

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



**For the Year Ended  
December 31, 2012**

Issued by:

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

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## **I . INTRODUCTORY SECTION**

**The Introductory Section contains:**

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

# TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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June 10, 2013

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, 2012.

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, 2012 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, 2012 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.

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 and adopted by fund, activity, and line item detail. Transfers of appropriations require the approval of the Board of Commissioners. For governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, as listed in the table of contents.

## **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

Tuscola County is experiencing great financial pressures because of the significant systemic economic downturn. Overall, economic problems are negatively impacting the county revenue base and the ability of the County to maintain required 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 2012 population estimate for Tuscola County was 54,662. This is a decline of 3,564 or 6.2% from the year 2000 population of 58,266. Tuscola County's unemployment rate remains high in the range of 10.3%, basically unchanged in the last couple of years.

The residential class of land is experiencing the largest declines in land values. The number of property foreclosures has been skyrocketing over the past several years which are negatively impacting property values. 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 2012 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.

1. The Economic Development Corporation (EDC) provided assistance to the new owners of a diesel engine firm in Vassar. **U.S. PRODUCTION** is planning to invest a substantial amount of funds in updating the former Superfood's building to manufacture diesel engines at the company's Vassar location.
2. A survey was completed by the Tuscola County EDC and provided to **COBBLESTONE HOTELS**. The company is researching the possibility of locating in Caro, Michigan. This will help to create many opportunities in a service segment of the local economy that is presently being underserved.
3. The Village of Cass City has approved a tax abatement application for **MI-TECH TOOLING**. The tooling firm has \$659,700 worth of equipment which will be used to retain jobs in their move to Cass City.
4. **The STAR OF THE WEST MILLING COMPANY** located in the Cass City area (Elkland Township) is planning to submit a tax abatement application to the Elkland Township board. If the tax abatement is approved, the company will retain at least 5 jobs at the Elkland Township location.
5. The Tuscola County EDC has provided an Equipment Lease to **MY SISTER'S BARN** of Fairgrove. This is to purchase kitchen equipment for the company's catering business. This has retained 4 jobs in Tuscola County.
6. **RANSFORD-WASIK, LLC** and the Tuscola County EDC are actively working together to provide kitchen equipment for the re-locating of Intermision Deli and the establishment of Theresa's Buns into a building located on N. State Street (M-81). This will retain and create jobs in the City of Caro.

7. The Tuscola County EDC is working with **CASS VALLEY ENTERPRISES** to bring in more contracts to sustain their present employees and to bring it back to its full employment status by teaming up with other manufacturers to bring additional work. This has been the focus of our successful Tuscola County EDC Business Mixer program. Presently, this brings representatives of manufacturers together helping them to work together in sustaining Tuscola County's manufacturing base.
8. The EDC is helping **CARO'S STRAND THEATRE** to purchase digital projection equipment. This is essential for the theatre to continue to run first-run movies and to remain in business. The EDC has helped with a fundraiser and has also approved an Equipment lease for the purchase of the projection equipment.

### **Entrepreneurial Interest Increases**

The EDC is experiencing an increase in entrepreneurs interested in business start-ups. This is evidenced by the number of commercial, retail, and industrial property being sold over the past year. This increases the need for EDC services in providing help for business interests planning development with financing and tax abatement.

### **Wind Energy and Green Development**

The EDC and county officials continue to work with wind development firms that have plans to place a large number of wind turbines in Tuscola, Huron and Sanilac Counties over the next few years. One wind energy developer, (NextEra Energy) is installing 68 wind turbines in the first year, with 59 additional generators planned in a second phase to be completed in 2013. These developments add a significant amount of dollars to the tax base.

### **Broadband-Fiber Optic Communication Improvements**

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 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.

### **Equipment Lease Program**

This program is providing funding to My Sister's Barn, Ransford Wasik LLC, and the Strand Theatre in a collaborative effort of the Tuscola County EDC and the USDA through a grant. These funds are a new and exciting part of the services the EDC provides to help to retain and create jobs.

### **Educational Seminars**

The Tuscola County Economic Development Corporation has helped to sponsor along with Greenstone Farm Credit Service a local Fracking Seminar hosted by MSU Extension. The workshop provided information to local landowners and citizens regarding the ability to locate natural gas through the Fracking technological process. The Tuscola County EDC also hosted a health-care seminar regarding changes to the business environment related to the Affordable Care Act. This workshop helped local businesses prepare for the future changes to the vital health care industry and its effects on a company's bottom line.

