline for 2010 of (\$576,778) compared to total revenues for year end 2009 prior to transfers. The majority of this is due to the decline in property taxes of (\$661,014). Expenses had to be reduced to keep up with the declining revenues. For 2010 total expenses were (\$770,945) less than a year ago prior to transfers. All governmental activities, with the exception of general government had a decrease in expenses prior to transfers from a year ago.
- Property taxes including general operating and all special purpose millages have decreased (\$661,014) for 2010. For fiscal year 2009, they are reported as \$8,899,366 and for 2010 they are reported as \$8,238,352.
- Grants and contributions not restricted to specific programs have also decreased since 2009 by (\$77,783). However unrestricted investment earnings are showing a increase of \$321,465 when compared to fiscal year end 2009.

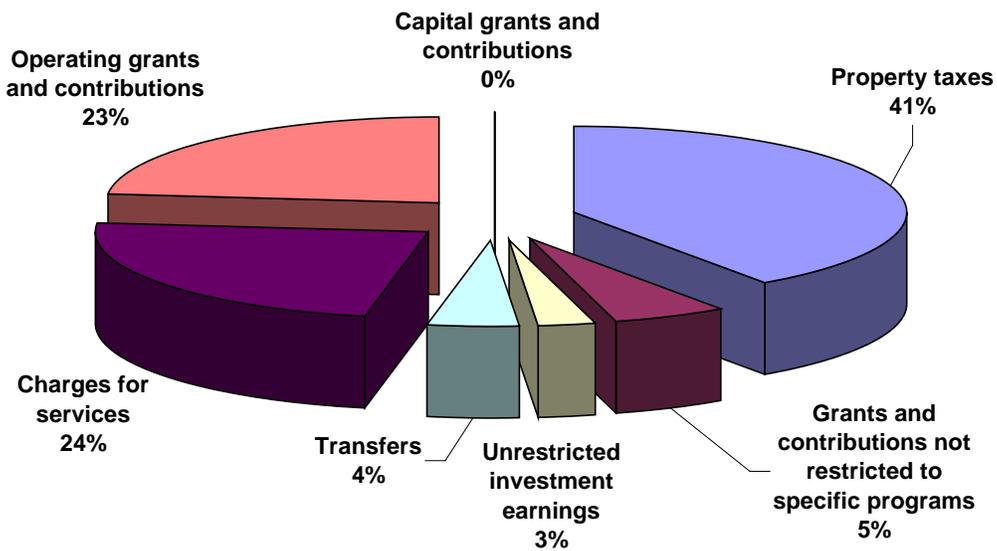
Expenses and Program Revenues - Governmental Activities



- The statement of activities for program revenues for the governmental activities shows program revenue at \$9,587,350 which is short of covering governmental expenses by \$11,551,962. Our governmental activities depend 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 2-3.

Revenues by Source - Governmental Activities



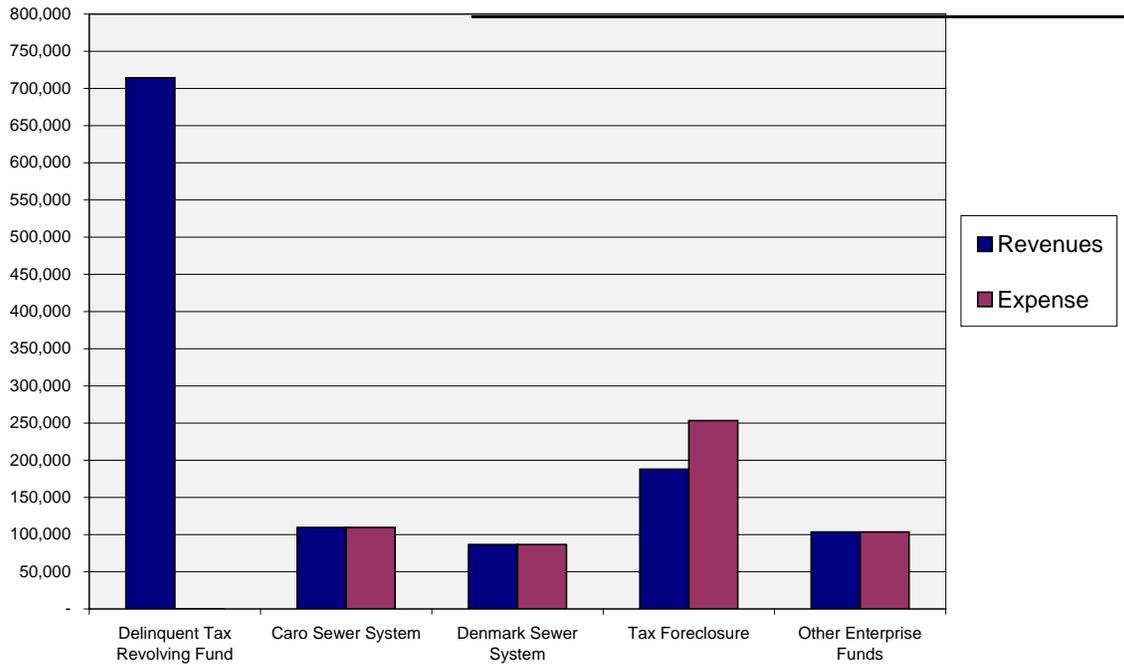
Business-Type Activities. Business-type activities decreased the County’s net assets by (\$6,095,774). As mentioned earlier the majority of this is due to the prior period adjustment of (\$7,276,392) to the Caro Sewer System. Revenues have increased from 2009 by \$1,050,851. The main reason for this is the Charges for services that show an increase of \$1,243,744

Other elements of changes are as follows:

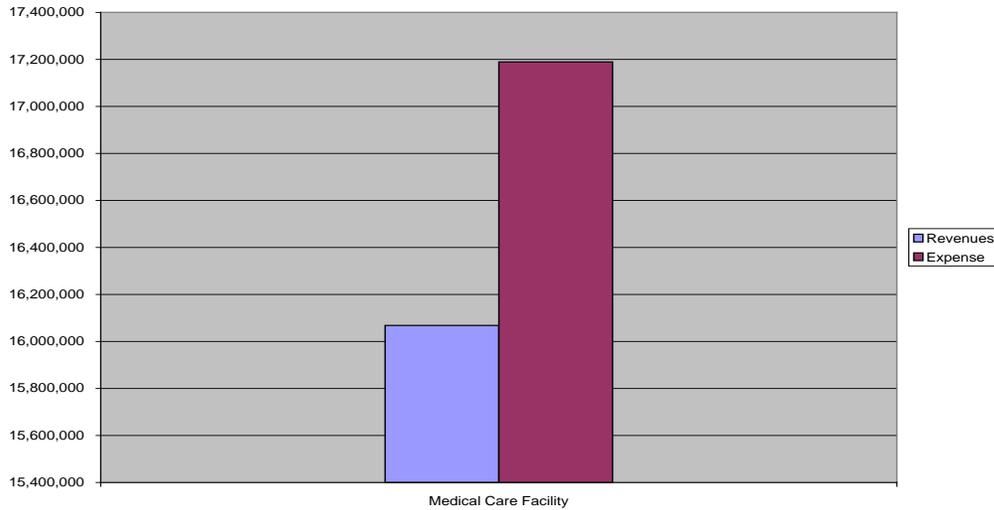
- Medical Care Facility has an increase in net assets of \$779,378 from 2009. This shows a larger growth than the year ending 2009 of \$559,238.

Delinquent Tax Revolving Fund assets prior to transfers are showing income of \$755,778 compared to \$776,841 in 2009. What we continue to monitor is the decline in interest earnings. In 2009, the earnings were \$68,255 and for 2010 they continue to trend down at \$41,395. This is a decrease of \$26,860. However, the interest on taxes for operating revenues is up \$16,875 from 2009. This is interest we are charging on delinquent property taxes with penalties. This trend seems to be keeping the income stable in this fund

Expense and Program Revenues - Business-type Activities

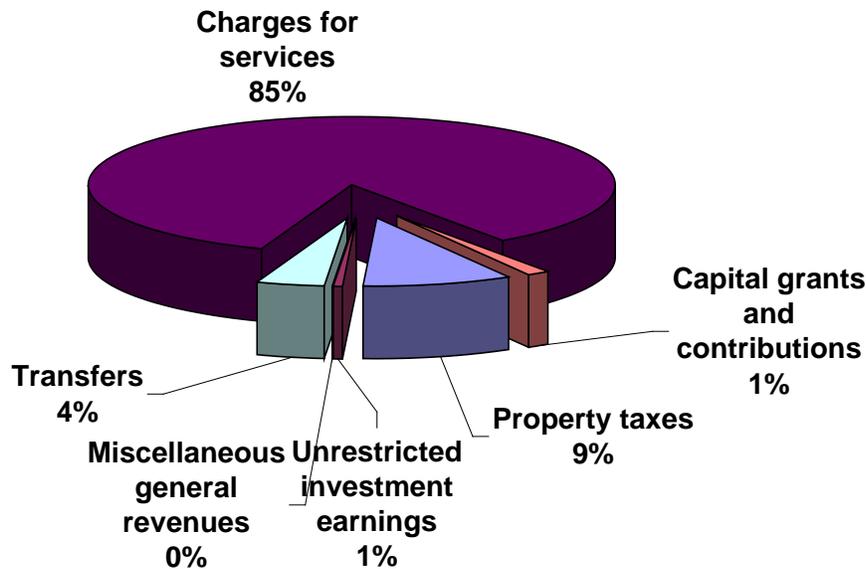


Expense and Program Revenue Business-type Medical Care Facility



Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System and Denmark Sewer Systems. Other nonmajor business-type funds or enterprise funds are Caro Sewage Disposal (refunded), Mayville Storm Sewer, Richville Water System, Millington Sewer System and the Tax Foreclosure Fund.

Revenues by Source - Business-type Activities



Additional information on these nonmajor enterprise funds can be found on pages 104-109.

The majority of revenues for all business-type activities come from charges for services. This accounts for 85 percent of the total revenue or \$16,970,487.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,960,269. Of this total amount, \$4,627,622 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 \$883,198 and *unreserved- undesignated fund balance* of \$2,332,647. The *unreserved-designated fund balance* has been assigned for specific purposes, such as compensated absences, retirement contributions and wage schedule implementation for the Health Department, and subsequent year's expenditures for other governmental funds. 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) \$310,000 to cover advances to component units 2) \$6,800 to cover for cemetery maintenance 3) \$1,923,378 for capital projects 4) \$87,475 to cover prepaid items and 5) \$4,994 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 \$1,337,490 while total fund balance was \$1,661,213. 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 approximately 11 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund increased by \$101,194 during the current fiscal year, but with the prior period adjustment of (\$11,874) for restatement of unemployment the net increase is only \$89,320.

The Health Department fund had a decrease of (\$21,474) in fund balance for the current year, for an ending fund balance of \$636,246.

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

Unrestricted net assets at the end of the year amounted to \$12,657,056. The Medical Care Facility Fund was \$6,583,649, the Delinquent Tax Revolving Fund ended at \$5,684,233. All other unrestricted net assets of the nonmajor enterprise funds are \$389,174.

The Medical Care Facility Fund had an increase of net assets for the year of \$1,146,516. Caro Sewer System assets were restated and are now at 0 (zero) for 2010. The combined nonmajor total net assets increased by \$34,100.

General Fund Budgetary Highlights

The differences between the original and final amended budgets for expenditures and transfers out resulted in a decrease of (\$433,596). Variances between budget and actual show a increase in fund balance of \$101,194 prior to a period adjustment of (\$11,874) .

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, 2010, amounted to \$16,485,474 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. This is a decrease of (\$8,931,937) from 2009. The majority of this change is due to the completion of construction in progress for the Caro Sewer.

County of Tuscola
Capital assets (net of depreciation)

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2010	2010	2010
Land	560,646	-	560,646
Construction in Progress	222,903	-	222,903
Land Improvements	-	571,630	
Buildings	2,364,857	6,764,138	9,128,995
Improvements	1,341,387	-	1,341,387
Vehicles	416,485	-	416,485
Equipment	1,176,373	4,150,471	5,326,844
Health Dept accum. Depreciation	(511,786)	-	(511,786)
Total	<u>\$ 5,570,865</u>	<u>\$ 11,486,239</u>	<u>\$ 16,485,474</u>

Additional information on the County's capital assets can be found in Note 3 C on pages 26-29 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$31,216,854. Of this amount, 100 percent comprises debt backed by the full faith and credit of the government, and \$9,491,864 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 continued to remain at the A- status for 2008. In July 2009 Tuscola County was upgraded to an A+. For 2011 the county continues to carry an A+ bond rating.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total taxable valuation. The current debt limitation for the County is \$182,946,316 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 3 F on pages 32-34 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 2011 fiscal year:

- The average unemployment rate for the County of Tuscola as of December 31, 2010 was 14.2 percent, which is an increase from an average rate of 1.8 percent a year ago. This is higher than the State's average unemployment rate of 12.5 percent and the national average rate of 9.6 percent.
- State revenue sharing is expected to be \$9,350 more for 2011 from the 2010. For the State's 1st quarter of 2012, or our last quarter of 2011 the State has determined there will be a 24% reduction in all County revenue sharing payouts. There is a possibility that further reductions are forthcoming.
- Trends in property values are affecting taxable values and property tax revenues. There is a 1 to 1 correlation between total taxable value and property tax revenue. A 1% drop in total taxable value will result in a 1% drop in property tax revenue. We are expecting a drop of property tax revenue in the coming years ahead.
- The future of property tax revenue is unpredictable, but it is unlikely that this vital revenue source will return to peak 2008 levels of \$5,720,000 any time soon.
- Residential values decline and property foreclosures escalate. Property equalization studies verify this disturbing trend. Area realtors soberly describe homes that previously sold for \$130,000 to \$140,000 are now selling for \$90,000 to \$95,000. Property foreclosures are a direct indicator of economic conditions.
- The 2011 General Fund adopted budget of \$12,122,000 is a small increase of \$29,500 from the 2010 adopted budget of \$12,092,500. However the 2011 budget has been further increased by \$147,585 through budget amendments. The 2011 budget is balanced primarily through implementation of a wage freeze for all employees, health insurance cost reduction of approximately \$270,000 and line item reductions. It is also anticipated that \$30,000 will be used in reserves.
- The other major general fund revenue sources are budgeted to remain flat or continue to experience declines. These sources include delinquent taxes, Register of Deeds, and investment earnings. Investment earnings have been declining and no change in this trend is predicted for several years.
- The further reduction of some federal and state grants continues to put pressure on local funds to keep vital programs for Health and Public Safety.

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 financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tuscola County Controller's Office, 125 Lincoln St. Suite 500, Caro, Michigan 48723.

BASIC FINANCIAL STATEMENTS

TUSCOLA COUNTY

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Road Commission	Brownfield Redevelopment	Drain Commission	Total
Assets							
Cash and cash equivalents	\$ 5,937,826	\$ 3,794,859	\$ 9,732,685	\$ 1,703,269	\$ 3,024	\$ 1,680,841	\$ 3,387,134
Investments	944,941	1,483,850	2,428,791			5,292,387	5,292,387
Receivables	5,725,656	16,024,681	21,750,337	2,750,633	280	9,117,673	11,868,586
Advance to component units	313,024		313,024				-
Internal balances	345,706	(371,776)	(26,070)				-
Prepaid items and other assets	121,387	169,617	291,004	119,228			119,228
Inventory	59,149		59,149	409,579			409,579
Restricted cash		3,883,229	3,883,229				-
Restricted investments		1,813,834	1,813,834				-
Net pension asset		183,560	183,560				-
Capital assets, net:							
Assets not being depreciated	783,549	-	783,549	32,350,193			32,350,193
Assets being depreciated	4,787,316	11,486,239	16,273,555	45,899,957		16,807,090	62,707,047
Total Assets	\$ 19,018,554	\$ 38,468,093	\$ 57,486,647	\$ 83,232,859	\$ 3,304	\$ 32,897,991	116,134,154
Liabilities							
Accounts payable	\$ 666,862	\$ 314,448	\$ 981,310	\$ 441,455	\$ 280	\$ 68,067	\$ 509,802
Accrued liabilities	531,604	482,911	1,014,515	86,904			86,904
Advance from primary government			-		3,024	310,000	313,024
Unearned revenue	3,365,828	238,463	3,604,291			-	-
Noncurrent liabilities:							
Due within one year	369,602	1,562,300	1,931,902			999,172	999,172
Due in more than one year	979,598	16,790,572	17,770,170	2,190,776		8,492,692	10,683,468
Total Liabilities	5,913,494	19,388,694	25,302,188	2,719,135	3,304	9,869,931	12,592,370
Net Assets							
Invested in capital assets, net of related debt	4,915,865	4,204,441	9,120,306	78,250,150		7,315,226	85,565,376
Restricted for:							
Debt service		2,282,785	2,282,785	-		2,832,097	2,832,097
Capital projects	1,923,378		1,923,378	-		3,830,904	3,830,904
Donor contributions	4,994	3,319	8,313	-			-
Cemetery maintenance							
Nonexpendable	6,800	-	6,800	-			-
Expendable	8	-	8	-			-
Unrestricted	6,254,015	12,588,854	18,842,869	2,263,574	-	9,049,833	11,313,407
Total Net Assets	\$ 13,105,060	\$ 19,079,399	\$ 32,184,459	\$ 80,513,724	\$ -	\$ 23,028,060	\$ 103,541,784

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

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government						
Governmental activities:						
Legislative	\$ 139,691				\$ -	\$ (139,691)
Judicial	3,737,722		\$ 1,307,466	\$ 1,364,571		(1,065,685)
General government	5,845,855	\$ (1,280)	761,439	159,249		(4,923,887)
Public safety	5,696,877		1,743,017	690,258		(3,263,602)
Public works	769,984		275,567			(494,417)
Health and welfare	4,930,144		742,876	2,539,046		(1,648,222)
Culture and recreation	4,401		3,861			(540)
Interest on debt	36,004					(36,004)
Total governmental activities	21,160,678	(1,280)	4,834,226	4,753,124	-	(11,572,048)
Business-type activities:						
Medical care facility	17,188,216	1,280	16,068,197			(1,121,299)
Delinquent property tax	90		714,369			714,279
Caro sewer system	109,542		-		109,542	-
Caro sewage disposal (refunded)	14,435		-		14,435	-
Mayville storm sewer	57,250		-		57,250	-
Richville water system	28,290		-		28,290	-
Millington sewer system	3,487		-		3,487	-
Denmark sewer system	86,668		-		86,668	-
Tax foreclosure	253,288		187,921			(65,367)
Total business-type activities	17,741,266	1,280	16,970,487	-	299,672	(472,387)
Total Primary Government	\$ 38,901,944	\$ -	\$ 21,804,713	\$ 4,753,124	\$ 299,672	\$ (12,044,435)
Component Units						
Road commission	\$ 9,906,582		\$ 1,087,233	\$ 8,183,583		\$ (635,766)
Brownfield redevelopment	148,312			148,312		-
Drain commission	545,561				\$ 1,669,845	1,124,284
Total Component Units	\$ 10,600,455	\$ -	\$ 1,087,233	\$ 8,331,895	\$ 1,669,845	\$ 488,518

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions / Programs	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Road Commission	Brownfield Redevelopment	Drain Commission	Total
Changes in net assets							
Net revenue (expense)	\$ (11,572,048)	\$ (472,387)	\$ (12,044,435)	\$ (635,766)	\$ -	\$ 1,124,284	\$ 488,518
General revenues:							
Property taxes	8,238,352	1,845,663	10,084,015	1,610,276			1,610,276
Grants and contributions not restricted to specific programs	1,106,822		1,106,822	-			-
Unrestricted investment earnings	592,262	103,738	696,000	26,488		31,515	58,003
Other revenue	678,230	509,380	1,187,610	19,198			19,198
Transfers - internal activities	866,904	(805,776)	61,128				-
Total general revenues and transfers	11,482,570	1,653,005	13,135,575	1,655,962	-	31,515	1,687,477
Change in net assets	(89,478)	1,180,618	1,091,140	1,020,196	-	1,155,799	2,175,995
Net assets, beginning of year	13,289,598	25,175,173	38,464,771	79,493,528	-	21,872,261	101,365,789
Prior period adjustment	(95,060)	(7,276,392)	(7,371,452)				
Net assets, end of year	\$ 13,105,060	\$ 19,079,399	\$ 32,184,459	\$ 80,513,724	\$ -	\$ 23,028,060	\$ 103,541,784

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

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-10</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 3,416,648	\$ 782,273	\$ 1,737,312	\$ 5,936,233
Investments	-		944,941	944,941
Receivables:				
Taxes receivable	594,117		2,660,778	3,254,895
Taxes receivable - delinquent	12,440		28,460	40,900
Accounts receivable	242,274	82,533	558,744	883,551
Due from other funds	762,175		2,089,564	2,851,739
Due from federal	-		36,672	36,672
Due from state	106,712	14,974	225,773	347,459
Due from other governmental units	38,243	35,627		73,870
Prepaid expenditures	13,723	73,752	29,544	117,019
Inventory	-	59,149		59,149
Advances to component unit	313,024			313,024
Total Assets	<u>\$ 5,499,356</u>	<u>\$ 1,048,308</u>	<u>\$ 8,311,788</u>	<u>\$ 14,859,452</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 195,678	\$ 103,897	\$ 298,261	\$ 597,836
Accrued liabilities	80,771	53,613	82,100	216,484
Due to other governments	-		49,016	49,016
Due to other funds	3,170,697		479,312	3,650,009
Deposits payable	10		20,000	20,010
Deferred revenue	390,987	254,552	2,720,289	3,365,828
Total Liabilities	<u>3,838,143</u>	<u>412,062</u>	<u>3,648,978</u>	<u>7,899,183</u>
Fund Balance				
Reserved for:				
Advances to component units	313,024		-	313,024
Cemetery maintenance			6,800	6,800
Restricted contributions		4,994		4,994
Capital projects			1,923,378	1,923,378
Prepaid items	13,723	73,752	13,675	101,150
Inventory		59,149		59,149
Unreserved:				
Designated for compensated absences		110,483		110,483
Designated for retirement contribution		157,755		157,755
Designated for subsequent year's expenditures:				
General fund	29,416			29,416
Special revenue funds			485,089	485,089
Undesignated	1,305,050	230,113	-	1,535,163
Undesignated, reported in nonmajor:				
Special revenue funds			2,233,860	2,233,860
Permanent funds		-	8	8
Total Fund Balance	<u>1,661,213</u>	<u>636,246</u>	<u>4,662,810</u>	<u>6,960,269</u>
Total Liabilities and Fund Balance	<u>\$ 5,499,356</u>	<u>\$ 1,048,308</u>	<u>\$ 8,311,788</u>	<u>\$ 14,859,452</u>

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, 2010**

Fund Balances - Total Governmental Funds	\$ 6,960,269
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	13,201,286
Subtract: accumulated depreciation	(7,630,421)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add: deferred delinquent property taxes	419,448
Add: long-term receivables - due from other governments	666,180
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 internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	848,678
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: bonds payable	(655,000)
Subtract: notes payable	-
Subtract: accrued interest payable	(11,180)
Subtract: compensated absences	(694,200)
Net Assets of Governmental Activities	\$ 13,105,060

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, 2010**

	<u>General</u>	<u>Health Department 9-30-09</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 5,691,681	\$ -	\$ 2,659,230	\$ 8,350,911
Licenses and permits	415,356	163,564		578,920
Intergovernmental				
Federal	183,520	1,762,488	926,123	2,872,131
State	1,740,095		1,247,720	2,987,815
Local			484,180	484,180
Charges for services	1,888,235	469,353	1,371,232	3,728,820
Fines and forfeits	35,113		7,193	42,306
Interest and rents	538,582		53,680	592,262
Reimbursements and refunds	664,756		29,224	693,980
Other		7,464	93,741	101,205
Total Revenues	<u>11,157,338</u>	<u>2,402,869</u>	<u>6,872,323</u>	<u>20,432,530</u>
Expenditures				
Current:				
Legislative	139,474			139,474
Judicial	2,612,884		1,131,842	3,744,726
General government	3,710,009		1,363,453	5,073,462
Public safety	2,584,382		2,892,920	5,477,302
Public works	769,096			769,096
Health and welfare	468,170	2,822,583	1,552,002	4,842,755
Culture and recreation			4,401	4,401
Other	221,041			221,041
Capital outlay			657,795	657,795
Debt service - principal			131,538	131,538
Debt service - interest			37,959	37,959
Total Expenditures	<u>10,505,056</u>	<u>2,822,583</u>	<u>7,771,910</u>	<u>21,099,549</u>
Revenues over (under) expenditures	<u>652,282</u>	<u>(419,714)</u>	<u>(899,587)</u>	<u>(667,019)</u>
Other Financing Sources (uses)				
Transfer in	810,079	398,240	1,030,183	2,238,502
Transfer out	(1,361,167)		(10,431)	(1,371,598)
Total Other Financing Sources (uses)	<u>(551,088)</u>	<u>398,240</u>	<u>1,019,752</u>	<u>866,904</u>
Net change in fund balances	101,194	(21,474)	120,165	199,885
Fund Balance, Beginning of Year	1,571,893	657,720	4,625,831	6,855,444
Prior period adjustment	(11,874)	-	(83,186)	(95,060)
Fund Balance, End of Year	<u>\$ 1,661,213</u>	<u>\$ 636,246</u>	<u>\$ 4,662,810</u>	<u>\$ 6,960,269</u>

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, 2010**

Net Change In Fund Balances - Total Governmental Funds \$ 199,885

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

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

Add: capital outlay	102,079
Add: construction-in-progress	222,903
Subtract: depreciation expense	(599,974)

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.