### **IV - State Financial Trends – Impact County Financial Capabilities**

The State continues to experience 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's financial capabilities.

Tremendous financial challenges have confronted Tuscola County over the past several years. Unprecedented cuts have been made in state revenue traditionally provided to the county by the state. 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.

Service base reductions are the direct result of unparalleled declines in the county revenue including: land value and corresponding property tax, vital state sources of revenue including state revenue sharing and reductions in almost every other major source of county revenue. It is important to note that 2012 general fund revenue is projected to be approximately the same as six years ago in 2006. This diminished financial capability has forced county officials to make staffing reductions and significant service base reductions for the last several years in order to maintain a state required balanced budget. Nearly \$500,000 in expenditure reductions have been implemented for the 2012 budget including: staffing reductions, training reductions and significant reductions in funding for economic development, health department, capital improvement and Michigan State University – Extension.

### **V – 2012 Summary of Major County Activities**

#### **Wind Energy Development**

The Nextera wind energy project with 68 generators in Gilford Township was completed in 2012. Other known wind energy projects in the county include a second Nextera project with 59 generators primarily in Fairgrove Township that is slated for completion in 2013. Also, a Consumers Energy project in Akron and Columbia Townships is expected to be completed in 2014 with an estimated 58 wind generators. International Transmission Company (ITC) is implementing \$500 million in upgrades to transmission lines in Huron, Sanilac and Tuscola Counties to accommodate the increase in electrical generation. The portion of the ITC project in Tuscola County was completed in 2012.

There are still many unresolved issues that will impact the actual amount of revenue received from wind energy projects. One of these is the recent State Tax Commission (STC) change in the method of taxation. The "Multiplier Schedule" change could result in an estimated 27% revenue reduction to governmental units. Also, it is believed Nextera will appeal the assessment on the project in Gilford Township. This would necessitate that the county escrow funds in case the appeal was won by Nextera and funds had to be paid back. A local committee called the Thumb Renewable Energy Collaborative has been formed to review fair and equitable

methods of taxing wind generators. Counties from many areas of the state are appealing the STC change in method of taxation. Meetings with utility companies and the STC are planned to begin in June of 2013 to resolve wind energy assessing/taxation issues.

Wind energy revenue has become the single most important factor impacting county finances. All governmental entities that have wind generators within their jurisdictional boundaries and levy a millage, realize revenue from wind energy projects. Revenue from wind energy is not a financial “fix all” for the county, but if properly managed should help to maintain the current county service base and capital improvement needs of the county for several years. Under the current method of assessing and taxing wind energy, the amount of revenue received declines with time. This is a critical factor that needs to be incorporated into planning and policy development so that dependency is not at a level that is higher than can be sustained long-term.

The 2013 county budget includes an estimated \$550,000 in revenue from the Nextera 68 generators in Gilford Township and the ITC new infrastructure development (transmission line). The peak year for general fund revenue is anticipated to be 2015 with wind revenue estimated at \$1,098,000. The peak year revenue for special revenue funds is anticipated to be in 2016 with revenue estimated at \$1,217,000. After 2016, revenue is expected to sharply decline.

### **Innovation and Reform in Service Delivery**

Tuscola County remains a leader in the state with innovation, reform and other best practices in the efficient delivery of public services. Cost-saving joint service delivery has been in place for years in Tuscola County involving: combined animal control operations with Sanilac County, sharing of equalization director services with Huron County and sharing of health officer services with Huron County. Effective communication and understanding with state officials has enabled a lease agreement to be established for housing the Michigan Department of Human Services which is mutually beneficial to state and county government.