Subtract: decrease in deferred delinquent property taxes	(112,559)
Subtract: decrease in long-term receivables	(116,955)

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	131,538
Add: decrease in accrued interest payable	1,955

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

Add: decrease in the accrual of compensated absences	108,942
Subtract: loss on the disposal of capital assets	(86)

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 internal service funds is reported with governmental activities.

Subtract: net loss from governmental activities accounted for in internal service funds	(27,206)
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Change In Net Assets Of Governmental Activities \$ (89,478)

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, 2010

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 5,663,847	\$ 5,663,847	\$ 5,691,681	\$ 27,834
Licenses and permits	470,682	474,482	415,356	(59,126)
Intergovernmental				
Federal	115,225	177,274	183,520	6,246
State	1,821,529	1,783,418	1,740,095	(43,323)
Charges for services	1,654,496	1,836,496	1,888,235	51,739
Fines and forfeits	40,000	40,000	35,113	(4,887)
Interest and rents	576,872	576,872	538,582	(38,290)
Other	580,372	613,057	664,756	51,699
Total revenues	<u>10,923,023</u>	<u>11,165,446</u>	<u>11,157,338</u>	<u>(8,108)</u>
Expenditures				
Legislative				
Board of commissioners	117,682	151,057	139,474	(11,583)
Judicial				
Circuit court	1,177,180	1,219,129	1,233,454	14,325
District court	1,094,574	1,097,378	1,049,882	(47,496)
Probate court	277,046	276,088	278,058	1,970
Jury commission	4,718	4,718	4,162	(556)
Adult probation	13,200	49,500	47,328	(2,172)
Total judicial	<u>2,566,718</u>	<u>2,646,813</u>	<u>2,612,884</u>	<u>(33,929)</u>
General government				
Elections	85,387	85,387	66,842	(18,545)
Legal	50,000	109,595	109,594	(1)
County clerk	403,230	408,845	387,927	(20,918)
Controller	336,939	335,692	335,729	37
Equalization	229,092	246,675	234,086	(12,589)
Prosecuting attorney	473,519	478,830	474,152	(4,678)
Cooperative reimbursement - prosecutor	172,306	171,751	167,317	(4,434)
Register of deeds	247,230	246,417	229,190	(17,227)
Treasurer	338,335	337,406	305,662	(31,744)
Cooperative extension	135,600	135,600	136,094	494
Computer operations	354,416	353,909	350,942	(2,967)
Building and grounds	817,378	816,161	737,229	(78,932)
Drain commission	181,742	181,167	175,245	(5,922)
Total general government	<u>3,825,174</u>	<u>3,907,435</u>	<u>3,710,009</u>	<u>(197,426)</u>
Public safety				
Courthouse security	-	68,000	66,401	(1,599)
Sheriff's department	2,195,969	2,183,945	2,092,397	(91,548)
Marine safety	21,825	21,938	21,937	(1)
Secondary road patrol	109,271	97,556	97,556	-
Thumb area narcotics group	27,838	89,299	89,298	(1)
Planning commission	6,178	6,178	4,552	(1,626)
Emergency services	83,495	83,241	87,321	4,080
Animal shelter	126,025	126,025	124,920	(1,105)
Total public safety	<u>2,570,601</u>	<u>2,676,182</u>	<u>2,584,382</u>	<u>(91,800)</u>

(Continued)

TUSCOLA COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes	\$ 331,000	\$ 331,000	\$ 275,567	\$ (55,433)
Department of public works	2,840	2,840	2,286	(554)
Drains at large	491,244	491,244	491,243	(1)
Total public works	<u>825,084</u>	<u>825,084</u>	<u>769,096</u>	<u>(55,988)</u>
Health and welfare				
Substance abuse	65,000	65,600	65,530	(70)
Medical examiner	41,800	47,800	47,784	(16)
Veterans' burial	18,000	18,000	13,520	(4,480)
Economic development	46,302	46,302	46,302	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	8,471	8,471	6,791	(1,680)
Total health and welfare	<u>467,816</u>	<u>474,416</u>	<u>468,170</u>	<u>(6,246)</u>
Other	<u>231,550</u>	<u>256,300</u>	<u>221,041</u>	<u>(35,259)</u>
Total expenditures	<u>10,604,625</u>	<u>10,937,287</u>	<u>10,505,056</u>	<u>(432,231)</u>
Revenues over expenditures	<u>318,398</u>	<u>228,159</u>	<u>652,282</u>	<u>424,123</u>
Other financing sources (uses)				
Transfer in	1,083,210	942,683	810,079	(132,604)
Transfer out	(1,456,714)	(1,363,132)	(1,361,167)	(1,965)
Total other financing sources (uses)	<u>(373,504)</u>	<u>(420,449)</u>	<u>(551,088)</u>	<u>(134,569)</u>
Net change in fund balance	(55,106)	(192,290)	101,194	293,484
Fund balance, beginning of year	1,571,893	1,571,893	1,571,893	-
Prior period adjustment	-	-	(11,874)	(11,874)
Fund balance, end of year	<u>\$ 1,516,787</u>	<u>\$ 1,379,603</u>	<u>\$ 1,661,213</u>	<u>\$ 281,610</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, 2010

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Licenses and permits	\$ 152,417	\$ 152,385	\$ 163,564	\$ 11,179
Intergovernmental				
Federal/state	1,744,902	1,669,581	1,762,488	92,907
Charges for services	502,334	448,935	469,353	20,418
Other	9,354	6,422	7,464	1,042
Total revenues	<u>2,409,007</u>	<u>2,277,323</u>	<u>2,402,869</u>	<u>125,546</u>
Expenditures				
Current				
Health and welfare	<u>2,839,958</u>	<u>2,786,231</u>	<u>2,822,583</u>	<u>36,352</u>
Revenues (under) expenditures	(430,951)	(508,908)	(419,714)	89,194
Other financing sources				
Transfer in	<u>405,713</u>	<u>398,080</u>	<u>398,240</u>	<u>160</u>
Net change in fund balance	(25,238)	(110,828)	(21,474)	89,354
Fund balance, beginning of year	<u>657,720</u>	<u>657,720</u>	<u>657,720</u>	<u>-</u>
Fund balance, end of year	<u>\$ 632,482</u>	<u>\$ 546,892</u>	<u>\$ 636,246</u>	<u>\$ 89,354</u>

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

TUSCOLA COUNTY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Assets							
Current assets:							
Cash and cash equivalents	\$ 3,794,096	\$ -	\$ -	\$ -	\$ 763	\$ 3,794,859	\$ 1,593
Investments	1,483,850	-	-	-	-	1,483,850	-
Receivables:							
Taxes receivable - delinquent	-	2,878,424	-	-	-	2,878,424	-
Accounts receivable	2,245,294	32,579	-	-	-	2,277,873	2,681
Allowance for uncollectible accounts	(233,782)	-	-	-	-	(233,782)	-
Due from other funds	-	-	-	-	384,000	384,000	1,144,000
Due from other governmental units	-	192,799	-	-	4,411	197,210	-
Contracts receivable - current	-	-	367,184	47,399	250,259	664,842	-
Prepaid expenses	148,245	-	-	-	-	148,245	4,368
Other assets	21,372	-	-	-	-	21,372	-
Restricted cash	2,316,475	1,566,754	-	-	-	3,883,229	-
Restricted investments	-	1,813,834	-	-	-	1,813,834	-
Total current assets	9,775,550	6,484,390	367,184	47,399	639,433	17,313,956	1,152,642
Noncurrent assets:							
Contracts receivable, net of current portion	-	-	6,352,114	2,049,000	1,839,000	10,240,114	-
Net pension asset	183,560	-	-	-	-	183,560	-
Capital assets, net	11,486,239	-	-	-	-	11,486,239	-
Total noncurrent assets	11,669,799	-	6,352,114	2,049,000	1,839,000	21,909,913	-
Total assets	21,445,349	6,484,390	6,719,298	2,096,399	2,478,433	39,223,869	1,152,642
Liabilities							
Current liabilities:							
Accounts payable	270,067	44,381	-	-	-	314,448	-
Accrued and other liabilities	350,639	-	27,184	21,399	28,259	427,481	303,940
Due to other funds	-	755,776	-	-	-	755,776	24
Patient trust fund	33,690	-	-	-	-	33,690	-
Deposits payable	21,740	-	-	-	-	21,740	-
Unearned revenue	238,463	-	-	-	-	238,463	-
Compensated absences - current	24,300	-	-	-	-	24,300	-
Bonds payable, current	950,000	-	340,000	26,000	222,000	1,538,000	-
Total current liabilities	1,888,899	800,157	367,184	47,399	250,259	3,353,898	303,964
Noncurrent liabilities:							
Compensated absences - net of current	218,660	-	-	-	-	218,660	-
Bonds payable, net of current portion	6,400,000	-	6,352,114	2,049,000	1,839,000	16,640,114	-
Deferred costs	(68,202)	-	-	-	-	(68,202)	-
Total long-term liabilities	6,550,458	-	6,352,114	2,049,000	1,839,000	16,790,572	-
Total liabilities	8,439,357	800,157	6,719,298	2,096,399	2,089,259	20,144,470	303,964
Net assets							
Invested in capital assets, net of related debt	4,204,441	-	-	-	-	4,204,441	-
Restricted for:							
Donor contributions	3,319	-	-	-	-	3,319	-
Debt service	2,282,785	-	-	-	-	2,282,785	-
Unrestricted	6,515,447	5,684,233	-	-	389,174	12,588,854	848,678
Total net assets	\$ 13,005,992	\$ 5,684,233	\$ -	\$ -	\$ 389,174	\$ 19,079,399	\$ 848,678

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, 2010

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Operating revenue							
Charges for services	\$ 16,068,197	\$ 714,369	\$ -	\$ -	\$ 187,921	\$ 16,970,487	\$ 1,915,045
Other operating revenue	366,071	104	-	-	143,205	509,380	-
Total operating revenue	<u>16,434,268</u>	<u>714,473</u>	<u>-</u>	<u>-</u>	<u>331,126</u>	<u>17,479,867</u>	<u>1,915,045</u>
Operating expenses							
Operation and maintenance	15,917,964	90	-	-	-	15,918,054	1,930,674
Benefits and claims	-	-	-	-	-	-	11,577
Administration	-	-	-	-	253,288	253,288	-
Depreciation	953,996	-	-	-	-	953,996	-
Total operating expenses	<u>16,871,960</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>253,288</u>	<u>17,125,338</u>	<u>1,942,251</u>
Operating income (loss)	<u>(437,692)</u>	<u>714,383</u>	<u>-</u>	<u>-</u>	<u>77,838</u>	<u>354,529</u>	<u>(27,206)</u>
Nonoperating revenue (expenses)							
Property taxes	1,845,663	-	-	-	-	1,845,663	-
Interest and rent	56,081	41,395	-	-	6,262	103,738	-
Loss on sale of capital assets	(1,100)	-	-	-	-	(1,100)	-
Amortization of discount and issuance costs	(11,509)	-	-	-	-	(11,509)	-
Interest expense and fiscal charges	(304,927)	-	(109,542)	(86,668)	(103,462)	(604,599)	-
Total nonoperating revenue (expenses)	<u>1,584,208</u>	<u>41,395</u>	<u>(109,542)</u>	<u>(86,668)</u>	<u>(97,200)</u>	<u>1,332,193</u>	<u>-</u>
Income (loss) before capital contributions and transfers	1,146,516	755,778	(109,542)	(86,668)	(19,362)	1,686,722	(27,206)
Capital contributions	-	-	109,542	86,668	103,462	299,672	-
Transfers							
Transfers out	-	(755,776)	-	-	(50,000)	(805,776)	-
Change in net assets	1,146,516	2	-	-	34,100	1,180,618	(27,206)
Net assets, beginning of year	<u>11,859,476</u>	<u>5,684,231</u>	<u>7,276,392</u>	<u>-</u>	<u>355,074</u>	<u>25,175,173</u>	<u>875,884</u>
Prior period adjustment			(7,276,392)			(7,276,392)	
Net assets, end of year	<u>\$ 13,005,992</u>	<u>\$ 5,684,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,174</u>	<u>\$ 19,079,399</u>	<u>\$ 848,678</u>

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

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2010

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Cash flows from operating activities							
Cash received from customers	\$ 16,888,581	\$ 1,242,418	\$ -	\$ -	\$ 187,921	\$ 18,318,920	\$ 1,912,741
Cash received from interfund services provided					(25,619)	(25,619)	25,441
Cash payments to suppliers for goods and services	(5,688,756)	(25,720)			(261,006)	(5,975,482)	(1,936,589)
Cash payments to employees for services	(10,023,474)					(10,023,474)	
Other operating revenue					143,205	143,205	
Net cash provided (used) by operating activities	1,176,351	1,216,698	-	-	44,501	2,437,550	1,593
Cash flows from noncapital financing activities							
Property taxes	368,230					368,230	
Transfers out		(755,776)			(50,000)	(805,776)	
Net cash provided (used) by noncapital financing activities	368,230	(755,776)	-	-	(50,000)	(437,546)	
Cash flows from capital and related financing activities							
Property taxes	1,477,433					1,477,433	
Contributions from local units			364,839	147,792	331,908	844,539	
Principal paid on long-term debt	(850,000)		(335,000)	(60,500)	(226,000)	(1,471,500)	
Interest paid on long-term debt	(304,927)		(110,564)	(87,292)	(105,908)	(608,691)	
Purchases and construction of capital assets	(146,257)					(146,257)	
Bond proceeds			80,724			80,724	
Net cash provided by capital and related financing activities	176,249	-	(1)	-	-	176,248	-
Cash flows from investing activities							
Sale of investments		1,064,437				1,064,437	
Interest and rent	56,081	41,395			6,262	103,738	
Purchase of investments	(2,506)					(2,506)	
Net cash provided (used) by investing activities	53,575	1,105,832	-	-	6,262	1,165,669	-
Net increase (decrease) in cash and cash equivalents	1,774,405	1,566,754	(1)	-	763	3,341,921	1,593
Cash and cash equivalents, beginning of year	4,336,166	-	1	-	-	4,336,167	-
Cash and cash equivalents, end of year	\$ 6,110,571	\$ 1,566,754	\$ -	\$ -	\$ 763	\$ 7,678,088	\$ 1,593
Statement of net assets classification of cash and cash equivalents							
Cash and cash equivalents	\$ 3,794,096				\$ 763	\$ 3,794,859	\$ 1,593
Restricted cash	2,316,475	\$ 1,566,754				3,883,229	
	\$ 6,110,571	\$ 1,566,754	\$ -	\$ -	\$ 763	\$ 7,678,088	\$ 1,593

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONCLUDED)
 YEAR ENDED DECEMBER 31, 2010

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Other Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (437,692)	\$ 714,383	\$ -	\$ -	\$ 77,838	\$ 354,529	\$ (27,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	953,996					953,996	
Bad debt expense						-	
Charity care						-	
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	571,612	(227,487)				344,125	(2,304)
Due from other funds		711,801			(25,619)	686,182	25,441
Due from other governmental units		43,631			(1,965)	41,666	
Prepaid expenses	(148,245)					(148,245)	(4,368)
Other assets	3,228					3,228	
Accounts payable	(65,268)	(4,561)			(3,307)	(73,136)	10,006
Accrued and other liabilities	24,338				(2,446)	21,892	
Due to other funds		(21,069)				(21,069)	24
Unearned revenue	22,897					22,897	
Deferred discount on bonds	8,525					8,525	
Compensated absences	242,960					242,960	
Net cash provided (used) by operating activities by operating activities	<u>\$ 1,176,351</u>	<u>\$ 1,216,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,501</u>	<u>\$ 2,437,550</u>	<u>\$ 1,593</u>

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

TUSCOLA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2010

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,379,926
Due from other funds	26,070
Total assets	\$ 1,405,996
Liabilities	
Accrued liabilities	\$ 307,529
Due to other governmental units	1,073,491
Undistributed receipts	24,976
Total liabilities	\$ 1,405,996

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

NOTES TO THE FINANCIAL STATEMENTS

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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.

Brownfield Redevelopment Authority - Grant revenues received are restricted to pay site identification or environmental site assessment expenditures and future development depending on the development plan adopted for each project. The members of the governing Board of the Authority are appointed by the County Board of Commissioners and they review and approve development plans for businesses relocating within designated areas of the County where property was once contaminated. The nature and significance of the relationship between the County and the Authority is such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 207 E. Grant St., 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 consist of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 440 N. State St., Caro, Michigan 48723.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

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.

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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued):

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 County 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.

The County reports the following major proprietary funds:

The *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.

The *Caro sewer system fund* accounts for the construction of the Caro Sewer System. The construction project is funded with bonds payable.

The *Denmark sewer system fund* accounts for the construction of the Denmark Township Sewer System. The construction project is funded by loans and grants from the USDA.

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.

The *Permanent fund* accounts the maintenance of the cemetery grounds.

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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued):

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, Liabilities and Net Assets or Equity:

1. Deposits and Investments

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

Statutory Authority

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the investments company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. Assets, Liabilities and Net Assets or Equity, (Continued):

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

3. Inventories and Prepaids

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

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

4. Restricted Assets

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

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 County 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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. Assets, Liabilities and Net Assets or Equity, (Continued):

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

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

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

Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from 5 to 50 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 straightline basis, and straight-line method for all other capital assets.

6. Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation pay benefits in varying amounts based on the length of service and certain other established criteria. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

7. 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.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. Assets, Liabilities and Net Assets or Equity, (Continued):

8. 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Annual informational budget summaries are prepared for Enterprise Funds and Internal Service Funds.
- The County Controller is authorized to transfer budgeted amounts from one category to another within an activity and between activities within the same fund in an amount up to \$5,000 for all expenditures. Revisions that alter the total expenditures of any fund or total activity within the General Fund must be approved by the Board of Commissioners. The activity level in the General Fund and Special Revenue Funds is the legal level of control.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (“GAAP”).
- Budget appropriations lapse at year-end.
- The original budget was amended during the year in compliance with local and state laws. The budget to actual expenditures in the financial statements represent the final budgeted expenditures as amended by the County. Supplemental appropriations were necessary during the year.
- P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year, the County incurred expenditures over certain appropriations which are presented at the legal level of control as follows:

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (Continued):

A. Budgets and Budgetary Accounting, (Continued)

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
General Fund			
Judicial:			
District Court	\$1,219,129	\$1,233,454	\$ 14,325
Probate Court	\$ 276,088	\$ 278,058	\$ 1,970
General:			
Controller	\$ 335,692	\$ 335,729	\$ 37
Cooperative Extension	\$ 135,600	\$ 136,094	\$ 494
Emergency Services	\$ 83,241	\$ 87,321	\$ 4,080
Health Department Fund			
Health and Welfare	\$2,786,231	\$2,822,583	\$ 36,352
Nonmajor Special Revenue Funds			
PRE – general government	\$ 111,530	\$ 113,347	\$ 1,817
Homeland Security- capital outlay	\$ -	\$ 96,221	\$ 96,221

These expenditures over budget were funded by available fund balance.

NOTE 3 - 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:

Government-Wide Financial Statement Captions:	<u>Carrying Amount</u>
Primary Government:	
Cash and cash equivalents	\$ 9,732,685
Investments	2,428,791
Restricted cash	3,883,229
Restricted investments	1,813,834
Component Units:	
Cash and cash equivalents	3,387,134
Investments	5,292,387
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,379,926
Total	<u><u>\$ 27,917,986</u></u>
Notes to Financial Statements	
Deposits	\$ 18,375,574
Investments	9,535,012
Cash on hand	7,400
Total	<u><u>\$ 27,917,986</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

Deposits and investments

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

	Carrying Amount <u>(Fair Value)</u>	Maturity Less <u>1 Year</u>	Maturity <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$8,535,422	\$8,535,422	-	AAAm
Commercial Paper	<u>999,590</u>	<u>999,590</u>	<u>-</u>	A1
Total	<u>\$9,535,012</u>	<u>\$9,535,012</u>	<u>\$ -</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 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 the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit. The ratings for each investment are identified above for investments held at year-end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for mitigating deposit custodial credit risk. As of year end \$16,349,807 of the County's bank balance of \$18,290,881 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 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 commercial paper. All investments held at year-end are reported above.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

B. Receivables

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Taxes	\$ 3,715,243	\$ 2,878,424	\$ -
Accounts	886,232	2,277,873	2,810,740
Special Assessments			
Due within one year	-	-	950,455
Due after one year	-	-	8,107,391
Intergovernmental			
Due within one year	458,001	862,052	-
Due after one year	666,180	10,240,114	-
Less: allowance for uncollectible accounts	-	<u>(233,782)</u>	-
Total	<u>\$ 5,725,656</u>	<u>\$ 16,024,681</u>	<u>\$ 11,868,586</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 390,987	
Property taxes receivable (Nonmajor Governmental fund types)		\$ 2,720,289
Grant drawdowns prior to meeting all eligibility Requirements (Health Department)		<u>254,552</u>
Total	<u>\$ 390,987</u>	<u>\$ 2,974,841</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

C. Capital Assets

Capital assets activity for the year ended December 31, 2010, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 560,646	\$ -	\$ -	\$ 560,646
Construction in progress	-	222,903		222,903
Capital assets being depreciated:				
Buildings	6,031,859			6,031,859
Improvements	2,132,530	10,700		2,143,230
Equipment	3,069,278		(9,542)	3,059,736
Vehicles	1,193,692	91,379	(102,159)	1,182,912
Total capital assets being depreciated:	<u>12,427,359</u>	<u>102,079</u>	<u>(111,701)</u>	<u>12,417,737</u>
Less accumulated depreciation:				
Buildings	(3,502,079)	(164,923)		(3,667,002)
Improvements	(691,810)	(110,033)		(801,843)
Equipment	(1,691,298)	(192,065)		(1,883,363)
Vehicles	(762,106)	(106,480)	102,159	(766,427)
Health Department	(494,769)	(26,473)	9,456	(511,786)
Total accumulated depreciation	<u>(7,142,062)</u>	<u>(599,974)</u>	<u>111,615</u>	<u>(7,630,421)</u>
Total capital assets being depreciated, net	<u>5,285,297</u>	<u>(497,895)</u>	<u>(86)</u>	<u>4,787,316</u>
Governmental activities capital assets, net	<u>\$ 5,845,943</u>	<u>\$(274,992)</u>	<u>\$ (86)</u>	<u>\$ 5,570,865</u>

The Health Department is audited by other auditors and in their report, capital assets are allocated between asset classifications, however, the corresponding accumulated depreciation and depreciation expense are not allocated between asset classifications.