County officials have always kept an open mind in assessing the most efficient method of providing services. Rather than maintain a county building codes department, the county contracted with an independent company to provide building code services. In 2011, the county began contracting with a private company to provide broad based computer support services. Internally, the county is always reviewing methods of cost containment. In 2011, the building and grounds director position and the recycling coordinator positions were combined resulting in an annual savings of approximately \$23,000. The county has also expanded their ability to provide services to local units of government. Prime examples are the County Equalization Department performing assessing services and the Sheriff Department contracting to provide police services to local governmental entities. Other examples of best government service practices can be obtained and reviewed on the Tuscola County web page: <http://www.tuscolacounty.org/boc/documents/Tuscola-County-Innovation-in-Government-Reform.pdf>

### **Citizens Financial Guide and Performance Dashboard**

County financial transparency and accountability information is required to be summarized on the county website in order to qualify for portions of state revenue sharing payments. Staff submitted the state required Citizens Guide, Performance Dashboard and Projected Budget to gain compliance with some of the new state requirements. The State has approved the information submitted which is now posted on the county website and available in the County Clerk and County Controller Offices for public use. Staff has started to work on the next state requirement which is an explanation of past service consolidations along with new planned service consolidations. Information regarding service consolidations is due to the state by February 1, 2013. The final requirement involves employee compensation which has to be completed by June 1, 2013. <http://www.tuscolacounty.org/forms/Tuscola%20County%20Citizens%20Guide.pdf>

## **Medical Care Facility (MCF) “Small House Project”**

This MCF housing project is planned for construction in the summer of 2013 on property purchased from Davenport University. These housing units are designed for 24/7 care while also providing patients with separate bedrooms and independent living. Two units are being planned with 10 beds in each housing unit. Total project cost is estimated at \$7 million with \$4.6 to be financed and 2.4 million using MCF reserves. The county bond attorney recommended that bonds be paid through a dedicated millage or through the use of revenue bonds. The full faith and credit of the general fund is not used when revenue bonds are issued. Financing using revenue bonds requires the MCF Board to adjust and to correct any funding difficulties if they occur in the future. Financial consultants for the project are Baird and Company. Steps to issue the bonds are underway. Procedures to gain final state approval for the project are also being undertaken. It is important that the Commissioner liaison to the MCF monitor the status of this project and provide status reports to the BOC as this project moves forward.

## **Jail Overcrowding**

The County continues to grapple with more prisoners than available jail beds to house these prisoners. This situation forces prisoners to be housed in other county jails. For several years, costs to house prisoners in other counties were contained, but for 2012 costs have begun to increase again. The county was recently able to add 6 more beds at the jail without cost because of changes by the state in prisoner housing regulations. The 2013 budget includes approximately \$88,000 to make shower and other changes to the C-Wing of the jail which enables adding 5 more jail beds. The sheriff has sent a letter to the union asking if this change can be made without increasing the number of current corrections officers. The union has not responded, so it is assumed that the 5 beds can be added without increasing corrections officers. Even with these additional beds, prisoner overcrowding is projected to continue into future years.

## **Federal Prisoner Rape Elimination Act**

The Sheriff Department requested and the BOC approved funding for the purchase of indoor and outdoor security cameras to gain compliance with the Federal Prisoner Rape Elimination Act. This purchase was made to comply with the new federal mandate. Cost of the camera system was \$55,415. The low bid was received from Mid-State. Up to one-half of the cost may be received from the county insurance carrier through a grant. The Sheriff will not initiate the project until grant funding is approved. It is anticipated that the project will be completed before the end of the year.

## **Irrigation and Residential Water Wells**

During the summer of 2012, many residential wells dried up in the Gagetown area due to a variety of factors. These factors included well age and depth (including aquifer type), proximity of irrigation wells, and drought conditions. Meetings were held with area farmers, Michigan Department of Environmental Quality, legislators, and county officials regarding the issue. Community Forums were also held with residents impacted by the lack of water. Senate Bill 1008 was drafted to aid residents in dealing with this issue through a formal process overseen by the Michigan Department of Environmental Health. This bill has not yet passed. The local farmers have also agreed to conduct an aquifer study by an independent company to show the areas impacted by their irrigation wells. If next summer has similar drought conditions, the issue could resurface.

## **Michigan Community Dental Clinics**

In June of 2012, the Michigan Community Dental Clinics (MCDC) held meetings with Huron, Sanilac and Tuscola County officials to discuss the possibility of establishing a program in the Thumb to provide adult dental care for Medicaid recipients and low income uninsured people. Local dentists expressed a desire to investigate the possibility of starting their own program to serve the Thumb. The Tuscola BOC agreed to delay any action to start a program with MCDC until the dentists in the Thumb complete their study. The public sector objectives are to minimize risk and cost while providing for the needed dental service. Mr. Jim Rutkowski is a

consultant hired by the local dentists to assist in studying the potential of establishing a local program. The Tuscola BOC formed a committee to work with the dentists to determine the feasibility of a local program. The study is anticipated to be completed in early 2013.

### **Central Dispatch Motorola Radio Project**

Central Dispatch has recently completed the installation and implementation of a new radio system. This system replaces the County owned EF Johnson radio system that was installed in 1996. The EF Johnson radios and infrastructure were no longer repairable. EF Johnson no longer made replacement parts for the end user radios or the infrastructure. Sprint/Nextel acquired public safety frequencies throughout the US which included Tuscola County. Because of this, Sprint/Nextel was obligated to replace 367 mobile and portable radios. Tuscola County used this opportunity to move away from EF Johnson and move to the state radio system and Motorola radios. This left Tuscola County having to purchase 3 Dispatch radio consoles and two repeaters on the state radio site on M-46. The cost to the county was approx \$1.6 million. The remaining balance to be paid off over the next two years is \$472,000. All of the end user radios and installation was paid for by Sprint/Nextel as per their agreement with the FCC in obtaining some of the Public Safety radio frequencies.

### **Next Generation 9-1-1 (NG911)**

The demands of the public are moving 9-1-1 toward the ability of dispatch centers to receive text messages, photos and streaming video. In order to meet these requirements, dispatch centers throughout the US will need to upgrade their existing land line 911 trunked telephone systems. Dispatch centers will need to move to an IP (internet protocol) based phone systems. This type of phone system will enable dispatch centers to receive text messages, photos and videos. Tuscola County Central Dispatch has already upgraded our recording system to handle texts, photos and videos.

### **Off Road Vehicle Ordinance**

After significant planning and ordinance development in 2011, the county adopted an Off-Road Vehicle Ordinance (ORV) in early 2012. Public hearings were conducted and all public in attendance were in support of the ordinance. The Road Commission allows ORV's on all roads except state trunk lines and county primary roads. The ORV ordinance is anticipated to provide local recreational opportunities and also help in promoting tourism in the Thumb area of the state.

### **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](http://www.caremark.com/naco) for assistance with the program.

### **Thumb Area Tourism Council**

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 objectives are 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](http://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.

### **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**

A shining example of intergovernmental cooperation is county and local units of government working together to make critical infrastructure improvements. The county, through the Board of Public Works, serves an important role assisting local units of government with the implementation of sewer and water projects. Over the years, many local units of government in Tuscola County have chosen to finance sewer and water projects using Act 185 of 1957. The major advantage to this method of financing is the strong county bond rating can reduce local borrowing and taxpayer costs and local units of government are not restricted by project size to being limited by the 10% of state equalization rule. Over the years, many local governments in the county have capitalized on this method of financing.

Local governmental units in the County continue to make significant 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. One of the most significant recent projects is the financing to extend the central water system from Hampton Township in Bay County into the Akron and Wisner Township area of Tuscola County. Actual construction is anticipated to begin in 2012. Other recent infrastructure bonding projects include:

1. Sanitary sewer system City of Caro, Almer and Indianfields Townships - \$1,240,000 final bond payment 2013
2. Mayville storm water system - \$1,350,000 final bond payment 2036
3. Denmark water system - \$470,000 final bond payment 2019
4. Millington sanitary sewer treatment facility - \$114,975 final bond payment 2016
5. Denmark sanitary sewer system - \$2,169,000 final bond payment 2046
6. City of Caro - sanitary sewer system - \$7,730,000 final bond payment 2028
7. State Police Building - \$1,615,000 final bond payment 2015
8. Medical Care Facility - building upgrades - \$12,800,000 final bond payment 2017
9. Purdy Building Debt - purchase of building - \$995,000 final bond payment 2031
10. Wisner – water system - \$3,250,000

## 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.

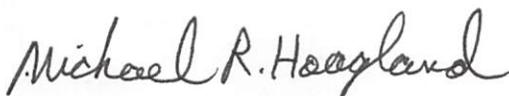
1. **General Fund Balance Assigned for Contingency Reserve** – The current County policy stipulates 10% of current fiscal year adopted budgeted expenditures be assigned for contingency reserve in the general fund. This reflects only slightly more than one month's operational expenses. The County auditors have previously explained the need to maintain this fund balance contingency reserve. This reserve is an important factor for enabling preservation of overall positive county cash flow, covering unexpected emergencies and maintaining a strong bond rating.
2. **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.