The County estimates it will cost approximately \$950,000 to complete the various projects currently in progress.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

C. Capital Assets, (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 7,276,390	\$ -	\$ (7,276,390) *	\$ -
Capital assets being depreciated:				
Land improvements	901,104			901,104
Buildings	9,846,461	29,679		9,876,140
Equipment	7,019,329	116,578	(14,571)	7,121,336
Total capital assets being depreciated:	<u>17,766,894</u>	<u>146,257</u>	<u>(14,571)</u>	<u>17,898,580</u>
Less accumulated depreciation:				
Land improvements	(259,990)	(69,484)		(329,474)
Buildings	(2,649,158)	(462,844)		(3,112,002)
Equipment	(2,562,668)	(421,668)	13,471	(2,970,865)
Total accumulated depreciation	<u>(5,471,816)</u>	<u>(953,996)</u>	<u>13,471</u>	<u>(6,412,341)</u>
Total capital assets being depreciated, net	<u>12,295,078</u>	<u>(807,739)</u>	<u>(1,100)</u>	<u>11,486,239</u>
Business-type activities capital assets, net	<u><u>\$ 19,571,468</u></u>	<u><u>\$(807,739)</u></u>	<u><u>\$ (7,277,490)</u></u>	<u><u>\$ 11,486,239</u></u>

*See note 4E on page 45 for further explanation of the disposal of the construction in progress. The total prior period adjustment is \$7,276,392 which consists of an asset disposal of \$7,276,390 and a rounding adjustment of \$2.

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

Governmental activities:

Judicial	\$ 4,500
General government	158,556
Public safety	304,927
Health and welfare	<u>131,991</u>

Total depreciation expense - governmental activities \$ 599,974

Business-type activities:

Total depreciation expense - Medical Care Facility	<u>\$ 953,996</u>
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TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

C. Capital Assets, (Continued)

Discretely presented component units

Activity for the Drain Commission for the year ended December 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Infrastructure	<u>\$ 18,882,648</u>	<u>\$ 347,099</u>	<u>\$ -</u>	<u>\$ 19,229,747</u>
Less accumulated depreciation:				
Infrastructure	<u>(2,038,062)</u>	<u>(384,595)</u>	<u>-</u>	<u>(2,422,657)</u>
Total capital assets being depreciated, net	<u>16,844,586</u>	<u>(37,496)</u>	<u>-</u>	<u>16,807,090</u>
Drain commission capital assets, net	<u><u>\$ 16,844,586</u></u>	<u><u>\$ (37,496)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,807,090</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

C. Capital Assets, (Continued)

Discretely presented component units (continued)

Activity for the Road Commission for the year ended December 31, 2010, 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>31,515,787</u>	<u>540,188</u>	<u>-</u>	<u>32,055,975</u>
Total capital assets not being depreciated:	<u>31,810,005</u>	<u>540,188</u>	<u>-</u>	<u>32,350,193</u>
Capital assets being depreciated:				
Infrastructure	74,901,509	4,554,057	(1,880,151)	77,575,415
Buildings	2,033,479	4,426	(2,291)	2,035,614
Equipment	4,881,515	83,146	(337,650)	4,627,011
Depletable assets	<u>282,717</u>	<u>-</u>	<u>-</u>	<u>282,717</u>
Total capital assets being depreciated:	<u>82,099,220</u>	<u>4,641,629</u>	<u>(2,220,092)</u>	<u>84,520,757</u>
Less accumulated depreciation:				
Infrastructure	(31,304,760)	(3,604,162)	1,880,151	(33,028,771)
Buildings	(1,116,577)	(51,955)	2,291	(1,166,241)
Equipment	(4,557,756)	(172,807)	349,058	(4,381,505)
Depletable assets	<u>(44,283)</u>	<u>-</u>	<u>-</u>	<u>(44,283)</u>
Total accumulated depreciation	<u>(37,023,376)</u>	<u>(3,828,924)</u>	<u>2,231,500</u>	<u>(38,620,800)</u>
Total capital assets being depreciated, net	<u>45,075,844</u>	<u>812,705</u>	<u>11,408</u>	<u>45,899,957</u>
Road commission capital assets, net	<u><u>\$76,885,849</u></u>	<u><u>\$1,352,893</u></u>	<u><u>\$ 11,408</u></u>	<u><u>\$78,250,150</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due To	Due From				Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Delinquent Tax Revolving Fund	
General Fund		\$ 6,399		\$ 755,776	\$ 762,175
Nonmajor Governmental Funds	\$ 1,618,697	470,867			2,089,564
Nonmajor Enterprise Funds	384,000				384,000
Agency Funds	24,000	2,046	\$ 24		26,070
Internal Service	1,144,000				1,144,000
Total	<u>\$ 3,170,697</u>	<u>\$ 479,312</u>	<u>\$ 24</u>	<u>\$ 755,776</u>	<u>\$ 4,405,809</u>

The General Fund owes \$3,170,697 to the various other fund types as a result of negative cash balances in the County's pooled cash account.

The balance of \$755,776 due to the General Fund from the Delinquent Tax Revolving Fund resulted from net income of the Delinquent Tax Revolving 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 and (2) payments between funds are made.

Advances to/from component units:

	<u>Receivable</u>	<u>Payable</u>
General	\$ 313,024	
Brownfield Redevelopment		\$3,024
Drain Commission	-	<u>310,000</u>
Total	<u>\$ 313,024</u>	<u>\$ 313,024</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, (Continued):

Transfers From	Transfers To			Total
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 337,112	\$ 1,024,055	\$ 1,361,167
Nonmajor Governmental Funds	\$ 4,303		6,128	10,431
Delinquent Tax Revolving Fund	755,776			755,776
Nonmajor Enterprise Funds	50,000			50,000
	810,079	337,112	1,030,183	2,177,374
Reconciling item		61,128		61,128
Total	\$ 810,079	\$ 398,240	\$ 1,030,183	\$ 2,238,502

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2010.

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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations..

E. Lease Revenue

During the end of 2008, the County entered into a lease with the State of Michigan leasing building space to the State to be used by the Department of Human Services. The lease expires on October 31, 2028. The County received lease revenue in the amount of \$267,506. The future minimum lease payments for the remainder of the lease are as follows:

<u>Year Ending December 31</u>	<u>Revenue</u>
2011	\$ 267,506
2012	267,506
2013	272,780
2014	299,150
2015	299,150
2016-2020	1,567,989
2021-2025	1,735,367
2026-2028	1,037,402
Total	\$ 5,746,850

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

F. Long-Term Debt

Changes in long-term debt

Long-term activity for the year ended December 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental activities					
Notes payable	\$ 16,538	\$ -	\$ (16,538)	\$ -	\$ -
Building Authority					
General obligation bonds:					
Tuscola County Series 1999	770,000	-	(115,000)	655,000	120,000
Compensated absences	803,142	603,881	(712,823)	694,200	249,602
Governmental activities long-term liabilities	<u>\$ 1,589,680</u>	<u>\$ 603,881</u>	<u>\$ (844,361)</u>	<u>\$ 1,349,200</u>	<u>\$ 369,602</u>
Business-type activities					
General obligation bonds	\$ 8,200,000	\$ -	\$ (850,000)	7,350,000	\$ 950,000
Less deferred amounts	(76,727)	-	8,525	(68,202)	
General obligation bonds:					
Mayville Storm Sewer	1,152,000	-	(21,000)	1,131,000	22,000
Millington Sanitary Sewer	75,000	-	(10,000)	65,000	10,000
Richville Water System	550,000	-	(65,000)	485,000	65,000
Caro Area Sewage System	510,000	-	(130,000)	380,000	125,000
Caro Sewer System	6,946,390	80,724	(335,000)	6,692,114	340,000
USDA loans:					
Denmark Sewer System	2,135,500		(60,500)	2,075,000	26,000
Compensated absences		242,960		242,960	24,300
Business-type activities long-term liabilities	<u>\$ 19,492,163</u>	<u>\$ 323,684</u>	<u>\$ (1,462,975)</u>	<u>\$ 18,352,872</u>	<u>\$ 1,562,300</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

F. Long-Term Debt, (Continued):

	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units:					
Road Commission					
Compensated absences	\$ 72,537	\$ -	\$ (3,155)	\$ 69,382	\$ -
Net pension obligation	-	167,858	-	167,858	-
Net OPEB obligation	1,263,446	690,090	-	1,953,536	-
Total Road Commission	<u>\$ 1,335,983</u>	<u>\$ 857,948</u>	<u>\$ (3,155)</u>	<u>\$ 2,190,776</u>	<u>\$ -</u>
Drain Commission					
General obligation bonds:					
Moore Drain	\$ 2,945,000	\$ -	\$ (150,000)	\$ 2,795,000	\$ 170,000
Bach and Branches Drain	1,705,000	-	(125,000)	1,580,000	125,000
Alder Creek Drain	600,000	-	(100,000)	500,000	100,000
Constant DuRussel	165,000	-	(165,000)	-	-
Shebon I/C Drain	9,540	-	(9,540)	-	-
State and Colling Drain	225,000	-	(225,000)	-	-
Northwest Drain	3,500,000	-	(350,000)	3,150,000	350,000
Sebewaing River					
Intercounty Drain	1,375,000	-	(725,780)	649,220	162,305
Reese Drain	340,000	-	(54,006)	285,994	47,666
Armbruster Intercounty Drain	-	209,600	(8,000)	201,600	8,000
Notes Payable	290,766	141,684	(102,400)	330,050	36,201
Total Drain Commission	<u>\$ 11,155,306</u>	<u>\$ 351,284</u>	<u>\$ (2,014,726)</u>	<u>\$ 9,491,864</u>	<u>\$ 999,172</u>

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. The debt service requirements for the Mayville Sewer, Millington Sewer, Richville Water, Caro Sewage, and Caro Sewer bonds are funded by various local government contributions. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 - 14.8%	\$ 655,000
Business-type activities	7.2 - 8.7%	\$18,178,114

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

F. Long-Term Debt, (Continued):

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>
2011	\$ 120,000	\$ 30,479	\$ 1,538,000	\$ 563,507
2012	130,000	24,088	1,540,000	512,841
2013	135,000	17,297	1,617,000	458,690
2014	140,000	10,250	1,525,000	403,443
2015	130,000	3,331	1,608,000	347,931
2016-2020	-	-	4,714,000	1,057,994
2021-2025	-	-	2,482,000	703,340
2026-2030	-	-	1,466,114	455,348
2031-2035	-	-	642,000	309,568
2036-2040	-	-	464,000	173,240
2041-2045	-	-	476,000	82,338
2046	-	-	106,000	4,372
Total	<u>\$ 655,000</u>	<u>\$ 85,445</u>	<u>\$ 18,178,114</u>	<u>\$ 5,072,612</u>

Component units

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. 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. 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% - 6.50%	\$9,491,864

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 999,172	\$ 380,326
2012	1,004,172	338,094
2013	1,010,772	297,980
2014	1,037,172	256,856
2015	874,867	218,031
2016-2020	3,237,954	602,113
2021-2025	1,124,421	156,060
2026-2029	203,334	7,746
Total	<u>\$ 9,491,864</u>	<u>\$ 2,257,206</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAILED NOTES ON ALL FUNDS, (Continued):

G. Designated Fund Equity

The County has recorded various designations of net assets in the proprietary funds that reflect management's plans for use of those funds. Since designations are not appropriate for presentation on the face of the applicable statements of net assets, the designations are listed here.

The following are the various net asset designations as of December 31, 2010:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 249,602
Designated for debt service on state police building	740,444
Designated for property tax settlements	<u>3,000,000</u>
Total	<u>\$3,990,046</u>

NOTE 4 – OTHER INFORMATION:

A. Defined Benefit Pension Plans

MERS

Plan Description. The 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; they were required to contribute 0.99% of employees' annual covered payroll for the current year. Employees are required to contribute 1.0%-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, 2010, the annual pension cost of \$554,311 for the County, \$131,266 for the Health Department, and \$131,266 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had a pension cost of \$77,982, which equals their required amount. The required contribution was determined as part of the December 31, 2008, actuarial valuation using the entry age actuarial cost method.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

A. Defined Benefit Pension Plans, (Continued):

MERS, (Continued):

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 8.40% 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, 2009, the date of the latest actuarial valuation, was 27 years.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

General County Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$416,397	100%	-
12/31/09	\$423,394	100%	-
12/31/10	\$554,311	100%	-

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)
12/31/09	\$22,665,201	\$25,258,027	\$2,592,826	90%	\$6,720,273	39%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

A. Defined Benefit Pension Plans, (Continued):

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	\$ 77,982
Less: Interest on net pension asset	(14,734)
Plus: Adjustment to annual required contribution	<u>15,353</u>
Annual pension cost	78,601
Contributions made	<u>77,982</u>
Decrease in net pension asset	619
Net pension (asset), beginning of year	<u>(184,179)</u>
Net pension (asset), end of year	<u>\$(183,560)</u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/08	\$ 623	0%	\$184,800
12/31/09	\$ 5,251	83%	\$184,179
12/31/10	\$78,601	99%	\$183,560

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)
12/31/09	\$10,846,293	\$9,904,171	\$(942,122)	110%	\$8,026,910	(12)%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

A. Defined Benefit Pension Plans, (Continued):

Health Department Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/08	\$129,004	100%	-
9/30/09	\$130,908	100%	-
9/30/10	\$131,266	100%	-

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
12/31/2009	\$7,433,999	\$6,594,584	\$(839,415)	113%	\$1,428,774	59%

Road Commission Plan

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$106,632	100%	-
12/31/09	\$116,436	100%	-
12/31/10	\$116,952	100%	-

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
12/31/09	\$2,890,794	\$4,149,712	\$1,258,918	70%	\$1,040,605	121%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

A. Defined Benefit Pension Plans, (Continued):

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 \$.03 per hour for employees and \$.65 per hour for the employer. 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, 2008, the Road Commission’s annual pension cost of \$33,560 for the Massachusetts Mutual Plan was less than the Road Commission’s required contribution of \$54,702. The required contribution was determined as part of the April 1, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a rate of return on the investment of present and future assets of 5%. The actuarial value of Massachusetts Mutual Plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability at April 1, 2010, is \$454,121.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$53,234	118%	\$109,448
12/31/09	\$51,536	28%	\$146,716
12/31/10	\$54,702	61%	\$167,858

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)
4/01/10	\$109,750	\$563,871	\$454,121	19%	\$2,493,507	18%

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION

Plan Description

In addition to the pension benefits described in Note IV. A, the Road Commission provides a single employer defined benefit plan, post employment health care benefits to all employees who retire from the Road Commission with 85 points (years of service plus employee age). Those employees who were hired prior to September 16, 2003, and have accumulated the 85 points receive the health insurance for life. Those hired after September 16, 2003, with the same 85 points will receive health insurance for only 3 years after retirement. Currently 55 active members and 24 retirees are covered. A stand alone report is not issued for this plan.

Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Funding Policy

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). Expenditures for post employment health care benefits are recognized as the insurance premiums become due, which amounted to approximately \$443,883 for the year ending December 31, 2010.

Funding Progress

For the year beginning January 1, 2010, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Annual required contribution	\$1,073,328
Interest on net OPEB	60,645
Amounts contributed:	
Payments of current premiums	<u>(443,883)</u>
Increase in net OPEB obligation	690,090
OPEB obligation, beginning of year	<u>1,263,446</u>
OPEB obligation, end of year	<u>\$1,953,536</u>

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
12/31/08	\$1,073,328	42%	\$ 619,398
12/31/09	\$1,103,059	43%	\$1,263,446
12/31/10	\$1,133,973	41%	\$1,953,536

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION, (Continued):

Funding Progress (Continued)

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2008	\$	-
Actuarial value of assets		NONE
Actuarial value of liability		13,182,730
Unfunded AAL		13,182,730
Funded ratio		0%
Annual covered payroll		2,461,335
Ratio of UAAL to covered payroll		535%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the alternate calculation method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% salary scale, 4.8% discount rate, and health care premiums increasing by 5.5% to 7.2% per year. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

C. 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, 2010, the County carried commercial insurance to cover these risks of loss, unless otherwise disclosed. The County has had no settled claims resulting from these risks that exceed their commercial coverage in the past three years.

Component Units:

Tuscola County Road Commission

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

Workers' Compensation Benefits

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

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

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

Interfund premiums are 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 ("IBNR"s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are no outstanding claims at the end of 2010.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

C. RISK MANAGEMENT, (Continued):

Workers' Compensation Benefits (Continued)

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

	<u>2009</u>	<u>2010</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	13,346	11,577
Claims Paid	<u>(13,346)</u>	<u>(11,577)</u>
Unpaid Claims	<u>\$ -</u>	<u>\$ -</u>

Employee Health Benefits

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

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$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 ("IBNR"s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are outstanding claims at the end of 2010. The provision for IBNR is based upon historical trends.

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

	<u>2009</u>	<u>2010</u>
Unpaid Claims, beginning of year	\$ 287,979	\$ 293,934
Incurred Claims (including IBNR)	1,763,607	1,752,975
Claims Paid	<u>(1,757,652)</u>	<u>(1,742,969)</u>
Unpaid Claims	<u>\$ 293,934</u>	<u>\$ 303,940</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

D. PROPERTY TAXES

The County property tax general operating levy is levied each July 1st and the special assessment levies are levied on December 1st through 2010 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 2010 ad valorem tax is levied and collectible by December 1, 2010, 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.

The taxable value of real and personal property for the December 1, 2009, levy totaled \$1,495,175,733. The taxable value of real and personal property for the July 1, 2010, levy totaled \$1,418,356,190. The tax levy for fiscal year 2010 operations was based on the following rates:

General Operating	3.9141 mills
Road Patrol	.9000 mills
Senior Citizens	.2000 mills
Mosquito	.6316 mills
Recycling	.1500 mills
Medical Care Facility Construction Debt	1.0000 mills
Medical Care Facility	.2500 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2010 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 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, 2010, a prior period adjustment in the amount of \$95,060 was necessary to correct the understatement of unemployment expense during the year ended December 31, 2009, in the General Fund and the Mosquito Fund. The effect on the fund balance was as follows:

	<u>General Fund</u>	<u>Mosquito Fund</u>
Fund balance, beginning of year, as previously stated	\$1,571,893	\$669,247
Prior period adjustment	<u>(11,874)</u>	<u>(83,186)</u>
Fund balance, beginning of year, as restated	<u>\$1,560,019</u>	<u>\$586,061</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

E. RESTATEMENTS, (Continued):

During the year ended December 31, 2010, a prior period adjustment in the amount of \$7,276,392 was necessary to correct the overstatement of the capital assets and net assets as of December 31, 2009, in the Caro Sewer System Enterprise Fund. The prior year report showed capital assets and net assets that did not belong to Tuscola County. The effect on the net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$7,276,392
Prior period adjustment	<u>(7,276,392)</u>
Net assets, beginning of year, as restated	<u>\$ -</u>

F. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in a discrimination claim filed by a former employee. The claim was filed with the Equal Employment Opportunity Commission and alleges sexual discrimination. The parties have agreed to mediation and attorneys have advised that it is too early to predict an outcome.

The County has also been named as a defendant in a wrongful death claim filed by the family of an individual who died while incarcerated at the County jail. A third party service provider was providing nursing services at this time and an agreement exists between the County and the service provider whereby the County is held harmless in situations such as this.

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.

G. OPERATING LEASES

In 2010, the County entered into a lease agreement for office space and parking. The term of the lease is for 26 years and contains an option to purchase. The annual lease payment is adjusted each year for the increase in the Consumer Price Index. The future minimum payments due under this lease are as follows:

2011	\$ 97,080
2012	97,080
2013	97,080
2014	97,080
2015	97,080
2016-2020	485,400
2021-2025	485,400
2026-2030	485,400
2031-2035	485,400
2036	<u>97,080</u>
 TOTAL	 <u>\$2,524,080</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – OTHER INFORMATION, (Continued):

G. OPERATING LEASES, (Continued)

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 cover operational expenditures of the building. The total rental expense under this operating lease for the year ended September 30, 2010, was \$85,836. Lease payments are determined annually by Tuscola County.

The Health Department has an operating lease agreement for a postage meter. Quarterly payments are \$474. The total expensed for the year ended September 30, 2010, was \$1,896.

A new postage meter lease was entered into October 1, 2009, with quarterly payments of \$522. Future payments for the next five fiscal years are in the amount of \$2,088 per year.

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 Ended</u>	<u>Principal</u>
2011	\$ 214,435
2012	138,414
2013	127,209
2014	124,860
2015	103,080
2016-2019	<u>393,120</u>
Total	<u>\$1,101,119</u>

REQUIRED SUPPLEMENTARY INFORMATION

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2004	\$ 17,829,901	\$ 18,850,858	\$ 1,020,957	95%	\$ 5,449,245	19%
2005	\$ 18,804,202	\$ 20,032,289	\$ 1,228,087	94%	\$ 5,674,721	22%
2006	\$ 20,136,041	\$ 21,260,458	\$ 1,124,417	95%	\$ 6,022,135	19%
2007	\$ 21,546,461	\$ 22,620,177	\$ 1,073,716	95%	\$ 6,210,832	17%
2008	\$ 22,229,277	\$ 24,362,442	\$ 2,133,165	91%	\$ 6,116,289	35%
2009	\$ 22,665,201	\$ 25,258,027	\$ 2,592,826	90%	\$ 6,720,273	39%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2005	\$ 359,130	100%
2006	\$ 364,181	100%
2007	\$ 406,387	100%
2008	\$ 416,397	100%
2009	\$ 423,934	100%
2010	\$ 554,311	100%

SUPPLEMENTARY INFORMATION

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 5,655,847	\$ 5,655,847	\$ 5,682,108	\$ 26,261
Payment in lieu of taxes	4,000	4,000	5,282	1,282
Trailer park taxes	4,000	4,000	4,291	291
Total taxes	<u>5,663,847</u>	<u>5,663,847</u>	<u>5,691,681</u>	<u>27,834</u>
Licenses and permits				
Marriage licenses	1,900	1,900	1,922	22
Building code licenses	331,000	331,000	275,567	(55,433)
Dog licenses	108,000	108,000	101,105	(6,895)
Unified court licenses	12,000	15,800	15,766	(34)
Other	17,782	17,782	20,996	3,214
Total licenses and permits	<u>470,682</u>	<u>474,482</u>	<u>415,356</u>	<u>(59,126)</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	75,000	75,000	74,992	(8)
Marine safety	21,825	21,825	21,825	-
Civil defense	18,400	22,700	28,836	6,136
Byrne JAG	-	57,749	57,867	118
State				
SCAAP	1,200	1,200	1,127	(73)
Judges	239,703	239,703	239,887	184
Juvenile officer	27,317	27,317	27,317	-
State payment courts	273,600	260,000	251,966	(8,034)
Secondary road patrol	109,271	97,556	97,556	-
SSI incentive	4,200	4,200	5,800	1,600
Hotel liquor tax	130,000	130,600	131,059	459
Bench warrant enforcement	6,830	-	-	-
State revenue sharing	1,017,408	1,010,842	975,763	(35,079)
Cigarette tax	12,000	12,000	9,620	(2,380)
Total intergovernmental - federal/state	<u>1,936,754</u>	<u>1,960,692</u>	<u>1,923,615</u>	<u>(37,077)</u>

(Continued)

TUSCOLA COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2010

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Charges for services				
District court costs	\$ 278,050	\$ 316,550	\$ 315,556	\$ (994)
District court - probation	233,633	233,633	248,840	15,207
County clerk costs	180,400	223,400	216,716	(6,684)
Friend of the court costs	55,000	55,000	48,126	(6,874)
Bond costs	3,000	3,000	2,561	(439)
District court				
Screening assessment	20,270	25,770	26,245	475
Probate court	34,500	34,500	32,613	(1,887)
Civil	149,000	169,000	173,531	4,531
Warrant fees	24,768	24,768	22,509	(2,259)
Friend of the court	7,200	7,200	6,036	(1,164)
Court	1,000	1,000	1,017	17
Other	2,100	2,100	2,176	76
Circuit court				
Court	6,000	6,000	4,586	(1,414)
Searches and motion fees	15,200	15,200	16,599	1,399
Jury, entry and forensic fees	18,000	18,000	19,009	1,009
Other	100	100	-	(100)
Family division				
Admin fees	27,000	27,000	31,313	4,313
Filing fees	950	950	-	(950)
Collection fees	3,500	3,500	5,979	2,479
County clerk				
Dba/co-partnership	6,500	6,500	5,030	(1,470)
Certified	36,000	36,000	31,364	(4,636)
Copies	8,000	8,000	7,056	(944)
Other	18,275	18,275	16,474	(1,801)
Equalization	50	50	254	204
Register of deeds				
Transfer	62,000	75,500	75,038	(462)
Recordings	130,000	130,000	128,496	(1,504)
Copies	45,000	45,000	45,279	279
Other	500	500	518	18
County treasurer	95,000	95,000	102,655	7,655
Animal shelter	2,500	2,500	2,014	(486)
Sheriff	27,100	27,100	25,791	(1,309)
Jail	127,000	188,500	242,981	54,481
Other	300	300	(1,227)	(1,527)
Sheriff				
Canteen	3,000	3,000	3,157	157
Auction	6,000	6,000	4,671	(1,329)
Animal shelter	1,000	1,000	430	(570)
Other	20,100	20,100	18,638	(1,462)
Film	6,500	6,500	6,204	(296)
Total charges for services	<u>1,654,496</u>	<u>1,836,496</u>	<u>1,888,235</u>	<u>51,739</u>

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 8,000	\$ 8,000	\$ 9,146	\$ 1,146
Ordinance fines and warrant fees	25,000	25,000	20,767	(4,233)
County treasurer	7,000	7,000	5,200	(1,800)
	<u>40,000</u>	<u>40,000</u>	<u>35,113</u>	<u>(4,887)</u>
Total fines and forfeits				
Interest and rents				
Interest	213,000	213,000	174,475	(38,525)
Rentals	363,872	363,872	364,107	235
	<u>576,872</u>	<u>576,872</u>	<u>538,582</u>	<u>(38,290)</u>
Total interest and rent				
Other revenue				
Reimbursements and refunds	580,372	613,057	664,756	51,699
	<u>580,372</u>	<u>613,057</u>	<u>664,756</u>	<u>51,699</u>
Total revenues	<u>10,923,023</u>	<u>11,165,446</u>	<u>11,157,338</u>	<u>(8,108)</u>
Transfers in				
Indirect costs	-	-	3,303	3,303
Veterans trust	1,000	1,000	1,000	-
Revolving tax	730,000	765,000	755,776	(9,224)
County retirement	325,394	124,867	-	(124,867)
Principal exemption	1,816	1,816	-	(1,816)
Tax foreclosure	25,000	50,000	50,000	-
	<u>1,083,210</u>	<u>942,683</u>	<u>810,079</u>	<u>(132,604)</u>
Total transfers in				
Total revenues and other financing sources	<u>\$ 12,006,233</u>	<u>\$ 12,108,129</u>	<u>\$ 11,967,417</u>	<u>\$ (140,712)</u>

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 75,582	\$ 108,957	\$ 97,384	\$ (11,573)
Supplies, printing and postage	4,000	4,000	2,262	(1,738)
Memberships and subscription	11,000	11,000	10,877	(123)
Travel	10,000	10,000	11,965	1,965
Advertising	700	700	1,360	660
Telephone	2,400	2,400	2,528	128
Employee training	14,000	14,000	13,098	(902)
Total legislative	<u>117,682</u>	<u>151,057</u>	<u>139,474</u>	<u>(11,583)</u>
Judicial				
Circuit court				
Salaries and fringes	616,547	635,118	657,197	22,079
Supplies, printing and postage	14,066	14,066	13,997	(69)
Contracted services	138,566	138,566	120,989	(17,577)
Court appointed counsel	237,200	261,601	320,670	59,069
Court appointed appeal of right	25,000	25,000	15,027	(9,973)
Witness fees and travel	7,000	7,000	4,670	(2,330)
Steno transcript	25,000	25,000	28,817	3,817
Steno appeal transcript	10,000	10,000	7,613	(2,387)
Jury fees, meals and travel	30,000	30,000	30,364	364
Memberships and subscriptions	2,000	2,000	2,232	232
Visiting judge	58,500	58,500	17,053	(41,447)
Travel	2,500	2,500	1,153	(1,347)
Telephone	3,000	3,000	5,424	2,424
Advertising	350	350	115	(235)
Repairs and maintenance	2,000	2,000	4,024	2,024
Employee training	4,451	3,428	2,166	(1,262)
Books	1,000	1,000	1,943	943
Total circuit court	<u>1,177,180</u>	<u>1,219,129</u>	<u>1,233,454</u>	<u>14,325</u>
District court				
Salaries and fringes	943,239	939,843	910,202	(29,641)
Supplies, printing and postage	30,000	30,000	21,973	(8,027)
Court appointed counsel	86,000	86,000	85,849	(151)

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
District court - continued				
Steno transcript	\$ 2,100	\$ 3,600	\$ 2,958	\$ (642)
Jury fees, meals and travel	17,000	17,000	12,822	(4,178)
Witness fees and travel	2,000	2,000	1,623	(377)
Memberships and subscriptions	1,235	1,873	1,768	(105)
Visiting judge	8,000	8,000	7,838	(162)
Travel	500	2,700	2,282	(418)
Repairs and maintenance	500	500	-	(500)
Employee training	1,000	2,862	857	(2,005)
Books	3,000	3,000	1,710	(1,290)
	<u>1,094,574</u>	<u>1,097,378</u>	<u>1,049,882</u>	<u>(9,677)</u>
Total district court				
Probate court				
Salaries and fringes	236,828	235,870	231,904	(3,966)
Supplies, printing and postage	6,025	6,025	4,359	(1,666)
Contracted services	700	700	279	(421)
Court appointed counsel	24,000	24,000	31,220	7,220
Guardianship service	1,700	1,700	2,215	515
Steno transcript	50	50	-	(50)
Jury fees, meals and travel	600	600	-	(600)
Witness fees and travel	400	400	-	(400)
Memberships and subscriptions	1,600	1,600	2,046	446
Travel	1,600	1,600	1,101	(499)
Advertising	43	43	-	(43)
Repairs and maintenance	2,000	2,000	2,015	15
Employee training	1,000	1,000	1,355	355
Books	500	500	1,564	1,064
	<u>277,046</u>	<u>276,088</u>	<u>278,058</u>	<u>1,970</u>
Total probate court				
Jury commission				
Salaries and fringes	1,218	1,218	964	(254)
Supplies, printing and postage	3,200	3,200	2,999	(201)
Travel	300	300	199	(101)
	<u>4,718</u>	<u>4,718</u>	<u>4,162</u>	<u>(556)</u>
Total jury commission				

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 4,000	\$ 4,000	\$ 2,292	\$ (1,708)
Utilities	9,200	9,200	8,736	(464)
Lease payments	-	36,300	36,300	-
	<u>13,200</u>	<u>49,500</u>	<u>47,328</u>	<u>(2,172)</u>
Total adult probation				
	<u>13,200</u>	<u>49,500</u>	<u>47,328</u>	<u>(2,172)</u>
Total judicial	<u>2,566,718</u>	<u>2,646,813</u>	<u>2,612,884</u>	<u>(33,929)</u>
General government				
Elections				
Salaries and fringes	400	2,435	3,084	649
Supplies, printing and postage	84,787	82,452	63,256	(19,196)
Travel	200	500	502	2
	<u>85,387</u>	<u>85,387</u>	<u>66,842</u>	<u>(18,545)</u>
Total elections				
	<u>85,387</u>	<u>85,387</u>	<u>66,842</u>	<u>(18,545)</u>
Legal	<u>50,000</u>	<u>109,595</u>	<u>109,594</u>	<u>(1)</u>
County clerk				
Salaries and fringes	384,555	383,170	367,738	(15,432)
Supplies, printing and postage	16,500	23,500	19,153	(4,347)
Memberships and subscription	675	675	147	(528)
Employee training	1,100	1,100	678	(422)
Travel	400	400	211	(189)
	<u>403,230</u>	<u>408,845</u>	<u>387,927</u>	<u>(20,918)</u>
Total county clerk				
	<u>403,230</u>	<u>408,845</u>	<u>387,927</u>	<u>(20,918)</u>
Controller				
Salaries and fringes	330,489	329,242	331,203	1,961
Supplies, printing and postage	3,200	3,200	2,380	(820)
Memberships and subscription	900	900	785	(115)
Health services	-	-	85	85
Travel	350	350	558	208
Employee training	2,000	2,000	718	(1,282)
	<u>336,939</u>	<u>335,692</u>	<u>335,729</u>	<u>37</u>
Total controller				
	<u>336,939</u>	<u>335,692</u>	<u>335,729</u>	<u>37</u>

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 223,992	\$ 238,075	\$ 225,903	\$ (12,172)
Supplies, printing and postage	1,300	4,800	4,565	(235)
Memberships and subscription	800	800	800	-
Travel	2,400	2,400	2,668	268
Employee training	600	600	150	(450)
	<u>229,092</u>	<u>246,675</u>	<u>234,086</u>	<u>(12,589)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	454,569	454,880	451,172	(3,708)
Supplies, printing and postage	8,400	13,400	14,933	1,533
Contracted services	1,000	1,000	12	(988)
Steno transcript	750	750	542	(208)
Steno appeal transcript	200	200	-	(200)
Memberships and subscription	3,000	3,000	3,591	591
Travel	100	100	-	(100)
Employee training	500	500	57	(443)
Books	5,000	5,000	3,845	(1,155)
	<u>473,519</u>	<u>478,830</u>	<u>474,152</u>	<u>(4,678)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	168,606	168,051	164,043	(4,008)
Supplies, printing and postage	1,650	1,650	1,474	(176)
Contracted services	750	750	645	(105)
Telephone	1,300	1,300	1,155	(145)
	<u>172,306</u>	<u>171,751</u>	<u>167,317</u>	<u>(4,434)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	240,680	239,867	222,914	(16,953)
Supplies, printing and postage	6,000	6,000	5,949	(51)
Memberships and subscription	300	300	327	27
Travel	250	250	-	(250)
	<u>247,230</u>	<u>246,417</u>	<u>229,190</u>	<u>(17,227)</u>
Total register of deeds				

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 283,635	\$ 282,706	\$ 266,054	\$ (16,652)
Supplies, printing and postage	52,350	52,350	38,949	(13,401)
Memberships and subscription	250	250	150	(100)
Travel	600	600	68	(532)
Employee training	1,500	1,500	441	(1,059)
Total treasurer	<u>338,335</u>	<u>337,406</u>	<u>305,662</u>	<u>(31,744)</u>
Cooperative extension				
Salaries	-	-	1,718	1,718
Supplies, printing and postage	8,000	8,000	7,842	(158)
Contractual services	116,000	116,000	118,412	2,412
Memberships and subscription	800	800	563	(237)
Travel	7,000	7,000	5,300	(1,700)
Repairs and maintenance	1,300	1,300	598	(702)
Employee training	2,500	2,500	1,661	(839)
Books	-	-	-	-
Total cooperative extension	<u>135,600</u>	<u>135,600</u>	<u>136,094</u>	<u>494</u>
Computer operations				
Salaries and fringes	143,866	143,359	141,384	(1,975)
Supplies, printing and postage	450	450	443	(7)
Memberships and subscription	300	300	199	(101)
Employee training	3,300	3,300	3,241	(59)
Computer service contract	177,500	177,500	177,413	(87)
Computer repairs and maintenance	9,000	9,000	8,737	(263)
Computer contractual	20,000	20,000	19,525	(475)
Total computer operations	<u>354,416</u>	<u>353,909</u>	<u>350,942</u>	<u>(2,967)</u>
Building and grounds				
Salaries and fringes	320,172	318,955	296,879	(22,076)
Supplies, printing and postage	25,556	25,556	25,008	(548)
Uniforms and accessories	3,000	3,000	2,927	(73)
Gas, oil and grease	9,000	9,000	6,452	(2,548)
Janitorial supplies	20,000	20,000	23,671	3,671
Telephone	62,550	62,550	55,705	(6,845)
Utilities	253,000	253,000	213,865	(39,135)
Repairs and maintenance	119,500	119,500	109,022	(10,478)
Grounds care and maintenance	4,600	4,600	3,700	(900)
Total building and grounds	<u>817,378</u>	<u>816,161</u>	<u>737,229</u>	<u>(78,932)</u>

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 172,192	\$ 171,617	\$ 164,415	\$ (7,202)
Supplies, printing and postage	5,000	5,000	6,193	1,193
Memberships and subscription	550	550	650	100
Travel	2,000	2,000	1,987	(13)
Employee training	2,000	2,000	2,000	-
	<u>181,742</u>	<u>181,167</u>	<u>175,245</u>	<u>(5,922)</u>
Total drain commission				
	<u>3,825,174</u>	<u>3,907,435</u>	<u>3,710,009</u>	<u>(197,426)</u>
Total general government				
Public safety				
Courthouse security				
Salaries and fringes	-	66,719	66,083	(636)
Supplies, printing and postage	-	1,011	318	(693)
Laundry - employees	-	270	-	(270)
	<u>-</u>	<u>68,000</u>	<u>66,401</u>	<u>(1,599)</u>
Total courthouse security				
	<u>-</u>	<u>68,000</u>	<u>66,401</u>	<u>(1,599)</u>
Sheriff's department				
Salaries and fringes	1,564,663	1,532,675	1,534,911	2,236
Supplies, printing and postage	9,110	9,110	11,199	2,089
Food	250	250	-	(250)
Vehicle operating supplies	1,000	1,000	644	(356)
Kitchen supplies	1,000	1,000	357	(643)
Other supplies	800	800	627	(173)
Clothing and bedding	7,500	7,500	7,339	(161)
Uniforms and accessories	7,000	7,000	4,057	(2,943)
Gas, oil and grease	10,246	10,000	8,233	(1,767)
Drugs and prescriptions	20,000	42,000	47,020	5,020
Janitorial supplies	8,000	8,000	8,375	375
Contractual services	145,000	145,000	93,686	(51,314)
Memberships and subscription	1,200	1,200	738	(462)
Laundry - employees	6,000	6,000	4,854	(1,146)

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 240,000	\$ 240,000	\$ 237,504	\$ (2,496)
Health services	120,500	120,500	93,451	(27,049)
Telephone	19,600	17,600	13,446	(4,154)
Travel	500	900	860	(40)
Advertising (help bids)	300	300	281	(19)
Insurance and bonds	5,500	5,710	5,707	(3)
Repairs and maintenance	21,500	21,500	12,396	(9,104)
Equipment rental	3,000	3,000	3,286	286
Bench warrant enforcement	-	-	-	-
Investigations	800	400	326	(74)
Employee training	2,500	2,500	3,100	600
	<u>2,195,969</u>	<u>2,183,945</u>	<u>2,092,397</u>	<u>(42,053)</u>
Total sheriff's department				
Marine safety				
Salaries and fringes	12,168	12,281	15,487	3,206
Supplies, printing and postage	100	100	2	(98)
Uniforms and accessories	150	150	-	(150)
Gas, oil and grease	2,570	2,570	1,311	(1,259)
Equipment maintenance and supplies	1,250	1,083	122	(961)
Insurance	1,898	1,898	1,241	(657)
Repairs and maintenance	575	575	494	(81)
Rentals	3,100	3,100	3,100	-
Employee training	14	181	180	(1)
	<u>21,825</u>	<u>21,938</u>	<u>21,937</u>	<u>(1)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	101,451	91,796	93,146	1,350
Uniforms and accessories	600	600	-	(600)
Gas, oil and grease	5,060	3,000	2,999	(1)
Laundry	450	450	371	(79)
Liability and blanket bond	1,110	1,110	1,040	(70)
Equipment	600	600	-	(600)
	<u>109,271</u>	<u>97,556</u>	<u>97,556</u>	<u>-</u>
Total secondary road patrol				

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 27,838	\$ 89,299	\$ 89,298	\$ (1)
Planning commission				
Salaries and fringes	3,078	3,078	2,594	(484)
Supplies, printing and postage	1,000	1,000	271	(729)
Employee training	900	900	240	(660)
Travel	1,200	1,200	1,447	247
Total planning commission	<u>6,178</u>	<u>6,178</u>	<u>4,552</u>	<u>(1,626)</u>
Emergency services				
Salaries and fringes	75,995	75,741	80,841	5,100
Supplies, printing and postage	1,550	1,550	1,132	(418)
Uniforms and accessories	400	400	424	24
Gas, oil and grease	1,000	1,000	1,118	118
Memberships and subscription	200	200	207	7
Telephone	1,000	1,000	884	(116)
Travel	250	250	170	(80)
Vehicle insurance	900	900	830	(70)
Repairs and maintenance	1,450	1,450	1,261	(189)
Employee training	750	750	454	(296)
Total emergency services	<u>83,495</u>	<u>83,241</u>	<u>87,321</u>	<u>4,080</u>
Animal shelter				
Contractual services	114,525	114,525	115,025	500
Supplies, printing and postage	1,500	1,500	1,108	(392)
Gas, oil and grease	9,000	9,000	8,408	(592)
Telephone	1,000	1,000	379	(621)
Total animal shelter	<u>126,025</u>	<u>126,025</u>	<u>124,920</u>	<u>(1,105)</u>
Total public safety	<u>2,570,601</u>	<u>2,676,182</u>	<u>2,584,382</u>	<u>(91,800)</u>

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 331,000	\$ 331,000	\$ 275,567	\$ (55,433)
Department of public works	2,840	2,840	2,286	(554)
Drains at large	491,244	491,244	491,243	(1)
Total public works	825,084	825,084	769,096	(55,988)
Health and welfare				
Substance abuse	65,000	65,600	65,530	(70)
Medical examiner				
Supplies, printing and postage	1,500	1,500	-	(1,500)
Body transport	3,000	3,000	3,886	886
Autopsies	20,000	26,000	28,042	2,042
Telephone	1,600	1,600	714	(886)
Employee training	1,000	1,000	885	(115)
Contractual services	14,700	14,700	14,257	(443)
Total medical examiner	41,800	47,800	47,784	(16)
Veterans' burial	18,000	18,000	13,520	(4,480)
Economic development	46,302	46,302	46,302	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	8,471	8,471	6,791	(1,680)
Total health and welfare	467,816	474,416	468,170	(6,246)
Other				
Insurance and bonds	174,000	174,000	153,333	(20,667)
Building lease	-	24,750	24,370	(380)
Tax refunds and rebates	10,500	10,500	985	(9,515)
Appropriations	2,000	2,000	248	(1,752)
Audit	34,600	34,600	34,600	-
Accounting services	10,450	10,450	7,505	(2,945)
Total other	231,550	256,300	221,041	(35,259)
Total expenditures	10,604,625	10,937,287	10,505,056	(432,231)

(Continued)

TUSCOLA COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Transfers out				
Friend of the court	\$ 295,599	\$ 320,131	\$ 320,131	\$ -
Health department	274,020	274,020	274,020	-
Veterans counsel	67,395	67,395	67,395	-
Equipment/capital improvement	100,000	-	-	-
State survey grant	-	26	26	-
Child care - department of human services	137,500	87,500	87,500	-
Community corrections	13,700	13,700	11,735	(1,965)
Department of human services	10,000	10,000	10,000	-
Probate child care	500,000	470,000	470,000	-
Employee vacation and sick time	30,000	91,860	91,860	-
Soldiers' relief	28,500	28,500	28,500	-
	<u>1,456,714</u>	<u>1,363,132</u>	<u>1,361,167</u>	<u>(1,965)</u>
Total transfers out	<u>1,456,714</u>	<u>1,363,132</u>	<u>1,361,167</u>	<u>(1,965)</u>
Total expenditures and other financing uses	<u>\$ 12,061,339</u>	<u>\$ 12,300,419</u>	<u>\$ 11,866,223</u>	<u>\$ (434,196)</u>

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Road Patrol (207) This fund accounts for revenues received from a County millage. This is the only county wide 24 hour police service.

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 Arbelá 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.

EECBG Multi-Purpose Grant (242) Awarded to Tuscola County through the Department of Energy, Labor and Economic Growth. This is a multi-county grant for Tuscola, Huron and Sanilac counties. For various projects, including energy audits for municipal buildings.

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.

Principal Residence Exemption (251) This fund is used to account for the collection of taxes and interest due from principal residential exemption (homestead) denials.

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.

Violence Against Women Grant (254) The United States Department of Justice, Office of Violence against Women awarded Tuscola County these funds to encourage local governments to treat sexual assault, domestic violence, dating violence, and stalking as serious violations of criminal law. These funds assist in the investigation, arrest and prosecution of violent offenders.

SPECIAL REVENUE FUNDS: (continued)

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.

Homeland Security (261) Tuscola County is part of the 3rd District Regional Homeland Security. Bay County is the fiduciary for the funds. A core mission of the Department of Homeland Security (DHS) is to enhance the ability of State, local, and tribal governments to prepare, prevent, respond to, and recover from terrorist attacks and other disasters. The Homeland Security Grant Program (HSGP) is a primary funding mechanism for building and sustaining national preparedness capabilities.

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.

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

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

SPECIAL REVENUE FUNDS: (continued)

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.