## 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, 2011. This was the eleventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Michael R. Hoagland  
Controller/Administrator



Clayette Zechmeister  
Chief Accountant

## The Board of Commissioners

Thomas Bardwell  
District 2  
Chairperson

District 1     Roger Allen  
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

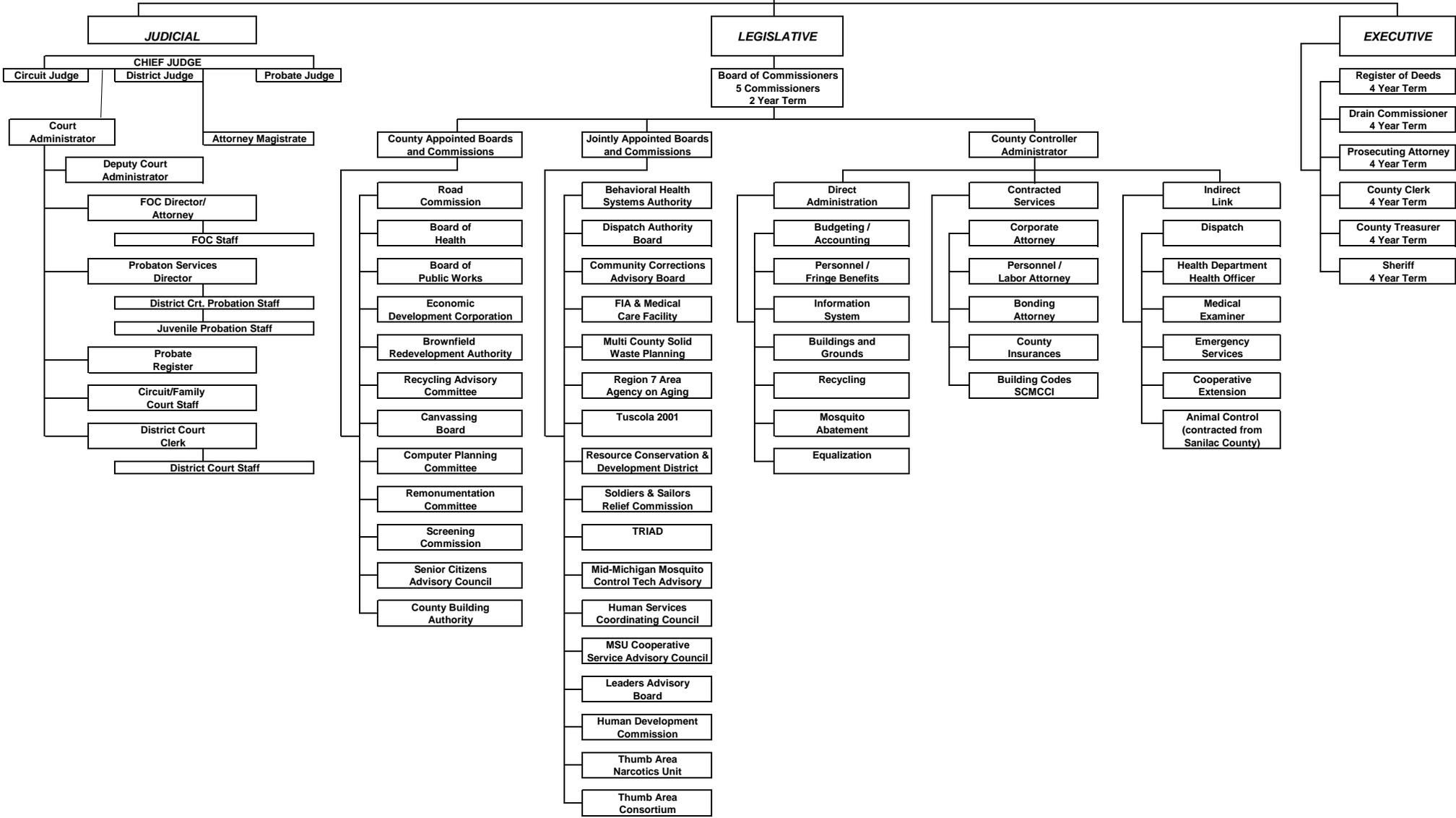
-Vacant\_  
Kim Glaspie  
Amanda Roggenbuck  
Mark Reene  
Leland Teschendorf  
Margie White  
Daniel Grimshaw  
Robert Mantey  
Patricia Donovan-Gray