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

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)

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 GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - State Police Post Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 684,652	\$ 10,431	\$ 1,042,229	\$ -	\$ 1,737,312
Investments	-	-	938,133	6,808	944,941
Taxes receivable	2,660,778	-	-	-	2,660,778
Taxes receivable - delinquent	28,460	-	-	-	28,460
Accounts receivable	558,744	-	-	-	558,744
Prepaid expenditures	29,544	-	-	-	29,544
Due from other funds	2,079,133	-	10,431	-	2,089,564
Due from federal	36,672	-	-	-	36,672
Due from state	225,773	-	-	-	225,773
Total assets	<u>\$ 6,303,756</u>	<u>\$ 10,431</u>	<u>\$ 1,990,793</u>	<u>\$ 6,808</u>	<u>\$ 8,311,788</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 264,998	\$ -	\$ 33,263	\$ -	\$ 298,261
Accrued liabilities	82,100	-	-	-	82,100
Due to other governments	49,016	-	-	-	49,016
Due to other funds	434,729	10,431	34,152	-	479,312
Deposits payable	20,000	-	-	-	20,000
Deferred revenue	2,720,289	-	-	-	2,720,289
Total liabilities	<u>3,571,132</u>	<u>10,431</u>	<u>67,415</u>	<u>-</u>	<u>3,648,978</u>
Fund balance					
Reserved for cemetery maintenance				6,800	6,800
Reserved for capital projects			1,923,378		1,923,378
Reserved for prepaid expenditures	13,675				13,675
Unreserved					
Designated for subsequent year's expenditures	485,089				485,089
Undesignated	2,233,860	-		8	2,233,868
Total fund balance	<u>2,732,624</u>	<u>-</u>	<u>1,923,378</u>	<u>6,808</u>	<u>4,662,810</u>
Total liabilities and fund balance	<u>\$ 6,303,756</u>	<u>\$ 10,431</u>	<u>\$ 1,990,793</u>	<u>\$ 6,808</u>	<u>\$ 8,311,788</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - State Police Post Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues					
Taxes	\$ 2,659,230	\$ -		\$ -	\$ 2,659,230
Intergovernmental					
Federal	926,123	-		-	926,123
State	1,085,586	162,134		-	1,247,720
Local	484,180	-		-	484,180
Charges for services	1,371,232	-		-	1,371,232
Fines and forfeits	7,193	-		-	7,193
Interest and rent	38,932	43	\$ 14,693	12	53,680
Reimbursements and refunds	29,222	-	2	-	29,224
Other	93,741	-		-	93,741
Total revenues	<u>6,695,439</u>	<u>162,177</u>	<u>14,695</u>	<u>12</u>	<u>6,872,323</u>
Expenditures					
Current					
Judicial	1,131,842	-		-	1,131,842
General government	1,363,453	-		-	1,363,453
Public safety	2,892,920	-		-	2,892,920
Health and welfare	1,552,002	-		-	1,552,002
Culture and recreation	4,383	-		18	4,401
Capital outlay	558,604	-	99,191	-	657,795
Debt service - principal	16,538	115,000		-	131,538
Debt service - interest	1,213	36,746		-	37,959
Total expenditures	<u>7,520,955</u>	<u>151,746</u>	<u>99,191</u>	<u>18</u>	<u>7,771,910</u>
Revenues over (under) expenditures	<u>(825,516)</u>	<u>10,431</u>	<u>(84,496)</u>	<u>(6)</u>	<u>(899,587)</u>
Other financing sources (uses)					
Transfer in	1,019,752	-	10,431	-	1,030,183
Transfer out	-	(10,431)		-	(10,431)
Total other financing sources (uses)	<u>1,019,752</u>	<u>(10,431)</u>	<u>10,431</u>	<u>-</u>	<u>1,019,752</u>
Net change in fund balance	194,236	-	(74,065)	(6)	120,165
Fund balance, beginning of year	2,621,574	-	1,997,443	6,814	4,625,831
Prior period adjustment	(83,186)				(83,186)
Fund balance, end of year	<u>\$ 2,732,624</u>	<u>\$ -</u>	<u>\$ 1,923,378</u>	<u>\$ 6,808</u>	<u>\$ 4,662,810</u>

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010**

	Road Patrol	Parks and Recreation	County Disaster	Local Government Police Contract
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 94,800	\$ 82	\$ 92	\$ -
Taxes receivable	1,272,817	-	-	-
Taxes receivable - delinquent	15,507	-	-	-
Accounts receivable	216	-	-	22,332
Prepaid expenditures	-	-	-	-
Due from other funds	80,982	9,700	2,600	-
Due from state	1,233	-	-	-
	\$ 1,465,555	\$ 9,782	\$ 2,692	\$ 22,332
Total assets	\$ 1,465,555	\$ 9,782	\$ 2,692	\$ 22,332
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 6,725	\$ 327	\$ -	\$ 113
Accrued liabilities	24,471	-	-	1,921
Due to other funds	-	-	-	20,298
Deferred revenue	1,288,324	-	-	-
	1,319,520	327	-	22,332
Total liabilities	1,319,520	327	-	22,332
Fund balance				
Reserved for prepaid expenditures	-	-	-	-
Unreserved				
Designated for subsequent year's expenditures	62,219	8,450	-	-
Undesignated	83,816	1,005	2,692	-
	146,035	9,455	2,692	-
Total fund balance	146,035	9,455	2,692	-
Total liabilities and fund balance	\$ 1,465,555	\$ 9,782	\$ 2,692	\$ 22,332

<u>Friend of the the Court Act 294</u>	<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>Building Strong Families</u>
\$ -	\$ 680	\$ 24,902	\$ -	\$ 18,016	\$ -	\$ 209
-	-	-	-	212,139	-	-
-	-	-	-	1,177	-	-
166,465	-	312,051	10,455	-	20,601	-
29,544	-	-	-	-	-	-
27,439	19,000	291,927	-	311,655	-	26,000
67,680	-	-	-	-	-	-
<u>\$ 291,128</u>	<u>\$ 19,680</u>	<u>\$ 628,880</u>	<u>\$ 10,455</u>	<u>\$ 542,987</u>	<u>\$ 20,601</u>	<u>\$ 26,209</u>
\$ 17,607	\$ 1,500	\$ 28,307	\$ 380	\$ 14,698	\$ 250	\$ 944
10,753	-	22,128	949	2,600	2,961	-
249,093	-	-	9,126	-	17,390	-
-	-	-	-	213,316	-	-
<u>277,453</u>	<u>1,500</u>	<u>50,435</u>	<u>10,455</u>	<u>230,614</u>	<u>20,601</u>	<u>944</u>
13,675	-	-	-	-	-	-
-	6,930	-	-	14,766	-	-
-	11,250	578,445	-	297,607	-	25,265
<u>13,675</u>	<u>18,180</u>	<u>578,445</u>	<u>-</u>	<u>312,373</u>	<u>-</u>	<u>25,265</u>
<u>\$ 291,128</u>	<u>\$ 19,680</u>	<u>\$ 628,880</u>	<u>\$ 10,455</u>	<u>\$ 542,987</u>	<u>\$ 20,601</u>	<u>\$ 26,209</u>

(Continued)

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010**

	Victim Services	Voted Mosquito	EECBG Multi-Purpose Grant	Equipment and Capital Improvement
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 91,828	\$ -	\$ 820
Taxes receivable	-	892,974	-	-
Taxes receivable - delinquent	-	8,710	-	-
Accounts receivable	-	-	26,624	-
Due from other funds	-	620,509	-	138,000
Due from federal	-	-	36,672	-
Due from state	15,207	-	-	-
	<u>15,207</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 15,207	\$ 1,614,021	\$ 63,296	\$ 138,820
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 52	\$ 79,759	\$ 36,672	\$ 3,276
Due to other funds	13,260	-	26,624	-
Deferred revenue	-	901,684	-	-
	<u>13,312</u>	<u>981,443</u>	<u>63,296</u>	<u>3,276</u>
Total liabilities	13,312	981,443	63,296	3,276
Fund balance				
Unreserved				
Designated for subsequent year's expenditures		193,805		
Undesignated	1,895	438,773	-	135,544
	<u>1,895</u>	<u>632,578</u>	<u>-</u>	<u>135,544</u>
Total fund balance	1,895	632,578	-	135,544
Total liabilities and fund balance	\$ 15,207	\$ 1,614,021	\$ 63,296	\$ 138,820

<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Violence Against Women Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>
\$ 744	\$ -	\$ 970	\$ -	\$ 4,706
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
32,000	26	40,000	-	200,000
-	-	-	-	-
-	32,417	-	15,005	-
<u>\$ 32,744</u>	<u>\$ 32,443</u>	<u>\$ 40,970</u>	<u>\$ 15,005</u>	<u>\$ 204,706</u>
\$ -	\$ -	\$ 6,616	\$ 56	\$ 17,280
-	32,443	3,303	12,947	-
-	-	31,051	-	-
-	32,443	40,970	13,003	17,280
8,574				108,500
24,170	-	-	2,002	78,926
<u>32,744</u>	<u>-</u>	<u>-</u>	<u>2,002</u>	<u>187,426</u>
<u>\$ 32,744</u>	<u>\$ 32,443</u>	<u>\$ 40,970</u>	<u>\$ 15,005</u>	<u>\$ 204,706</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Community Corrections Services	Local Correction Officer Training	Forfeiture Sheriff/ Prosecutor	Law Library
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 97	\$ 894	\$ 206
Taxes receivable	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other funds	-	64,000	17,000	15,000
Due from state	10,851	-	-	-
	<u>10,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,851</u>	<u>\$ 64,097</u>	<u>\$ 17,894</u>	<u>\$ 15,206</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 56	\$ -	\$ -	\$ 501
Accrued liabilities	830	-	-	-
Due to other governments	-	-	-	-
Due to other funds	9,960	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	-	-	-	-
	<u>10,846</u>	<u>-</u>	<u>-</u>	<u>501</u>
Total liabilities	<u>10,846</u>	<u>-</u>	<u>-</u>	<u>501</u>
Fund balance				
Unreserved				
Designated for subsequent year's expenditures			16,627	
Undesignated	5	64,097	1,267	14,705
	<u>5</u>	<u>64,097</u>	<u>17,894</u>	<u>14,705</u>
Total fund balance	<u>5</u>	<u>64,097</u>	<u>17,894</u>	<u>14,705</u>
Total liabilities and fund balance	<u>\$ 10,851</u>	<u>\$ 64,097</u>	<u>\$ 17,894</u>	<u>\$ 15,206</u>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ 1,545	\$ 52,098	\$ 59,398	\$297,314	\$ 775	\$ 33,562	\$ 530
-	-	-	-	-	282,848	-
-	-	-	-	-	3,066	-
6,150	40,285	-	-	20,000	13,000	-
-	-	17,778	65,602	-	-	-
<u>\$ 7,695</u>	<u>\$ 92,383</u>	<u>\$ 77,176</u>	<u>\$362,916</u>	<u>\$ 20,775</u>	<u>\$ 332,476</u>	<u>\$ 530</u>
\$ -	\$ -	\$ 847	\$ 37,192	\$ -	\$ 11,840	\$ -
-	-	-	83	-	-	-
-	-	-	49,016	-	-	-
-	-	-	40,285	-	-	-
-	-	20,000	-	-	-	-
-	-	-	-	-	285,914	-
<u>-</u>	<u>-</u>	<u>20,847</u>	<u>126,576</u>	<u>-</u>	<u>297,754</u>	<u>-</u>
2,200			16,749			
5,495	92,383	56,329	219,591	20,775	34,722	530
<u>7,695</u>	<u>92,383</u>	<u>56,329</u>	<u>236,340</u>	<u>20,775</u>	<u>34,722</u>	<u>530</u>
<u>\$ 7,695</u>	<u>\$ 92,383</u>	<u>\$ 77,176</u>	<u>\$362,916</u>	<u>\$ 20,775</u>	<u>\$ 332,476</u>	<u>\$ 530</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>Employee Vacation & Sick Time</u>	<u>Totals</u>
<u>ASSETS</u>		
Assets		
Cash and cash equivalents	\$ 384	\$ 684,652
Taxes receivable	-	2,660,778
Taxes receivable - delinquent	-	28,460
Accounts receivable	-	558,744
Prepaid expenditures	-	\$ 29,544
Due from other funds	103,860	2,079,133
Due from federal	-	36,672
Due from state	-	225,773
	<hr/>	<hr/>
Total assets	\$ 104,244	\$ 6,303,756
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ -	\$ 264,998
Accrued liabilities	15,404	82,100
Due to other governments	-	49,016
Due to other funds	-	434,729
Deposits payable	-	20,000
Deferred revenue	-	2,720,289
	<hr/>	<hr/>
Total liabilities	15,404	3,571,132
	<hr/>	<hr/>
Fund balance		
Reserved for prepaid expenditures	-	13,675
Unreserved		
Designated for subsequent year's expenditures	46,269	485,089
Undesignated	42,571	2,233,860
	<hr/>	<hr/>
Total fund balance	88,840	2,732,624
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 104,244	\$ 6,303,756
	<hr/> <hr/>	<hr/> <hr/>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>County Disaster</u>	<u>Local Government Police Contract</u>
Revenues				
Taxes	\$ 1,319,298	\$ -	\$ -	\$ -
Intergovernmental				
Federal	13,731	-	-	-
State	-	-	-	-
Local	-	-	-	114,198
Charges for services	9,155	3,861	-	-
Interest and rent	8,150	-	-	-
Reimbursements and refunds	826	-	-	-
Other	14,984	5,500	-	-
Total revenues	<u>1,366,144</u>	<u>9,361</u>	<u>-</u>	<u>114,198</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,302,110	-	-	114,198
Health and welfare	-	-	-	-
Culture and recreation	-	4,383	-	-
Capital outlay	61,280	-	-	-
Debt service - principal	16,538	-	-	-
Debt service - interest	1,213	-	-	-
Total expenditures	<u>1,381,141</u>	<u>4,383</u>	<u>-</u>	<u>114,198</u>
Revenues over (under) expenditures	<u>(14,997)</u>	<u>4,978</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(14,997)	4,978	-	-
Fund balance, beginning of year	<u>161,032</u>	<u>4,477</u>	<u>2,692</u>	<u>-</u>
Fund balance, end of year	<u>\$ 146,035</u>	<u>\$ 9,455</u>	<u>\$ 2,692</u>	<u>\$ -</u>

<u>Friend of the the Court Act 294</u>	<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>Building Strong Families</u>
\$ -	\$ -	\$ -	\$ -	\$ 220,701	\$ -	\$ -
679,761	-	-	-	-	-	-
2,818	-	202,652	-	-	-	65,987
-	-	-	76,862	-	155,143	6,783
86,931	5,510	1,061,800	-	76,278	-	-
-	-	5,950	-	5,540	-	-
-	8,078	11,093	-	-	-	-
11,067	-	-	-	-	-	-
<u>780,577</u>	<u>13,588</u>	<u>1,281,495</u>	<u>76,862</u>	<u>302,519</u>	<u>155,143</u>	<u>72,770</u>
1,094,918	30,869	-	-	-	-	-
-	-	-	-	271,789	-	-
-	-	1,048,876	76,862	-	155,143	-
-	-	-	-	-	-	50,938
-	-	-	-	-	-	-
10,975	-	199,353	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,105,893</u>	<u>30,869</u>	<u>1,248,229</u>	<u>76,862</u>	<u>271,789</u>	<u>155,143</u>	<u>50,938</u>
<u>(325,316)</u>	<u>(17,281)</u>	<u>33,266</u>	<u>-</u>	<u>30,730</u>	<u>-</u>	<u>21,832</u>
320,131	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>320,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,185)	(17,281)	33,266	-	30,730	-	21,832
18,860	35,461	545,179	-	281,643	-	3,433
<u>\$ 13,675</u>	<u>\$ 18,180</u>	<u>\$ 578,445</u>	<u>\$ -</u>	<u>\$ 312,373</u>	<u>\$ -</u>	<u>\$ 25,265</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Victim Services</u>	<u>Voted Mosquito</u>	<u>EECBG Multi-Purpose Grant</u>	<u>Equipment and Capital Improvement</u>
Revenues				
Taxes	\$ -	\$ 827,214	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	2,223
State	57,836	-	80,981	-
Local	-	-	-	-
Interest and rent	-	14,076	-	-
Reimbursements and refunds	-	3,349	-	-
Other	-	6,991	-	-
	<u>57,836</u>	<u>851,630</u>	<u>80,981</u>	<u>2,223</u>
Total revenues				
Expenditures				
Current				
General government	-	688,641	80,981	-
Public safety	57,284	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	116,472	-	70,713
	<u>57,284</u>	<u>805,113</u>	<u>80,981</u>	<u>70,713</u>
Total expenditures				
Revenues over (under) expenditures	<u>552</u>	<u>46,517</u>	<u>-</u>	<u>(68,490)</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	552	46,517	-	(68,490)
Fund balance, beginning of year	1,343	669,247	-	204,034
Prior period adjustment	<u>-</u>	<u>(83,186)</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,895</u>	<u>\$ 632,578</u>	<u>\$ -</u>	<u>\$ 135,544</u>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Violence Against Women Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>Homeland Security</u>	<u>Hazard Mitigation Grant Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,016	-	-	43,949	65,722	-	96,221	2,500
-	-	54,029	-	-	-	-	-
-	131,194	-	-	-	-	-	-
-	606	-	78	-	3,018	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	54,376	-	-
<u>22,016</u>	<u>131,800</u>	<u>54,029</u>	<u>44,027</u>	<u>65,722</u>	<u>57,394</u>	<u>96,221</u>	<u>2,500</u>
22,016	113,347	54,055	-	-	40,771	-	-
-	-	-	-	65,407	-	-	2,500
-	-	-	44,027	-	-	-	-
-	-	-	-	-	3,590	96,221	-
<u>22,016</u>	<u>113,347</u>	<u>54,055</u>	<u>44,027</u>	<u>65,407</u>	<u>44,361</u>	<u>96,221</u>	<u>2,500</u>
-	18,453	(26)	-	315	13,033	-	-
-	-	26	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26	-	-	-	-	-
-	18,453	-	-	315	13,033	-	-
-	14,291	-	-	1,687	174,393	-	-
<u>\$ -</u>	<u>\$ 32,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002</u>	<u>\$ 187,426</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
State	30,231	-	-	-
Charges for services	8,396	16,125	-	-
Fines and forfeits	-	-	693	6,500
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	523	-	-
	<u>38,627</u>	<u>16,648</u>	<u>693</u>	<u>6,500</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	6,055
Public safety	50,358	12,182	17	-
Health and welfare	-	-	-	-
	<u>50,358</u>	<u>12,182</u>	<u>17</u>	<u>6,055</u>
Total expenditures				
Revenues over (under) expenditures	<u>(11,731)</u>	<u>4,466</u>	<u>676</u>	<u>445</u>
Other financing sources (uses)				
Transfer in	11,735	-	-	-
Transfer out	-	-	-	-
	<u>11,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	4	4,466	676	445
Fund balance, beginning of year	<u>1</u>	<u>59,631</u>	<u>17,218</u>	<u>14,260</u>
Fund balance, end of year	<u>\$ 5</u>	<u>\$ 64,097</u>	<u>\$ 17,894</u>	<u>\$ 14,705</u>

Michigan Justice Training	Child Care DHS	Department of Human Services	Probate Child Care	Soldiers Relief	Voted Senior Citizens	Veterans Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292,017	\$ -
5,572	120,287	160,454	295,614	-	-	9,125
-	56,417	-	46,759	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,514	-
-	-	-	5,876	-	-	-
300	-	-	-	-	-	-
<u>5,872</u>	<u>176,704</u>	<u>160,454</u>	<u>348,249</u>	<u>-</u>	<u>293,531</u>	<u>9,125</u>
-	-	-	-	-	-	-
7,983	-	-	-	-	-	-
-	299,867	169,814	684,546	18,198	273,708	10,904
<u>7,983</u>	<u>299,867</u>	<u>169,814</u>	<u>684,546</u>	<u>18,198</u>	<u>273,708</u>	<u>10,904</u>
(2,111)	(123,163)	(9,360)	(336,297)	(18,198)	19,823	(1,779)
-	87,500	10,000	470,000	28,500	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>87,500</u>	<u>10,000</u>	<u>470,000</u>	<u>28,500</u>	<u>-</u>	<u>-</u>
(2,111)	(35,663)	640	133,703	10,302	19,823	(1,779)
9,806	128,046	55,689	102,637	10,473	14,899	2,309
<u>\$ 7,695</u>	<u>\$ 92,383</u>	<u>\$ 56,329</u>	<u>\$ 236,340</u>	<u>\$ 20,775</u>	<u>\$ 34,722</u>	<u>\$ 530</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Employee Vacation & Sick Time	Totals
Revenues		
Taxes	\$ -	\$ 2,659,230
Intergovernmental		
Federal	-	926,123
State	-	1,085,586
Local	-	484,180
Charges for services	-	1,371,232
Fines and forfeits	-	7,193
Interest and rent	-	38,932
Reimbursements and refunds	-	29,222
Other	-	93,741
	-	6,695,439
Total revenues	-	6,695,439
Expenditures		
Current		
Judicial	-	1,131,842
General government	91,853	1,363,453
Public safety	-	2,892,920
Health and welfare	-	1,552,002
Culture and recreation	-	4,383
Capital outlay	-	558,604
Debt service - principal	-	16,538
Debt service - interest	-	1,213
	91,853	7,520,955
Total expenditures	91,853	7,520,955
Revenues over (under) expenditures	(91,853)	(825,516)
Other financing sources (uses)		
Transfer in	91,860	1,019,752
Transfer out	-	-
	91,860	1,019,752
Total other financing sources (uses)	91,860	1,019,752
Net change in fund balance	7	194,236
Fund balance, beginning of year	88,833	2,621,574
Prior period adjustment		(83,186)
Fund balance, end of year	\$ 88,840	\$ 2,732,624

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Road Patrol</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,316,965	\$ 1,316,965	\$ 1,319,298	\$ 2,333
Intergovernmental				
Federal	13,712	12,762	13,731	969
State	-	-	-	-
Local	-	-	-	-
Charges for services	9,000	9,000	9,155	155
Fines and forfeits	-	-	-	-
Interest and rent	5,000	5,000	8,150	3,150
Reimbursements and refunds	2,000	2,000	826	(1,174)
Other	-	10,884	14,984	4,100
	<u>1,346,677</u>	<u>1,356,611</u>	<u>1,366,144</u>	<u>9,533</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,342,672	1,369,473	1,302,110	(67,363)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	92,500	75,633	61,280	(14,353)
Debt service - principal	16,538	16,538	16,538	-
Debt service - interest	1,213	1,213	1,213	-
	<u>1,452,923</u>	<u>1,462,857</u>	<u>1,381,141</u>	<u>(81,716)</u>
Total expenditures				
Revenues over (under) expenditures	<u>(106,246)</u>	<u>(106,246)</u>	<u>(14,997)</u>	<u>91,249</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(106,246)	(106,246)	(14,997)	91,249
Fund balance, beginning of year	<u>161,032</u>	<u>161,032</u>	<u>161,032</u>	<u>-</u>
Fund balance, end of year	<u>\$ 54,786</u>	<u>\$ 54,786</u>	<u>\$ 146,035</u>	<u>\$ 91,249</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Local Government Police Contract</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal		-	-	-
State		-	-	-
Local	120,515	120,515	114,198	(6,317)
Charges for services		-	-	-
Fines and forfeits		-	-	-
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
	<u>120,515</u>	<u>120,515</u>	<u>114,198</u>	<u>(6,317)</u>
Total revenues	<u>120,515</u>	<u>120,515</u>	<u>114,198</u>	<u>(6,317)</u>
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety	120,515	120,515	114,198	(6,317)
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>120,515</u>	<u>120,515</u>	<u>114,198</u>	<u>(6,317)</u>
Total expenditures	<u>120,515</u>	<u>120,515</u>	<u>114,198</u>	<u>(6,317)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

Friend of the Court Act 294				Family Counseling			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
710,489	710,489	679,761	(30,728)	-	-	-	-
3,000	3,000	2,818	(182)	-	-	-	-
-	-	-	-	-	-	-	-
83,300	90,289	86,931	(3,358)	5,500	5,500	5,510	10
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,000	8,088	8,078	(10)
9,820	9,820	11,067	1,247	-	-	-	-
806,609	813,598	780,577	(33,021)	12,500	13,588	13,588	-
1,085,539	1,098,556	1,094,918	(3,638)	17,180	30,869	30,869	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,500	29,500	10,975	(18,525)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,115,039	1,128,056	1,105,893	(22,163)	17,180	30,869	30,869	-
(308,430)	(314,458)	(325,316)	(10,858)	(4,680)	(17,281)	(17,281)	-
295,599	320,131	320,131	-	-	-	-	-
-	-	-	-	-	-	-	-
295,599	320,131	320,131	-	-	-	-	-
(12,831)	5,673	(5,185)	(10,858)	(4,680)	(17,281)	(17,281)	-
18,860	18,860	18,860	-	35,461	35,461	35,461	-
\$ 6,029	\$ 24,533	\$ 13,675	\$ (10,858)	\$ 30,781	\$ 18,180	\$ 18,180	\$ -

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Dispatch/911</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal		-	-	-
State	194,000	194,000	202,652	8,652
Local		-	-	-
Charges for services	1,082,840	1,082,840	1,061,800	(21,040)
Fines and forfeits		-	-	-
Interest and rent	2,500	2,500	5,950	3,450
Reimbursements and refunds	9,650	9,650	11,093	1,443
Other		-	-	-
Total revenues	<u>1,288,990</u>	<u>1,288,990</u>	<u>1,281,495</u>	<u>(7,495)</u>
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety	1,089,897	1,089,897	1,048,876	(41,021)
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay	500,000	500,000	199,353	(300,647)
Debt service - principal		-	-	-
Debt service - interest		-	-	-
Total expenditures	<u>1,589,897</u>	<u>1,589,897</u>	<u>1,248,229</u>	<u>(341,668)</u>
Revenues over (under) expenditures	<u>(300,907)</u>	<u>(300,907)</u>	<u>33,266</u>	<u>334,173</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(300,907)</u>	<u>(300,907)</u>	<u>33,266</u>	<u>334,173</u>
Fund balance, beginning of year	<u>545,179</u>	<u>545,179</u>	<u>545,179</u>	<u>-</u>
Fund balance, end of year	<u>\$ 244,272</u>	<u>\$ 244,272</u>	<u>\$ 578,445</u>	<u>\$ 334,173</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Millington Township Police Contract</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal		-	-	-
State		-	-	-
Local	161,515	161,515	155,143	(6,372)
Charges for services		-	-	-
Fines and forfeits		-	-	-
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
	<u>161,515</u>	<u>161,515</u>	<u>155,143</u>	<u>(6,372)</u>
Total revenues	<u>161,515</u>	<u>161,515</u>	<u>155,143</u>	<u>(6,372)</u>
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety	161,515	161,515	155,143	(6,372)
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>161,515</u>	<u>161,515</u>	<u>155,143</u>	<u>(6,372)</u>
Total expenditures	<u>161,515</u>	<u>161,515</u>	<u>155,143</u>	<u>(6,372)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Voted Mosquito			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 831,407	\$ 831,407	\$ 827,214	\$ (4,193)
Intergovernmental				-
Federal		-	-	-
State		-	-	-
Local		-	-	-
Charges for services		-	-	-
Fines and forfeits		-	-	-
Interest and rent	7,000	7,000	14,076	7,076
Reimbursements and refunds		-	3,349	3,349
Other	2,000	2,000	6,991	4,991
	<u>840,407</u>	<u>840,407</u>	<u>851,630</u>	<u>11,223</u>
Total revenues				
Expenditures				
Current				
Judicial		-	-	-
General government	878,231	923,344	688,641	(234,703)
Public safety		-	-	-
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay	136,850	139,850	116,472	(23,378)
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>1,015,081</u>	<u>1,063,194</u>	<u>805,113</u>	<u>(258,081)</u>
Total expenditures				
Revenues over (under) expenditures	<u>(174,674)</u>	<u>(222,787)</u>	<u>46,517</u>	<u>269,304</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(174,674)	(222,787)	46,517	269,304
Fund balance, beginning of year	669,247	669,247	669,247	-
Prior period adjustment	-	-	(83,186)	(83,186)
Fund balance, end of year	<u>\$ 494,573</u>	<u>\$ 446,460</u>	<u>\$ 632,578</u>	<u>\$ 186,118</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>CDBG Housing Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	93,750	22,016	22,016	-
State		-	-	-
Local		-	-	-
Charges for services		-	-	-
Fines and forfeits		-	-	-
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
	<u>93,750</u>	<u>22,016</u>	<u>22,016</u>	<u>-</u>
Total revenues	<u>93,750</u>	<u>22,016</u>	<u>22,016</u>	<u>-</u>
Expenditures				
Current				
Judicial		-	-	-
General government	-	22,016	22,016	-
Public safety		-	-	-
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>-</u>	<u>22,016</u>	<u>22,016</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>22,016</u>	<u>22,016</u>	<u>-</u>
Revenues over (under) expenditures	<u>93,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	93,750	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 93,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Principal Residence Exemption			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
			-
			-
120,000	131,180	131,194	14
			-
			-
600	600	606	6
			-
			-
			-
<u>120,600</u>	<u>131,780</u>	<u>131,800</u>	<u>20</u>
			-
101,816	111,530	113,347	1,817
			-
			-
			-
			-
			-
			-
			-
<u>101,816</u>	<u>111,530</u>	<u>113,347</u>	<u>1,817</u>
<u>18,784</u>	<u>20,250</u>	<u>18,453</u>	<u>(1,797)</u>
			-
	(1,816)		1,816
	(1,816)		1,816
18,784	18,434	18,453	19
14,291	14,291	14,291	-
<u>\$ 33,075</u>	<u>\$ 32,725</u>	<u>\$ 32,744</u>	<u>\$ 19</u>

State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
			-
			-
54,028	54,055	54,029	(26)
			-
			-
			-
			-
			-
			-
<u>54,028</u>	<u>54,055</u>	<u>54,029</u>	<u>(26)</u>
			-
54,028	54,055	54,055	-
			-
			-
			-
			-
			-
			-
<u>54,028</u>	<u>54,055</u>	<u>54,055</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(26)</u>
		26	26
		-	-
		26	26
-	-	-	-
18,784	18,434	18,453	19
14,291	14,291	14,291	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	65,573	65,573	65,722	149
State		-	-	-
Local		-	-	-
Charges for services		-	-	-
Fines and forfeits		-	-	-
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
Total revenues	65,573	65,573	65,722	149
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety	65,573	65,573	65,407	(166)
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
Total expenditures	65,573	65,573	65,407	(166)
Revenues over (under) expenditures	-	-	315	315
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	315	315
Fund balance, beginning of year	1,687	1,687	1,687	-
Fund balance, end of year	<u>\$ 1,687</u>	<u>\$ 1,687</u>	<u>\$ 2,002</u>	<u>\$ 315</u>

Register of Deeds Automation				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						96,221	96,221
2,500	2,500	3,018	518				
51,000	51,000	54,376	3,376				
53,500	53,500	57,394	3,894			96,221	96,221
43,620	43,620	40,771	(2,849)				
5,000	5,000	3,590	(1,410)			96,221	96,221
48,620	48,620	44,361	(4,259)			96,221	96,221
4,880	4,880	13,033	8,153				
4,880	4,880	13,033	8,153				
174,393	174,393	174,393	-				
<u>\$ 179,273</u>	<u>\$ 179,273</u>	<u>\$ 187,426</u>	<u>\$ 8,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Hazard Mitigation Grant Program</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	2,500	2,500	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total revenues	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	2,500	2,500	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

Community Corrections Services				Local Correction Officer Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,120	32,120	30,231	(1,889)				
	5,000	8,396	3,396	20,000	20,000	16,125	(3,875)
5,000							
						523	523
<u>37,120</u>	<u>37,120</u>	<u>38,627</u>	<u>1,507</u>	<u>20,000</u>	<u>20,000</u>	<u>16,648</u>	<u>(3,352)</u>
50,796	50,796	50,358	(438)	12,000	12,182	12,182	-
<u>50,796</u>	<u>50,796</u>	<u>50,358</u>	<u>(438)</u>	<u>12,000</u>	<u>12,182</u>	<u>12,182</u>	<u>-</u>
<u>(13,676)</u>	<u>(13,676)</u>	<u>(11,731)</u>	<u>1,945</u>	<u>8,000</u>	<u>7,818</u>	<u>4,466</u>	<u>(3,352)</u>
13,700	13,700	11,735	(1,965)				
-	-	-	-				
<u>13,700</u>	<u>13,700</u>	<u>11,735</u>	<u>(1,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24	24	4	(20)	8,000	7,818	4,466	(3,352)
1	1	1	-	59,631	59,631	59,631	-
<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 5</u>	<u>\$ (20)</u>	<u>\$ 67,631</u>	<u>\$ 67,449</u>	<u>\$ 64,097</u>	<u>\$ (3,352)</u>

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Forfeiture Sheriff/Prosecutor</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal		-	-	-
State		-	-	-
Local		-	-	-
Charges for services		-	-	-
Fines and forfeits	1,320	1,320	693	(627)
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
	<u>1,320</u>	<u>1,320</u>	<u>693</u>	<u>(627)</u>
Total revenues	<u>1,320</u>	<u>1,320</u>	<u>693</u>	<u>(627)</u>
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety	17,218	17,218	17	(17,201)
Health and welfare		-	-	-
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>17,218</u>	<u>17,218</u>	<u>17</u>	<u>(17,201)</u>
Total expenditures	<u>17,218</u>	<u>17,218</u>	<u>17</u>	<u>(17,201)</u>
Revenues over (under) expenditures	<u>(15,898)</u>	<u>(15,898)</u>	<u>676</u>	<u>16,574</u>
Other financing sources (uses)				
Transfer in		-	-	-
Transfer out		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(15,898)	(15,898)	676	16,574
Fund balance, beginning of year	<u>17,218</u>	<u>17,218</u>	<u>17,218</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,320</u>	<u>\$ 1,320</u>	<u>\$ 17,894</u>	<u>\$ 16,574</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal		-	-	-
State	137,500	137,500	120,287	(17,213)
Local		-	-	-
Charges for services	60,000	60,000	56,417	(3,583)
Fines and forfeits		-	-	-
Interest and rent		-	-	-
Reimbursements and refunds		-	-	-
Other		-	-	-
Total revenues	197,500	197,500	176,704	(20,796)
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety		-	-	-
Health and welfare	335,000	337,917	299,867	(38,050)
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
Total expenditures	335,000	337,917	299,867	(38,050)
Revenues over (under) expenditures	(137,500)	(140,417)	(123,163)	17,254
Other financing sources (uses)				
Transfer in	137,500	87,500	87,500	-
Transfer out		-	-	-
Total other financing sources (uses)	137,500	87,500	87,500	-
Net change in fund balance	-	(52,917)	(35,663)	17,254
Fund balance, beginning of year	128,046	128,046	128,046	-
Fund balance, end of year	<u>\$ 128,046</u>	<u>\$ 75,129</u>	<u>\$ 92,383</u>	<u>\$ 17,254</u>

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
214,000	214,000	160,454	(53,546)	287,000	287,000	295,614	8,614
				23,000	23,000	46,759	23,759
				9,500	9,500	5,876	(3,624)
<u>214,000</u>	<u>214,000</u>	<u>160,454</u>	<u>(53,546)</u>	<u>319,500</u>	<u>319,500</u>	<u>348,249</u>	<u>28,749</u>
183,000	183,000	169,814	(13,186)	812,500	812,500	684,546	(127,954)
<u>183,000</u>	<u>183,000</u>	<u>169,814</u>	<u>(13,186)</u>	<u>812,500</u>	<u>812,500</u>	<u>684,546</u>	<u>(127,954)</u>
<u>31,000</u>	<u>31,000</u>	<u>(9,360)</u>	<u>(40,360)</u>	<u>(493,000)</u>	<u>(493,000)</u>	<u>(336,297)</u>	<u>156,703</u>
10,000	10,000	10,000	-	500,000	470,000	470,000	-
-	-	-	-				
<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>500,000</u>	<u>470,000</u>	<u>470,000</u>	<u>-</u>
41,000	41,000	640	(40,360)	7,000	(23,000)	133,703	156,703
<u>55,689</u>	<u>55,689</u>	<u>55,689</u>	<u>-</u>	<u>102,637</u>	<u>102,637</u>	<u>102,637</u>	<u>-</u>
<u>\$ 96,689</u>	<u>\$ 96,689</u>	<u>\$ 56,329</u>	<u>\$ (40,360)</u>	<u>\$ 109,637</u>	<u>\$ 79,637</u>	<u>\$ 236,340</u>	<u>\$ 156,703</u>

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	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		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Judicial		-	-	-
General government		-	-	-
Public safety		-	-	-
Health and welfare	28,500	28,500	18,198	(10,302)
Culture and recreation		-	-	-
Capital outlay		-	-	-
Debt service - principal		-	-	-
Debt service - interest		-	-	-
	<u>28,500</u>	<u>28,500</u>	<u>18,198</u>	<u>(10,302)</u>
Total expenditures	<u>28,500</u>	<u>28,500</u>	<u>18,198</u>	<u>(10,302)</u>
Revenues over (under) expenditures	<u>(28,500)</u>	<u>(28,500)</u>	<u>(18,198)</u>	<u>10,302</u>
Other financing sources (uses)				
Transfer in	28,500	28,500	28,500	-
Transfer out	-	-	-	-
	<u>28,500</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Total other financing sources (uses)	<u>28,500</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Net change in fund balance	-	-	10,302	10,302
Fund balance, beginning of year	<u>10,473</u>	<u>10,473</u>	<u>10,473</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,473</u>	<u>\$ 10,473</u>	<u>\$ 20,775</u>	<u>\$ 10,302</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>EECBG Multi-Purpose Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	80,981	80,981	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>80,981</u>	<u>80,981</u>	<u>-</u>
Total revenues	<u>-</u>	<u>80,981</u>	<u>80,981</u>	<u>-</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	80,981	80,981	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>-</u>	<u>80,981</u>	<u>80,981</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>80,981</u>	<u>80,981</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Total			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,662,009	\$ 2,662,009	\$ 2,659,230	\$ (2,779)
Intergovernmental				
Federal	883,524	887,278	926,123	38,845
State	1,028,848	1,159,042	1,085,586	(73,456)
Local	489,730	500,910	484,180	(16,730)
Charges for services	1,349,490	1,362,629	1,371,232	8,603
Fines and forfeits	12,820	7,820	7,193	(627)
Interest and rent	23,605	23,605	38,932	15,327
Reimbursements and refunds	28,150	29,238	29,222	(16)
Other	62,820	79,204	93,741	14,537
Total revenues	6,540,996	6,711,735	6,695,439	(16,296)
Expenditures				
Current				
Judicial	1,108,119	1,135,481	1,131,842	(3,639)
General government	1,461,009	1,630,288	1,363,453	(266,835)
Public safety	3,006,286	3,036,453	2,892,920	(143,533)
Health and welfare	1,686,094	1,788,683	1,552,002	(236,681)
Culture and recreation	5,000	5,190	4,383	(807)
Capital outlay	901,518	856,451	558,604	(297,847)
Debt service - principal	16,538	16,538	16,538	-
Debt service - interest	1,213	1,213	1,213	-
Total expenditures	8,185,777	8,470,297	7,520,955	(949,342)
Revenues over (under) expenditures	(1,644,781)	(1,758,562)	(825,516)	933,046
Other financing sources (uses)				
Transfer in	1,115,299	1,021,691	1,019,752	(1,939)
Transfer out	-	(1,816)	-	1,816
Total other financing sources (uses)	1,115,299	1,019,875	1,019,752	(123)
Net change in fund balance	(529,482)	(738,687)	194,236	932,923
Fund balance, beginning of year	2,621,574	2,621,574	2,621,574	-
Prior period adjustment	-	-	(83,186)	-
Fund balance, end of year	\$ 2,092,092	\$ 1,882,887	\$ 2,732,624	\$ 849,737

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2010**

	D.H.S. Building Capital Expenditures	State Police Capital Expenditures	Capital Improvements	Total
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 97	\$ 158,509	\$ 883,623	\$ 1,042,229
Investments	-	-	938,133	938,133
Due from other funds	-	10,431	-	10,431
Total assets	\$ 97	\$ 168,940	\$ 1,821,756	\$ 1,990,793
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 33,263	\$ 33,263
Due to other funds	-	-	34,152	34,152
Total liabilities	-	-	67,415	67,415
Fund balance				
Reserved for capital projects	97	168,940	1,754,341	1,923,378
Total liabilities and fund balance	\$ 97	\$ 168,940	\$ 1,821,756	\$ 1,990,793

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>D.H.S. Building Capital Expenditures</u>	<u>State Police Capital Expenditures</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 19	\$ 2,395	\$ 12,279	\$ 14,693
Reimbursement	-	-	2	2
Total revenues	<u>19</u>	<u>2,395</u>	<u>12,281</u>	<u>14,695</u>
Expenditures				
Capital outlay	-	1,111	98,080	99,191
Revenues under expenditures	19	1,284	(85,799)	(84,496)
Other financing sources (uses)				
Transfer in	-	10,431	-	10,431
Net change in fund balance	19	11,715	(85,799)	(74,065)
Fund balance, beginning of year	<u>78</u>	<u>157,225</u>	<u>1,840,140</u>	<u>1,997,443</u>
Fund balance, end of year	<u>\$ 97</u>	<u>\$ 168,940</u>	<u>\$ 1,754,341</u>	<u>\$ 1,923,378</u>

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Caro Sewage Disposal (Refunded) (376) This fund accounts for the accumulation of funds for the payment of interest and principal on the Caro Sewage Disposal (Refunded) Bonds.

Mayville Storm Sewer (379) This fund accounts for the accumulation of funds for the payment of interest and principal on the Mayville Storm Sewer Bonds.

Richville Water System (380) This fund accounts for the accumulation of funds for the payment of interest and principal on the Richville Water System Bonds.

Millington Sewer Construction (384) This fund accounts for the accumulation of funds for the payment of interest and principal on the Millington Sewer Construction Bonds.

Tax Foreclosure (532) This fund accounts for various fees and costs related to the new delinquent tax reversion process.

TUSCOLA COUNTY

**COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
December 31, 2010**

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
Assets			
Current assets			
Cash	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
Contracts receivable - current	<u>129,482</u>	<u>40,850</u>	<u>69,196</u>
Total current assets	<u>129,482</u>	<u>40,850</u>	<u>69,196</u>
Noncurrent assets			
Contracts receivable, net of current portion	<u>255,000</u>	<u>1,109,000</u>	<u>420,000</u>
Total assets	<u><u>384,482</u></u>	<u><u>1,149,850</u></u>	<u><u>489,196</u></u>
Liabilities			
Current liabilities			
Accrued liabilities	4,482	18,850	4,196
Bonds payable, current	<u>125,000</u>	<u>22,000</u>	<u>65,000</u>
Total current liabilities	129,482	40,850	69,196
Bonds payable, net of current portion	<u>255,000</u>	<u>1,109,000</u>	<u>420,000</u>
Total liabilities	<u><u>384,482</u></u>	<u><u>1,149,850</u></u>	<u><u>489,196</u></u>
Net assets			
Unrestricted	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ 763	\$ 763
-	384,000	384,000
	4,411	4,411
<u>10,731</u>	<u>-</u>	<u>250,259</u>
<u>10,731</u>	<u>389,174</u>	<u>639,433</u>
<u>55,000</u>	<u>-</u>	<u>1,839,000</u>
<u>65,731</u>	<u>389,174</u>	<u>2,478,433</u>
<u>731</u>	<u>-</u>	<u>28,259</u>
<u>10,000</u>	<u>-</u>	<u>222,000</u>
<u>10,731</u>	<u>-</u>	<u>250,259</u>
<u>55,000</u>	<u>-</u>	<u>1,839,000</u>
<u>65,731</u>	<u>-</u>	<u>2,089,259</u>
<u>\$ -</u>	<u>\$ 389,174</u>	<u>\$ 389,174</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System</u>
Operating revenues			
Charges for services	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	-	-	-
Operating expenses			
Administration	<u>-</u>	<u>-</u>	<u>-</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses)			
Interest and rent	-	-	-
Interest expense and fiscal charges	<u>(14,435)</u>	<u>(57,250)</u>	<u>(28,290)</u>
Total nonoperating revenues (expenses)	<u>(14,435)</u>	<u>(57,250)</u>	<u>(28,290)</u>
Income (loss) before capital contributions and transfers	<u>(14,435)</u>	<u>(57,250)</u>	<u>(28,290)</u>
Capital contributions	<u>14,435</u>	<u>57,250</u>	<u>28,290</u>
Transfers			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Millington Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ 187,921	\$ 187,921
-	143,205	143,205
-	331,126	331,126
-	253,288	253,288
-	77,838	77,838
-	6,262	6,262
<u>(3,487)</u>		<u>(103,462)</u>
<u>(3,487)</u>	<u>6,262</u>	<u>(97,200)</u>
<u>(3,487)</u>	<u>84,100</u>	<u>(19,362)</u>
<u>3,487</u>		<u>103,462</u>
-	<u>(50,000)</u>	<u>(50,000)</u>
-	34,100	34,100
-	355,074	355,074
<u>\$ -</u>	<u>\$ 389,174</u>	<u>\$ 389,174</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Caro Sewage Disposal (Refunded)	Mayville Storm Sewer	Richville Water System
Cash flows from operating activities			
Cash received from customers	\$ -	\$ -	\$ -
Cash payments for interfund services provided	-	-	-
Cash payments to suppliers	-	-	-
Other operating revenue	-	-	-
	-	-	-
Net cash provided by operating activities	-	-	-
Cash flows from noncapital financing activities			
Transfers out	-	-	-
	-	-	-
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(130,000)	(21,000)	(65,000)
Interest paid on long-term debt	(15,865)	(57,600)	(28,843)
Contributions from local units	145,865	78,600	93,843
	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Cash flows from investing activities			
Interest and rent	-	-	-
	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Due from other funds			
Due from other governments	1,430	350	553
Accounts payable			
Accrued liabilities	(1,430)	(350)	(553)
	-	-	-
Net cash provided by operating activities	\$ -	\$ -	\$ -