### Appointed Officials

Director of Facilities & Buildings  
Dispatch Director  
Equalization Director  
Friend of the Court  
Mosquito Abatement Co-Directors  
  
Juvenile Director  
Undersheriff  
Director of Information Systems  
MSU/Co-op Director  
Recycling Coordinator  
Health Officer  
Court Administrator

Mike Miller  
Robert Klenk  
Walter Schlichting  
Nancy Thane  
Rich Colopy  
Kim Green  
Sheila Long  
Glen Skrent  
Zimco, Inc  
Joe Bixler  
Mike Miller  
Gretchen Tenbusch  
Donna Fraczek

**CITIZENS OF TUSCOLA COUNTY**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tuscola County  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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.



*Christopher P. Howell*

President

*Jeffrey R. Emer*

Executive Director



## II. FINANCIAL SECTION

The Financial Section Contains:

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



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

Certified Public Accountants

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

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

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Tuscola County

### Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 9% of assets and 13% of revenues of the governmental funds and 6% of assets and 15% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 53% of the assets and 95% of the revenues of the enterprise funds and 54% of assets and 94% of revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Medical Care Facility, are based solely on the reports of the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### ***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, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and the Municipal Employees Retirement System of Michigan Schedules of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's, basic financial statements. The introductory section, combining and individual fund financial statements, 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 the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the introductory section, combining and individual fund financial statements and statistical section are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2013, on our considerations of Tuscola County'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 internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tuscola Count's internal control over financial reporting and compliance.

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

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

**JUNE 10, 2013**

## Management's Discussion and Analysis

As management of **Tuscola County, Michigan**, readers of the County's financial statements are provided this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. Management encourages readers to consider the information presented below in conjunction with additional information furnished in the 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 \$36,406,909 (net position). This is an increase of 9.4% from 2011. Both the governmental activities and the business-type assets experienced an increase in the net positions.
- Net investment in capital assets at the close of the 2012 fiscal year were \$11,965,638. This is a much smaller increase of 2.1% from 2011 then what we experienced from the previous year of 29.4%. The governmental activities reflect a decrease of (\$373,384) while the business-type activities increased by \$620,509.
- The restricted portion of total net position was \$3,278,318. This is a 2011 to 2012 increase of \$158,518. The governmental activities decreased by (\$157,788) while the business-type activities increased \$316,306. The growth on the business-type is due to the Medical Care Facility Debt services restrictions.
- Unrestricted net position at the end of 2012 was \$21,162,953. This is an increase of 5.6% from 2011. Both governmental and business-type activities experienced increases in unrestricted net positions. Unrestricted positions may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted positions, significant portions of these assets can only be used for specific purposes.

#### **Fund Balance Information.**

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,133,077. Much of this fund balance is restricted, committed or assigned and not available for general expenditure. The unassigned portion of this total governmental fund balance is \$1,024,692.
- The total fund balance for the general fund was \$2,546,692 this is an increase of \$190,094 from fiscal year 2011. The unassigned portion is \$1,024,692. The remaining portions of the general fund balance are restricted, committed or assigned and not available for general expenditure.

## **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 are comprised of 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 positions* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in the net position 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, 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 40 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 38 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 4 and 6 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 81.

**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, Denmark Sewer System and Wisner Water District 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 105-110. The internal service funds are combined in a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* on pages 111-113.

The basic proprietary fund financial statements can be found on pages 8-11 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 12 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 13-45 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 46-113 of this report.

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

The following tables show the County's net position for governmental and business-type activities, in addition to a comparison of 2011 and 2012 net position balances. As noted earlier, these may serve over time as a useful indicator of a government's financial position. At the end of the 2012 fiscal year, the County is able to report positive net position balances for the government as a whole including both governmental activities and business activities. Total net positions increased by \$3,169,822 or 9.5% from \$33,237,087 in 2011 to \$36,406,909 in 2012.