Millington Sewer System	Tax Foreclosure	Total
\$ -	\$ 187,921	\$ 187,921
-	(25,619)	(25,619)
-	(261,006)	(261,006)
-	143,205	143,205
-	44,501	44,501
-	(50,000)	(50,000)
(10,000)	-	(226,000)
(3,600)	-	(105,908)
13,600	-	331,908
-	-	-
-	6,262	6,262
-	763	763
-	-	-
<u>\$ -</u>	<u>\$ 763</u>	<u>\$ 763</u>
\$ -	\$ 77,838	\$ 77,838
113	(25,619)	(25,619)
	(4,411)	(1,965)
	(3,307)	(3,307)
(113)		(2,446)
<u>\$ -</u>	<u>\$ 44,501</u>	<u>\$ 44,501</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, 2010**

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
Assets				
Current assets				
Cash	\$ 839	\$ 394	\$ 360	\$ 1,593
Accounts receivable	2,681	-	-	2,681
Prepaid expenses	4,368	-	-	4,368
Due from other funds	461,000	325,000	358,000	1,144,000
Total assets	468,888	325,394	358,360	1,152,642
Liabilities				
Current liabilities				
Due to other funds			\$ 24	\$ 24
Accrued liabilities	\$ -	\$ -	303,940	303,940
Total liabilities	-	-	303,964	303,964
Net assets				
Unrestricted	\$ 468,888	\$ 325,394	\$ 54,396	\$ 848,678

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Workers' Compensation Insurance</u>	<u>County Retirement</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 15,185	\$ -	\$ 1,899,860	\$ 1,915,045
Operating expenses				
Insurance costs	21,352	-	1,909,322	1,930,674
Settlements and claims	11,577	-	-	11,577
Total operating expenses	32,929	-	1,909,322	1,942,251
Change in net assets	(17,744)	-	(9,462)	(27,206)
Net assets, beginning of year	486,632	325,394	63,858	875,884
Net assets, end of year	<u>\$ 468,888</u>	<u>\$ 325,394</u>	<u>\$ 54,396</u>	<u>\$ 848,678</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Workers' Compensation Insurance	County Retirement	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 12,881	\$ -	\$ 1,899,860	\$ 1,912,741
Cash received from interfund services provided	25,255	394	(208)	25,441
Cash payments to suppliers for goods and services	(37,297)		(1,899,292)	(1,936,589)
Net cash provided (used) by operating activities	839	394	360	1,593
Cash and cash equivalents, beginning of year	-	-	-	-
Cash and cash equivalents, end of year	\$ 839	\$ 394	\$ 360	\$ 1,593
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (17,744)	\$ -	\$ (9,462)	\$ (27,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which				
Increase (decrease) cash:				
Accounts receivable	(2,304)	-	-	(2,304)
Due from other funds	25,255	394	(208)	25,441
Prepaid expenses	(4,368)	-	-	(4,368)
Due to other funds			24	24
Accrued liabilities	-	-	10,006	10,006
Net cash provided (used) by operating activities	\$ 839	\$ 394	\$ 360	\$ 1,593

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, 2010

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
Assets			
Cash and cash equivalents	\$ 1,379,149	\$ 777	\$ 1,379,926
Due from other funds	2,070	24,000	26,070
Total assets	<u>\$ 1,381,219</u>	<u>\$ 24,777</u>	<u>\$ 1,405,996</u>
Liabilities			
Accrued liabilities	\$ 307,529		\$ 307,529
Due to other governmental units	1,073,491		1,073,491
Undistributed receipts	199	\$ 24,777	24,976
Total liabilities	<u>\$ 1,381,219</u>	<u>\$ 24,777</u>	<u>\$ 1,405,996</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Balance</u> <u>January 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2010</u>
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 1,634,514	\$ 17,077,239	\$ 17,332,604	\$ 1,379,149
Due from other funds	-	2,070		2,070
Accounts receivable	1,000		1,000	-
Total assets	<u>\$ 1,635,514</u>	<u>\$ 17,079,309</u>	<u>\$ 17,333,604</u>	<u>\$ 1,381,219</u>
Liabilities				
Accounts payable	\$ -	\$ 9,947,337	\$ 9,947,337	\$ -
Accrued liabilities	308,505	1,098,532	1,097,556	307,529
Due to other governmental units	1,326,945	16,414,341	16,160,887	1,073,491
Undistributed receipts	64	2,862	2,997	199
Total liabilities	<u>\$ 1,635,514</u>	<u>\$ 27,463,072</u>	<u>\$ 27,208,777</u>	<u>\$ 1,381,219</u>
Library Penal Fines				
Assets				
Cash and cash equivalents	\$ 25,769	\$ 339,414	\$ 364,406	\$ 777
Due from other funds		24,000		24,000
Total assets	<u>\$ 25,769</u>	<u>\$ 363,414</u>	<u>\$ 364,406</u>	<u>\$ 24,777</u>
Liabilities				
Accounts payable	\$ -	\$ 357,855	\$ 357,855	\$ -
Undistributed receipts	25,769	364,406	363,414	24,777
Total liabilities	<u>\$ 25,769</u>	<u>\$ 722,261</u>	<u>\$ 721,269</u>	<u>\$ 24,777</u>
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,660,283	\$ 17,416,653	\$ 17,697,010	\$ 1,379,926
Due from other funds	-	26,070	-	26,070
Accounts receivable	1,000	-	1,000	-
Total assets	<u>\$ 1,661,283</u>	<u>\$ 17,442,723</u>	<u>\$ 17,698,010</u>	<u>\$ 1,405,996</u>
Liabilities				
Accounts payable	\$ -	\$ 10,305,192	\$ 10,305,192	\$ -
Accrued liabilities	308,505	1,098,532	1,097,556	307,529
Due to other governmental units	1,326,945	16,414,341	16,160,887	1,073,491
Undistributed receipts	25,833	367,268	366,411	24,976
Total liabilities	<u>\$ 1,661,283</u>	<u>\$ 28,185,333</u>	<u>\$ 27,930,046</u>	<u>\$ 1,405,996</u>

COMPONENT UNIT

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET ASSETS AND BALANCE SHEET
December 31, 2010**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>Revolving Drain</u>			
Assets						
Cash and cash equivalents	\$ 725,169	\$ 933,981	\$ 21,691	\$ 1,680,841	\$ -	\$ 1,680,841
Investments	2,099,677	3,192,710	-	5,292,387	-	5,292,387
Special assessments receivable	8,686,310	371,536	-	9,057,846	-	9,057,846
Accounts receivable	-	-	59,827	59,827	-	59,827
Due from other component units	-	-	228,482	228,482	(228,482)	-
Capital assets, net	-	-	-	-	16,807,090	16,807,090
Total assets	<u>\$ 11,511,156</u>	<u>\$ 4,498,227</u>	<u>\$ 310,000</u>	<u>\$ 16,319,383</u>	<u>\$ 16,578,608</u>	<u>\$ 32,897,991</u>
Liabilities						
Accounts payable	\$ 762	\$ 67,305	\$ -	\$ 68,067	\$ -	\$ 68,067
Due to other component units	-	228,482	-	228,482	(228,482)	-
Deferred revenue	8,678,297	371,536	-	9,049,833	(9,049,833)	-
Drain bonds payable	-	-	-	-	9,161,814	9,161,814
Drain notes payable	-	-	-	-	330,050	330,050
Advance from primary government	-	-	310,000	310,000	-	310,000
Total liabilities	<u>8,679,059</u>	<u>667,323</u>	<u>310,000</u>	<u>9,656,382</u>	<u>213,549</u>	<u>9,869,931</u>
Fund equity						
Fund balance						
Reserved for debt service	2,832,097		-	2,832,097	(2,832,097)	-
Reserved for drain projects		3,830,904	-	3,830,904	(3,830,904)	-
Total fund equity	<u>2,832,097</u>	<u>3,830,904</u>	<u>-</u>	<u>6,663,001</u>	<u>(6,663,001)</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 11,511,156</u>	<u>\$ 4,498,227</u>	<u>\$ 310,000</u>	<u>\$ 16,319,383</u>		
Net assets:						
Invested in capital assets, net of related debt					7,315,226	7,315,226
Restricted for:						
Debt service					2,832,097	2,832,097
Acquisition/construction of capital assets					3,830,904	3,830,904
Unrestricted					9,049,833	9,049,833
Total net assets					<u>\$ 23,028,060</u>	<u>\$ 23,028,060</u>

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2010**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 1,922,331	\$ 355,120	\$ 2,277,451	\$ (607,606)	\$ 1,669,845
Interest and rents	12,645	18,870	31,515		31,515
Total revenues	<u>1,934,976</u>	<u>373,990</u>	<u>2,308,966</u>	<u>(607,606)</u>	<u>1,701,360</u>
Expenditures / expenses					
Capital outlay	-	153,865	153,865		153,865
Depreciation			-	384,595	384,595
Debt service					
Principal	1,447,540	102,400	1,549,940	(2,010,541)	(460,601)
Interest and charges	446,227	21,475	467,702		467,702
Total expenditures / expenses	<u>1,893,767</u>	<u>277,740</u>	<u>2,171,507</u>	<u>(1,625,946)</u>	<u>545,561</u>
Revenues over (under) expenditures	<u>41,209</u>	<u>96,250</u>	<u>137,459</u>	<u>1,018,340</u>	<u>1,155,799</u>
Net change in fund balance	41,209	96,250	137,459	(137,459)	-
Change in net assets	-	-	-	1,155,799	1,155,799
Fund balance / net assets, beginning of year	<u>2,790,888</u>	<u>3,734,654</u>	<u>6,525,542</u>	<u>15,346,719</u>	<u>21,872,261</u>
Fund balance / net assets, end of year	<u>\$ 2,832,097</u>	<u>\$ 3,830,904</u>	<u>\$ 6,663,001</u>	<u>\$ 16,365,059</u>	<u>\$ 23,028,060</u>

III. STATISTICAL SECTION

III. STATISTICAL SECTION

This section of Tuscola County’s 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.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	117-123
Revenue Capacity These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	124-127
Debt Capacity These schedules present information to help the reader assess the affordability of the county’s current levels of outstanding debt and the county’s ability to issue additional debt in the future.	128-131
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	132-133
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the county’s financial report relates to the services the county provides and the activities it performs.	134-136

Tuscola County
Net Assets by Component,
Last Eight Fiscal Years (1)
(accrual basis of accounting)

Table 1

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 6,772,818	\$ 4,565,125	\$ 4,790,205	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865
Restricted	1,811,720	1,851,900	1,829,746	2,059,273	2,415,673	2,407,986	2,012,008	1,935,180
Unrestricted	<u>3,506,770</u>	<u>6,613,224</u>	<u>7,145,675</u>	<u>7,602,231</u>	<u>7,242,269</u>	<u>6,252,969</u>	<u>6,218,185</u>	<u>6,254,015</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>	<u>\$ 14,647,309</u>	<u>\$ 13,583,036</u>	<u>\$ 13,289,598</u>	<u>\$ 13,105,060</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 1,073,120	\$ 2,215,771	\$ 4,128,673	\$ 4,074,228	\$ 4,030,033	\$ 4,030,033	\$ 4,095,078	\$ 4,136,239
Restricted	-	4,216,791	1,871,357	931,338	1,241,842	1,241,842	1,910,834	2,286,104
Unrestricted	<u>9,499,129</u>	<u>6,486,152</u>	<u>7,531,928</u>	<u>10,770,558</u>	<u>18,225,519</u>	<u>18,994,109</u>	<u>19,169,261</u>	<u>12,657,056</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>	<u>\$ 23,497,394</u>	<u>\$ 24,265,984</u>	<u>\$ 25,175,173</u>	<u>\$ 19,079,399</u>
Primary government								
Invested in capital assets, net of related debt	\$ 7,845,938	\$ 6,780,896	\$ 8,918,878	\$ 9,115,325	\$ 9,019,400	\$ 8,952,114	\$ 9,154,483	\$ 9,052,104
Restricted	1,811,720	6,068,691	3,701,103	2,990,611	3,657,515	3,649,828	3,922,842	4,221,284
Unrestricted	<u>13,005,899</u>	<u>13,099,376</u>	<u>14,677,603</u>	<u>18,372,789</u>	<u>25,467,788</u>	<u>25,247,078</u>	<u>25,387,446</u>	<u>18,911,071</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>	<u>\$ 38,144,703</u>	<u>\$ 37,849,020</u>	<u>\$ 38,464,771</u>	<u>\$ 32,184,459</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Tuscola County
 Changes in Net Assets,
 Last Eight Fiscal Years (1)
(accrual basis of accounting)

Table 2

	Fiscal Year							
	<u>2003</u>	<u>2004 (2)</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses								
Governmental activities:								
Legislative	\$ 104,985	\$ 107,275	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 140,081
Judicial	3,293,066	3,373,694	3,236,683	3,403,161	3,376,451	3,665,853	3,909,719	3,737,722
General government	4,621,668	4,905,058	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900	5,844,099
Public safety	4,713,775	4,927,107	5,016,821	5,040,173	5,182,899	5,628,777	5,997,680	5,696,877
Public works	1,185,845	1,141,879	1,064,344	912,869	913,182	939,794	865,143	769,984
Health and welfare	4,478,759	4,425,578	4,658,677	4,811,305	5,159,902	5,463,407	5,250,554	4,930,144
Culture and recreation	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401
Interest on debt	552,866	245,467	87,755	69,229	75,153	50,441	42,620	36,004
Total governmental activities expenses	<u>18,952,805</u>	<u>19,127,996</u>	<u>19,485,164</u>	<u>19,385,771</u>	<u>20,035,204</u>	<u>21,454,657</u>	<u>21,930,342</u>	<u>21,159,312</u>
Business-type activities:								
Medical care facility	685,209	8,404,754	10,086,430	12,315,825	13,417,162	14,476,962	16,390,118	17,189,496
Delinquent property tax	195	42	28	366	4,412	2,478	1,455	90
Water/sewage systems	-	-	139,455	146,134	527,715	3,778,099	312,675	299,672
Tax foreclosure	-	-	37,239	115,871	112,853	114,590	215,711	253,288
Total business-type activities expenses	<u>685,404</u>	<u>8,404,796</u>	<u>10,263,152</u>	<u>12,578,196</u>	<u>14,062,142</u>	<u>18,372,129</u>	<u>16,919,959</u>	<u>17,742,546</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>	<u>\$ 34,097,346</u>	<u>\$ 39,826,786</u>	<u>\$ 38,850,301</u>	<u>\$ 38,901,858</u>
Program Revenues								
Governmental activities:								
Charges for services								
Judicial	\$ 1,526,620	\$ 1,405,760	\$ 1,371,148	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466
General government	1,049,878	990,730	964,670	899,733	859,655	844,975	806,527	761,439
Public safety	1,724,028	1,696,680	1,627,690	1,658,525	1,855,330	1,830,531	1,811,889	1,743,017
Public works	667,445	601,692	544,889	467,382	396,643	418,363	324,593	275,567
Health and welfare	713,741	812,629	821,370	795,485	896,500	1,007,945	1,191,633	742,876
Culture and recreation	-	180	189	199	4,751	2,209	2,414	3,861
Operating grants and contributions								
Judicial	968,744	1,085,773	1,126,102	1,062,160	1,059,074	1,067,410	1,103,077	1,364,571
General government	258,637	210,767	530,629	202,550	345,126	252,725	230,215	159,249
Public Safety	886,098	875,956	1,050,512	938,694	750,387	914,234	1,016,033	690,258
Health and welfare	2,261,330	2,257,454	2,277,666	2,297,058	2,580,301	2,619,685	2,541,733	2,539,046
Capital grants and contributions	570,969	374,660	182,980	185,615	142,617	127,155	50,264	-
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>	<u>10,250,100</u>	<u>10,360,771</u>	<u>10,413,785</u>	<u>9,587,350</u>

(continued)

Tuscola County
 Changes in Net Assets,
 Last Eight Fiscal Years (1)
(accrual basis of accounting)

Table 2

	Fiscal Year							
	<u>2003</u>	<u>2004</u> (2)	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-type activities:								
Charges for services								
Medical Care Facility	215,621	7,561,350	8,464,985	11,938,841	12,386,663	13,302,206	14,746,024	16,068,197
Delinquent Tax	547,209	545,697	541,475	542,980	538,748	603,172	710,041	714,369
Water/Sewer Systems	-	-	300,000	288,001	14,099	81,248	-	-
Tax Foreclosure	-	-	61,896	116,396	121,257	144,563	159,146	187,921
Operating grants and contributions	-	212,476	-	-	-	-	-	-
Capital grants and contributions	-	-	139,455	146,134	7,120,155	3,495,097	589,188	299,672
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>	<u>20,180,922</u>	<u>17,626,286</u>	<u>16,204,399</u>	<u>17,270,159</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>	<u>\$ 30,431,022</u>	<u>\$ 27,987,057</u>	<u>\$ 26,618,184</u>	<u>\$ 26,857,509</u>
Net (Expenses)/Revenue								
Governmental activities	\$ (8,325,315)	\$ (8,815,715)	\$ (8,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,571,962)
Business-type activities	<u>77,426</u>	<u>(85,273)</u>	<u>(755,341)</u>	<u>454,156</u>	<u>6,118,780</u>	<u>(745,843)</u>	<u>(715,560)</u>	<u>(472,387)</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>	<u>\$ (3,666,324)</u>	<u>\$ (11,839,729)</u>	<u>\$ (12,232,117)</u>	<u>\$ (12,044,349)</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

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

Source: Tuscola County Financial Reports

(concluded)

Tuscola County
 Changes in Net Assets,
 Last Eight Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004 (2)</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	\$ 8,152,320	\$ 8,329,783	\$ 8,899,366	\$ 8,238,352
Grants and contributions not restricted to specific programs	1,115,501	516,767	98,107	106,465	114,210	589,645	1,184,605	1,106,822
Unrestricted investment earnings	121,986	193,516	204,241	350,147	530,747	312,610	270,797	592,262
Loss on sale of assets								(86)
Other	13,589	3,556	-	10,302	-	-	11,241	672,730
Transfers	<u>632,355</u>	<u>690,733</u>	<u>775,307</u>	<u>764,246</u>	<u>802,573</u>	<u>797,575</u>	<u>857,111</u>	<u>872,404</u>
Total governmental activities	<u>8,424,492</u>	<u>9,756,892</u>	<u>9,682,086</u>	<u>10,358,978</u>	<u>9,599,850</u>	<u>10,029,613</u>	<u>11,223,120</u>	<u>11,482,484</u>
Business-type activities:								
Property taxes	1,358,078	1,431,875	1,507,485	1,575,186	1,677,012	1,773,731	1,812,867	1,845,663
Unrestricted investment earnings	246,222	187,313	609,127	417,938	439,658	229,178	137,287	103,738
Other	-	234,704	-	330,159	307,797	302,614	523,536	509,380
Transfers	<u>(599,161)</u>	<u>(640,760)</u>	<u>(726,120)</u>	<u>(715,932)</u>	<u>(759,916)</u>	<u>(751,517)</u>	<u>(848,941)</u>	<u>(805,776)</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>	<u>1,664,551</u>	<u>1,554,006</u>	<u>1,624,749</u>	<u>1,653,005</u>
Total primary government	<u>\$ 9,429,631</u>	<u>\$ 10,970,024</u>	<u>\$ 11,072,578</u>	<u>\$ 11,966,329</u>	<u>\$ 11,264,401</u>	<u>\$ 11,583,619</u>	<u>\$ 12,847,869</u>	<u>\$ 13,135,489</u>
Change in Net Assets								
Governmental activities	\$ 99,177	\$ 941,177	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,478)
Business-type activities	<u>1,082,565</u>	<u>1,127,859</u>	<u>635,151</u>	<u>2,061,507</u>	<u>7,783,331</u>	<u>808,163</u>	<u>909,189</u>	<u>1,180,618</u>
Total primary government	<u>\$ 1,181,742</u>	<u>\$ 2,069,036</u>	<u>\$ 1,329,918</u>	<u>\$ 2,998,482</u>	<u>\$ 7,598,077</u>	<u>\$ (256,110)</u>	<u>\$ 615,752</u>	<u>\$ 1,091,140</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

(2) 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 Eight Fiscal Years (1)

Table 3

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund								
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723
Unreserved	<u>1,068,500</u>	<u>1,068,500</u>	<u>1,163,631</u>	<u>1,377,578</u>	<u>1,377,311</u>	<u>1,906,960</u>	<u>1,256,998</u>	<u>1,337,490</u>
Total general fund	<u>\$ 1,678,500</u>	<u>\$ 1,678,500</u>	<u>\$ 1,773,631</u>	<u>\$ 1,987,578</u>	<u>\$ 1,987,311</u>	<u>\$ 2,216,960</u>	<u>\$ 1,571,893</u>	<u>\$ 1,661,213</u>
Health Department								
Reserved	\$ 35,571	\$ 17,513	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746
Unreserved	<u>540,214</u>	<u>619,262</u>	<u>642,274</u>	<u>593,147</u>	<u>587,388</u>	<u>470,300</u>	<u>614,268</u>	<u>557,500</u>
Total Health Department	<u>\$ 575,785</u>	<u>\$ 636,775</u>	<u>\$ 689,885</u>	<u>\$ 643,765</u>	<u>\$ 635,148</u>	<u>\$ 637,245</u>	<u>\$ 657,720</u>	<u>\$ 636,246</u>
All Other Governmental Funds								
Reserved	\$ 1,810,659	\$ 1,868,630	\$ 1,837,225	\$ 2,069,039	\$ 2,423,520	\$ 2,313,327	\$ 2,004,243	\$ 1,930,178
Unreserved reported in:								
Special revenue funds	2,015,778	2,835,420	3,377,837	3,809,423	3,162,689	2,365,336	2,621,574	2,732,624
Permanent funds	<u>41</u>	<u>53</u>	<u>173</u>	<u>234</u>	<u>241</u>	<u>100</u>	<u>14</u>	<u>8</u>
Total all other governmental funds	<u>\$ 3,826,478</u>	<u>\$ 4,704,103</u>	<u>\$ 5,215,235</u>	<u>\$ 5,878,696</u>	<u>\$ 5,586,450</u>	<u>\$ 4,678,763</u>	<u>\$ 4,625,831</u>	<u>\$ 4,662,810</u>

(1) Tuscola County implemented GASB Statement No. 34 for year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Tuscola County Financial Reports

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

Revenues	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taxes	\$5,890,251	\$6,231,090	\$6,539,180	\$8,351,979	\$8,614,597	\$9,132,692	\$7,951,067	\$8,479,464	\$8,462,190	\$8,350,911
Licenses and permits	670,772	659,999	833,421	917,820	870,300	737,975	681,338	692,278	610,135	578,920
Intergovernmental						-	-			
Federal	1,059,843	1,326,899	1,990,728	1,829,327	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131
State	4,518,877	4,310,986	3,707,904	3,226,208	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815
Local	613,336	564,984	596,847	633,757	492,373	478,792	417,121	405,052	484,203	484,180
Charges for services	10,113,586	10,358,359	3,859,045	3,501,901	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820
Fines and forfeits	115,190	121,327	107,272	110,944	86,547	78,720	82,030	54,515	50,138	42,306
Interest and rents	437,181	347,549	216,819	288,349	299,140	445,076	626,293	447,461	641,691	592,262
Reimbursements and refunds	696,647	430,955	478,522	539,582	545,246	512,336	531,317	553,645	544,238	693,980
Other	354,195	337,953	88,008	164,232	142,755	192,977	129,437	116,880	104,769	95,705
Total revenues	24,469,878	24,690,101	18,417,746	19,564,099	19,504,790	19,648,072	19,183,094	20,049,067	20,680,903	20,427,030
Expenditures										
Legislative	125,353	121,977	104,773	107,275	117,986	119,534	122,906	118,052	146,040	139,864
Judicial	2,874,276	3,106,158	3,267,907	3,361,660	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726
General government	3,750,600	4,079,340	4,257,958	4,354,624	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462
Public safety	3,736,635	4,111,730	4,390,969	4,516,359	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302
Public works	972,601	1,022,741	1,183,940	1,140,165	1,062,425	911,102	910,866	939,330	864,916	769,096
Health and welfare	10,736,943	11,314,506	4,324,363	4,338,991	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755
Culture and recreation	15,080	9,862	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401
Other	266,751	376,192	210,735	288,904	220,764	245,792	203,733	241,097	242,903	220,651
Capital outlay- capitalized	1,226,096	728,508	421,663	529,500	608,893	643,010	540,621	692,935	1,109,845	324,982
Capital outlay- not capitalized										332,813
Debt service						-	-			
Principal	1,082,779	1,008,964	520,000	626,759	433,105	403,173	126,987	171,579	125,565	131,538
Interest	-	-	286,300	245,467	87,755	69,229	58,022	52,567	44,490	37,959
Total expenditures	24,787,114	25,879,978	18,970,449	19,511,642	19,621,372	19,660,001	20,286,797	21,572,257	22,215,538	21,099,549
Excess of revenues over (under) expenditures	(317,236)	(1,189,877)	(552,703)	52,457	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(672,519)

(continued)

Tuscola County

Table 4

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

Other Financing Sources (Uses)	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
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	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	9,097	-	-	-	-
Proceeds from issuance of capital	-	-	-	-	-	-	-	49,674	-	-
Transfer in	4,630,545	4,308,841	2,763,533	3,144,749	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589	2,244,002
Transfer out	<u>(4,030,250)</u>	<u>(2,312,567)</u>	<u>(2,020,204)</u>	<u>(2,456,227)</u>	<u>(2,998,756)</u>	<u>(2,977,631)</u>	<u>(2,915,377)</u>	<u>(2,599,194)</u>	<u>(1,704,478)</u>	<u>(1,371,598)</u>
Total other financing sources (uses)	<u>600,295</u>	<u>1,996,274</u>	<u>743,329</u>	<u>869,029</u>	<u>769,794</u>	<u>843,217</u>	<u>802,573</u>	<u>847,249</u>	<u>857,111</u>	<u>872,404</u>
Net change in fund balances	<u>\$ 283,059</u>	<u>\$ 806,397</u>	<u>\$ 190,626</u>	<u>\$ 921,486</u>	<u>\$ 653,212</u>	<u>\$ 831,288</u>	<u>\$ (301,130)</u>	<u>\$ (675,941)</u>	<u>\$ (677,524)</u>	<u>\$ 199,885</u>
Debt service as a percentage of noncapital expenditures	4.60%	4.01%	4.35%	4.59%	2.74%	2.48%	0.94%	1.07%	0.81%	0.82%

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

Source: Tuscola County Financial Reports

(concluded)

Tuscola County

Table 5

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, & Developmental	Residential	Timber-Cut & Agricultural						
2001	\$ 88,291,310	\$ 800,728,632	\$ 430,173,675	\$ 77,651,222	\$ 1,396,844,839	7.3613	\$ 2,793,689,678	50%	
2002	102,341,340	883,288,207	459,254,775	75,303,706	1,520,188,028	7.5043	3,040,376,056	50%	
2003	108,327,720	943,905,449	445,918,320	75,640,501	1,573,791,990	8.4947	3,147,583,980	50%	
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%	
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%	
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%	
2007	143,515,900	1,201,815,100	511,894,760	98,273,322	1,955,499,082	8.4597	3,910,998,164	50%	
2008	145,632,150	1,198,943,488	538,793,530	103,462,209	1,986,831,377	8.4846	3,973,662,754	50%	
2009	145,245,450	1,146,682,103	571,960,980	104,556,201	1,968,444,734	8.4163	3,936,889,468	50%	
2010	140,962,900	998,577,902	591,196,950	98,725,410	1,829,463,162	8.4921	3,658,926,324	50%	

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)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
County direct rates										
Operating Millage	3.9580	3.9544	3.9417	3.9342	3.9251	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.4033	3.5499	3.5530	3.5643	3.5559	3.5456	3.5456	3.5705	3.5022	3.5780
Debt Millage	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total direct rate	7.3613	7.5043	8.4947	8.4985	8.4810	8.4597	8.4597	8.4846	8.4163	8.4921
City rate										
Vassar	20.1500	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000
Caro (2)	-	-	-	-	-	-	-	-	-	16.1643
Village rates										
	11.7940-	11.6678-	11.6678-	11.5359-	11.4678-	11.3072-	11.1658-	12.0440-	12.0440-	11.0000-
	18.4625	22.0000	22.0000	21.9340	21.9340	21.8569	21.6884	21.6036	21.6036	21.6036
School district rates (1)										
	26.7017-	26.6853-	25.3792-	26.1615-	25.5067-	27.4038-	26.7817-	31.4726	30.5498-	30.6498-
	35.2739	35.2727	34.2618	35.2568	35.2506	35.2509	35.0998	35.0998	35.0998	35.0998
Township rates										
	1.1172-	1.0785-	1.0785-	1.0785-	1.0456-	1.0160-	1.0000-	1.0000-	1.0000-	1.0000-
	5.4064	5.4064	5.4719	5.4719	5.4667	5.4381	5.4170	5.3957	5.3957	5.6563
District library rates										
	.5000-	.5000-	.5000-	.4966-	.7966-	.7966-	.7924-	.7916-	.7916-	.7916-
	0.9944	1.4909	1.4865	1.4794	1.4794	1.4761	1.4761	1.4761	1.4761	1.4761
Caro Transit Authority (3)										
	-	-	-	-	-	-	-	-	-	1.0000

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

(2) In 2010 Caro was voted in as a City, rather than being a Village

(3) In 2010 new millage for public transportation.

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.

Tuscola County
Principal Property Tax Payers,
Current Year and Nine Years Ago

Table 7

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Detroit Edison Company	\$ 29,019,649	1	2.02%	\$ 23,391,869	1	2.23%
POET-Biorefining - Caro	14,853,539	2	1.03%			
Dept. of Natural Resources	9,288,747	3	0.65%	8,275,238	2	0.79%
Wal-Mart Stores #01-1798	6,174,494	4	0.43%	2,419,992	10	0.23%
Consumers Energy Company	5,787,883	5	0.40%	6,072,999	3	0.58%
Thumb Electric Co-Op	5,498,610	6	0.38%	3,343,524	7	0.32%
Michigan Sugar Co.	4,126,134	7	0.29%	3,985,900	5	0.38%
International Transmission Co	3,812,484	8	0.27%			
TI Group Automotive Services	3,138,631	9	0.22%	4,517,589	4	0.43%
Millenium Industries Inc.	3,007,200	10	0.21%			
Walbro Corp.	-		-	3,124,400	8	0.30%
Bicccgeneral Cable Ind	-		-	3,732,700	6	0.36%
Varlen Corp.	-		-	2,495,100	9	0.24%
	-		-	-		-
Totals	\$ 84,707,371		5.90%	\$ 61,359,311		5.86%

Source: Tuscola County Equalization Department.

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
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	5,198,749	3,774,616	72.61%	707,740	235,913	4,718,269	90.76%
2007	5,462,074	4,284,974	78.45%	373,356	442,712	5,101,042	93.39%
2008	5,627,842	4,970,391	88.32%	352,127	294,169	5,616,687	99.80%
2009	5,766,836	4,964,091	86.08%	376,146	328,277	5,668,514	98.30%
2010	5,577,639	4,858,788	87.11%	408,811	271,535	5,539,134	99.31%

Source: Tuscola County Treasurer

Note: Delinquent information not available for years 2001 through 2005. 127

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	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2001	\$ 6,593,000	\$ 42,841	-	\$ 6,635,841	1.65%	114
2002	6,069,000	21,598	-	6,090,598	1.85%	105
2003 (1)	5,548,000	3,164	12,250,000	17,801,164	7.24%	306
2004	5,018,000	87,912	11,580,647	16,686,559	7.86%	286
2005 (2)	1,435,000	59,295	14,306,172	15,800,467	8.34%	271
2006	1,105,000	55,995	13,506,697	14,667,692	9.20%	252
2007	1,005,000	29,008	16,253,596	17,287,604	8.01%	297
2008	880,000	32,103	18,421,627	19,333,730	7.49%	332
2009	770,000	16,538	17,356,663	18,143,201	7.97%	311
2010	655,000	-	16,034,912	16,689,912	8.99%	286

(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 ten years)

Fiscal Year	General Bonded Debt Outstanding					Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Less Paid by Benefited Municipality	Net General Bonded		
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
2007	1,005,000	2,936,000	29,008	3,941,000	29,008	1,413,750,488	0.0020
2008	880,000	4,886,000	32,103	5,766,000	32,103	1,448,148,172	0.0022
2009	770,000	4,641,000	16,538	5,411,000	16,538	1,495,175,733	0.0011
2010	655,000	4,422,000	-	5,077,000	-	1,436,953,853	0.0000
	Overlapping Debt						Percentage of Taxable Value
	School Districts	Townships	Intermediate School	Village	City	Net Overlapping	
2001	\$ 36,876,178	\$ 3,758,381	\$ 34,055	\$ 5,704,927	-	\$ 46,373,541	4.4192%
2002	38,857,111	3,522,036	30,769	5,408,285	-	47,818,201	4.3147%
2003	37,928,112	3,246,251	27,300	5,240,084	-	46,441,747	4.0235%
2004	47,922,484	3,359,207	25,507	4,973,357	-	56,280,555	4.6430%
2005	57,239,380	3,135,910	34,450	5,208,526	-	65,618,266	5.1685%
2006	55,081,941	3,438,351	31,996	4,772,431	688,846	64,013,565	4.7038%
2007	52,840,002	3,080,762	28,838	7,005,182	658,433	63,613,217	4.4996%
2008	60,621,869	4,925,844	25,646	6,577,385	627,998	72,778,742	5.0256%
2009	57,545,124	4,633,287	33,329	6,142,228	597,563	68,951,531	4.6116%
2010	55,944,375	4,215,737	79,603	5,686,071	567,127	66,492,913	4.6274%

Source: Tuscola County Equalization

Tuscola County

Table 11

Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2010

2010 Census Totals 2010 Taxable Value	55,729 \$ 1,436,953,853	.	Self-Support or Portion Paid by Benefited Municipality	Net
		Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 655,000	\$ 655,000	\$ -
Sewer/Water		4,422,000	4,422,000	-
Capital Leases		-	-	-
		\$ 5,077,000	\$ 5,077,000	\$ -
Per-Capita County Net Direct Debt				0.00
Percent County Net Direct Debt to 2009 Taxable				0.0000%
Overlapping Debt of County:				
School Districts				\$ 55,944,375
Townships				4,215,737
Intermediate School District				79,603
Village				5,686,071
City				567,127
Net Overlapping Debt				\$ 66,492,913
Net County and Overlapping Debt				\$ 66,492,913
Per-Capita County Net Direct and Overlapping Debt				\$ 1,193.15
Percent Net Direct and Overlapping Debt to 2009 Taxable Value				4.6274%

(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 Ten Fiscal Years)

Table 12

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Value of Property	\$ 1,396,844,839	\$ 1,520,188,028	\$ 1,574,245,456	\$ 1,636,313,411	\$ 1,728,731,237	\$ 1,861,296,396	1,955,499,082	1,986,831,377	1,968,444,734	1,829,463,162
Debt limit, 10% of Assessed Value (Statutory Limitation)	139,684,484	152,018,803	157,424,546	163,631,341	172,873,124	186,129,640	195,549,908	198,683,137	196,844,473	182,946,316
Total Net debt applicable to limit	<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>	<u>3,970,008</u>	<u>5,798,103</u>	<u>5,427,538</u>	<u>5,077,000</u>
Legal debt margin	<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>	<u>\$ 191,579,900</u>	<u>\$ 192,885,034</u>	<u>\$ 191,416,935</u>	<u>\$ 177,869,316</u>
Total net debt applicable to the limit as a percentage of debt limit	4.65%	3.92%	3.44%	3.03%	2.78%	2.31%	2.03%	3.01%	2.84%	2.78%

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 (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2001	58,178	1,210,739	20,808	11,972	6.5%
2002	58,041	1,251,937	21,562	11,847	7.9%
2003	58,168	1,289,076	22,152	11,547	9.0%
2004	57,966	1,312,314	22,624	11,534	8.9%
2005	57,502	1,318,247	22,907	11,171	8.0%
2006	56,983	1,350,000	23,665	11,052	8.3%
2007	56,683	1,384,000	24,415	10,810	8.2%
2008	56,187	1,447,497	25,818	10,473	10.1%
2009	55,395	1,445,494	26,094	9,991	16.0%
2010	55,729	1,500,422	26,924	9,496	14.2%

(1) Census Bureau 2001-2009 estimated census data. 2010 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 2010. Estimates based on population changes, and state change in personal income.

2009 updated with reported actuals.

(3) Fall membership count. Public schools only.

(4) Annual yearly rates shown.

Sources: US Census Bureau, BEA, US Bureau of Labor Statistics, Michigan Labor Market Information and the Tuscola Intermediate School District.

Tuscola County

Table 14

Principal Employers,
Current Year and Ten Years Ago (1)

<u>Employer</u>	<u>1999</u>			<u>2009</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>
Tuscola County				475	1	1.7%
Caro Regional Center				426	2	1.6%
Hills and Dales General Hospital				301	3	1.1%
Wolverine Human Services				300	4	1.1%
Wal-Mart				300	5	1.1%
Metavation Foundry				278	6	1.0%
Caro Community Schools				264	7	1.0%
Vassar Schools				258	8	1.0%
Walbro - Engine Management				250	9	0.9%
Tuscola Intermediate School District				250	10	0.9%
Total				3102		11.4%
Caro Regional Center	498	1	1.8%			
Tuscola County	475	2	1.7%			
Grede-Vassar	360	3	1.3%			
Wolverine Human Services	360	4	1.3%			
Walbro Corp - Engine Management	300	5	1.1%			
Caro Community Schools	288	6	1.0%			
Tuscola Intermediate School District	250	7	0.9%			
Plastech Manufacturing	205	8	0.7%			
Kaumagraph Corporation	204	9	0.7%			
TI Automotive	200	10	0.7%			
Total	3140		11.2%			

(1) Data for 2010 not available

Sources: Tuscola Co 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

Function	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Legislative	7	5	5	5	5	5	5	5	5	5
Judicial	48	47	46	44	45	45	45	45	48	45
General Government	53	54	52	52	52	53	53	53	53	50
Public Safety	61	57	60	58	59	57	57	58	59	60
Public Works	7	-	-	-	-	-	-	-	-	-
Health and Welfare (1)	163	162	162	165	167	171	190	190	196	189
Total	339	325	325	324	328	331	350	351	361	349

(1) Includes Health Department and Medical Care Facility.
Due to completion of Medical Care expansion, additional staff was hired in 2007.

TUSCOLA COUNTY

Table 16

Operating Indicators by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety (1)										
Incarcerated offenders	2,512	2,321	2,366	1,962	1,843	2,039	2,160	2,247	2,157	2,025
First time offenders	828	766	749	634	608	766	603	608	589	562
Repeat offenders	1,684	1,555	1,617	1,370	1,380	1,555	1,557	1,639	1,568	1,463
Traffic violations and other summons issued	5,556	6,581	5,460	4,504	2,689	3,318	2,870	2,635	3,056	2,968
Physical arrests made	1,234	1,148	1,223	937	1,005	841	920	1,013	994	893
Judicial										
54th Circuit Court new case filings	1,899	1,806	1,829	1,629	1,467	1,626	1,595	1,533	1,375	1,368
71B District Court new case filings	15,052	17,703	14,937	12,272	10,446	10,842	10,120	9,335	9,451	8,922
Probate Court new case filings	558	458	354	382	382	351	322	388	349	325

(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.

TUSCOLA COUNTY

Table 17

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety										
Sheriffs Department										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	20	23	25	24	22	24	21	21	22	23
Mileage	493,203	469,436	479,646	437,615	388,822	397,278	435,970	398,914	425,351	383,335
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Animal control										
Vehicles	2	2	-	-	-	-	-	-	-	-
General Government										
Building and Grounds										
Vehicles	15	16	16	13	12	14	12	12	13	11
Mosquito control										
Vehicles	14	14	14	14	15	16	17	19	19	19
Recycling										
Vehicles	1	1	1	1	1	1	1	1	2	2
Health and Welfare										
Health Department										
Vehicles	4	4	4	4	4	4	4	4	4	4
Recreation and Culture										
Vanderbilt Park										
Acres	17	17	17	17	17	17	17	17	17	17

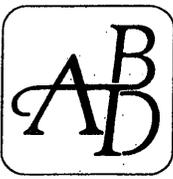
Source: Tuscola County Controller's Office Asset Tracking System

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, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Health and Human Services			
Passed-Through Michigan Department of Human Services			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 10-79002	\$ 55,433
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 11-79002	19,559
Friend of Court Cooperative Reimbursement Program	93.563		585,205
Title IV-D Incentive Program	93.560		<u>94,566</u>
Total U.S. Department of Health and Human Services			<u>754,763</u>
U.S. Department of Homeland Security			
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	N/A	28,836
Hazard Mitigation	97.042	N/A	2,500
Passed-Through Bay County			
Homeland Security Grant	97.067	N/A	96,221
Homeland Security Grant	97.067	N/A	216
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012	N/A	<u>21,825</u>
Total U.S. Department of Homeland Security			<u>149,598</u>
U.S. Department of Justice			
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575		65,022
Violent Crimes Against Women	16.575		44,026
Passed-Through Lapeer County			
Byrne JAG TNU	16.803	N/A	<u>57,867</u>
Total U.S. Department of Justice			<u>166,915</u>
U.S. Department of Agriculture			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>148,312</u>
Total U.S. Department of Agriculture			<u>148,312</u>
U.S. Department of Transportation			
Passed-Through Michigan Department of State Police			
Safe Communities Grant	20.600		<u>13,731</u>
Total U.S. Department of Transportation			<u>13,731</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		<u>22,016</u>
Total Federal Financial Assistance			<u><u>\$ 1,255,335</u></u>



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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Jerry J. Bernhardt, CPA
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Valerie J. Hartel, CPA

June 17, 2011

Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy D. Franzel
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Jill M. Mulders, CPA

.....
Robert L. Tuckey, CPA

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Tuscola County

We have audited the 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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 17, 2011. We did not audit the financial statements of the Tuscola County Health Department, a major governmental fund which represents 7% of assets and 12% of revenues of the governmental funds and 6% of assets and 14% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 55% of the assets and 94% of the revenues of the enterprise funds and 56% of assets and 93% of revenues of the business-type activities. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it related to the amounts included for the Tuscola County Health Department and Tuscola County Medical Care Facility, 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. The financial statements of the Medical Care Facility were not audited in accordance with Government 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2010-1 thru 2010-4.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Tuscola County's 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*.

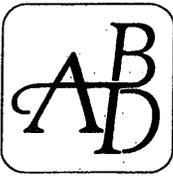
We noted certain matters that we reported to the management of Tuscola County in a separate letter dated June 17, 2011.

Tuscola County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tuscola County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Financial 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.

Anderson, Tuckey, Bernhardt & Doran, P.C.

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**



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June 17, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Commissioners
County of Tuscola
Tuscola, Michigan

COMPLIANCE

We have audited Tuscola County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tuscola County's major federal programs for the year ended December 31, 2010. Tuscola County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs 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, which received \$1,762,488 in federal awards and which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2010. Our audit, described below, did not include the operations of the Tuscola County Health Department because other auditors performed the audit 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 of Tuscola County's compliance with those requirements.

In our opinion, Tuscola County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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INTERNAL CONTROL OVER COMPLIANCE

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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Financial 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.

Anderson, Tuckey, Bernhardt & Doran, P.C.
ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified: X Yes No
- Significant deficiency(ies) identified that are 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
- Significant deficiency(ies) identified that are 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 with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.575	Victims of Crime
93.563	Friend of the Court and Prosecuting Attorney Cooperative Reimbursement (Title IV-D)

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

Auditee qualified as low-risk auditee? Yes X No

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II – Financial Statement Findings

Finding considered a material weakness

Finding 2010-1 (Repeat Comment)

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Condition: The County has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the County's internal controls.

Cause: This condition was caused by the County's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining necessary training and expertise required for the County to perform this task internally.

Effect: As a result of this condition, the County lacks internal controls over the preparation of the financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The County has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the County to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II – Financial Statement Findings

Finding considered a material weakness

Finding 2010-2 – Prior Period Adjustment

Criteria:

During our review of the prior year audit that was prepared by other auditors, it was apparent that a liability of \$95,060 had not been set up for unemployment compensation at December 31, 2009.

Condition:

The County is billed and pays its unemployment obligation after the end of the year. It does receive statements each quarter advising it of the amount of the obligation.

Cause:

Historically, the amount of this obligation had been immaterial, however because of the seasonal nature of the Mosquito Abatement program, the amount of the obligation is now significant.

Effect:

Because the liability for unemployment was not recorded, the County's liabilities had been understated and fund balance overstated.

View of Responsible Officials:

The County agreed to record the liability as a prior period adjustment and have also agreed to continue to record this obligation in the proper period in the future.

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II – Financial Statement Findings

Finding considered a material weakness

Finding 2010-3 – Prior Period Adjustment

Criteria:

The County occasionally issues debt (Conduit Debt) in its name on behalf of another local unit of government to secure more favorable financing. GASB Interpretation No. 2 requires that the County report the obligation as debt of the County and offset this obligation with a contract receivable due from the local unit. At December 31, 2009, the County had recorded this entry, but in addition had also recorded the cost of the fixed assets on its financial statements that was offset by net assets, thus overstating its net assets.

Condition:

The balance sheet of the Caro Sewer System Fund included capital assets and net assets that should not have been recorded.

Cause:

Improper interpretation of GASB Interpretation No. 2.

Effect:

Capital assets and net assets in the amount of \$7.276 million were overstated.

View of Responsible Officials:

The County concurs with this correction to be in compliance with GASB Interpretation No. 2.

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II – Financial Statement Findings

Finding considered a material weakness

Finding 2010-4

Criteria:

All governments are required to have in place internal controls over recording, processing and summarizing accounting data. The basic premise of a good system of internal control is the concept of segregation of duties.

Condition:

During our test work performed on the payroll system, we noted that the payroll clerk/human resource director processed the payroll checks, signed the checks (using a signature stamp) and then distributed the checks.

Cause:

This condition was created when the controller's office was moved to the Purdy Building. The payroll clerk was no longer in close proximity to the Clerk. Previously, the Clerk reviewed all payroll checks and then either signed them or gave them to one of her assistants who had access to the signature stamp.

Effect:

Without the appropriate segregation of duties for payroll processing, errors could occur in the payroll system that could go undetected.

View of Responsible Official:

Although no errors were discovered during this period of time, County officials were concerned when this situation was brought to their attention. Effective April 1, 2011 the signature stamp was given to an accounting clerk who now reviews and stamps the checks. The checks are then distributed by other individuals who are not involved with the payroll preparation process.

Section III – Federal Award Findings and Questioned Costs

None