Governmental activities category actually seen an increase in the net position from 2011 to 2012 of \$221,410. Prior to 2012 governmental activity total net positions have experienced declines for the last five years: 2006 to 2007 decline (\$55,292), 2007 to 2008 decline (\$1,064,273), 2008 to 2009 decline (\$293,438), 2009 to 2010 decline (\$184,538) and 2010 to 2011 decline (\$120,946).

The County's Net investment in capital assets increased by \$247,125 or 2.1% from \$11,718,513 in 2011 to \$11,965,638 in 2012. Business-type shows an increase of \$620,509 but the governmental category reports a decrease of (\$373,384).

Restricted assets increased by \$158,518 or 5.1% from \$3,119,800 in 2011 to \$3,278,318 in 2012. Governmental activity funds actually decreased (\$157,788) but the Business-type reported an increase of \$316,306. This growth is all a result of the Medical Care Facility debt service restrictions.

The largest portion of the County's net assets is in the unrestricted category. Unrestricted assets increased by \$2,705,006 or 14.7% from \$18,457,957 in 2011 to \$21,162,953 in 2012. This increase primarily occurred in the business activities with an increase of \$1,971,855. The increase in the governmental activities from 2011 to 2012 was \$733,151.

	Governmental Activities		Business-Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Current and other assets	12,169,887	12,791,284	25,632,150	30,603,324	37,802,037	43,394,608
Capital assets, net	6,838,679	6,755,578	11,850,175	11,495,684	18,688,854	18,251,262
<b>Total assets</b>	<b>19,008,566</b>	<b>19,546,862</b>	<b>37,482,325</b>	<b>42,099,008</b>	<b>56,490,891</b>	<b>61,645,870</b>
Long-term liabilities outstanding	3,791,008	3,847,580	15,944,116	17,663,899	19,735,124	21,511,479
Other liabilities	2,233,444	2,513,189	1,226,063	1,214,293	3,459,507	3,727,482
<b>Total liabilities</b>	<b>6,024,452</b>	<b>6,360,769</b>	<b>17,170,179</b>	<b>18,878,192</b>	<b>23,194,631</b>	<b>25,238,961</b>
<b>Net Positions</b>						
Net investment in capital assets	5,308,338	4,934,954	6,410,175	7,030,684	11,718,513	11,965,638
Restricted	1,555,459	1,397,671	1,564,341	1,880,647	3,119,800	3,278,318
Unrestricted	6,100,886	6,853,468	12,297,888	14,309,485	18,398,774	21,162,953
<b>Total net position</b>	<b>\$ 12,964,683</b>	<b>\$ 13,186,093</b>	<b>\$ 20,272,404</b>	<b>\$ 23,220,816</b>	<b>\$ 33,237,087</b>	<b>\$ 36,406,909</b>

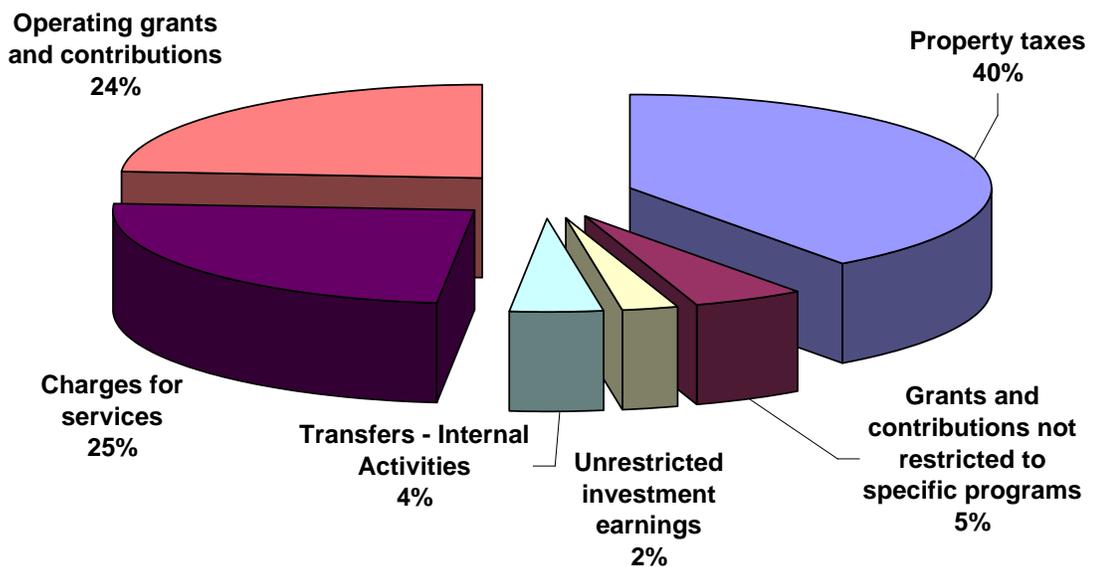
## Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
<b>Revenues:</b>						
Program revenue:						
Charges for services	4,703,323	4,989,868	17,796,586	19,676,832	22,499,909	24,666,700
Operating grants and contributions	5,442,285	4,857,622	-	-	5,442,285	4,857,622
Capital grants and contributions	-	-	284,295	258,856	284,295	258,856
General Revenue:						
Property Taxes	8,182,316	8,138,839	1,770,769	1,743,674	9,953,085	9,882,513
Grants and contributions not restricted to specific programs	1,152,433	1,033,823	-	-	1,152,433	1,033,823
Unrestricted investment earnings	560,159	499,575	75,249	66,403	635,408	565,978
Miscellaneous general revenues	-	-	-	-	-	-
Other Revenues	1,139,163	858,469	693,617	665,500	1,832,780	1,523,969
Total revenues	<u>21,179,679</u>	<u>20,378,196</u>	<u>20,620,516</u>	<u>22,411,265</u>	<u>41,800,195</u>	<u>42,789,461</u>
<b>Expenses:</b>						
Legislative	101,774	101,764	-	-	101,774	101,764
Judicial	3,550,345	2,879,517	-	-	3,550,345	2,879,517
General Government	6,755,644	6,199,985	-	-	6,755,644	6,199,985
Public Safety	5,841,052	5,804,282	-	-	5,841,052	5,804,282
Public Works	693,296	795,586	-	-	693,296	795,586
Health and Welfare	5,288,860	5,150,298	-	-	5,288,860	5,150,298
Culture and Recreation	9,725	6,899	-	-	9,725	6,899
Interest on debt	41,826	60,669	-	-	41,826	60,669
Medical Care Facility			17,899,830	18,068,414	17,899,830	18,068,414
Delinquent property tax			85	21	85	21
Caro Sewer System			104,600	99,261	104,600	99,261
Caro Sewage (Refunding)			10,178	5,970	10,178	5,970
Mayville Storm Sewer			56,183	55,067	56,183	55,067
Richville Water System			24,970	11,122	24,970	11,122
Millington Sewer System			3,038	2,587	3,038	2,587
Denmark Sewer System			85,326	84,242	85,326	84,242
Denmark water extension				624		624
Tax Foreclosure			343,287	336,683	343,287	336,683
Other	-	-	-	-	-	-
Total expenses	<u>22,282,522</u>	<u>20,999,000</u>	<u>18,527,497</u>	<u>18,663,991</u>	<u>40,810,019</u>	<u>39,662,991</u>
Change in net positions before transfers	(1,102,843)	(620,804)	2,093,019	3,747,274	990,176	3,126,470
Transfers - internal activities	908,509	842,214	(860,272)	(798,862)	48,237	43,352
Change in net positions	(194,334)	221,410	1,232,747	2,948,412	1,038,413	3,169,822
Net positions-beginning of year, as restated	13,085,629	12,964,683	19,039,657	20,272,404	32,125,286	33,237,087
Prior period adjustment	73,388	-	-	-	73,388	-
<b>Net positions-end of year</b>	<u>\$ 12,964,683</u>	<u>\$ 13,186,093</u>	<u>\$ 20,272,404</u>	<u>\$ 23,220,816</u>	<u>\$ 33,237,087</u>	<u>\$ 36,406,909</u>

**Governmental Activities.** Governmental activities net position increased from 2011 to 2012 by \$221,410. The two major governmental activity funds include the general fund and health department. There are many special revenue funds that are also classified in the governmental activities category.

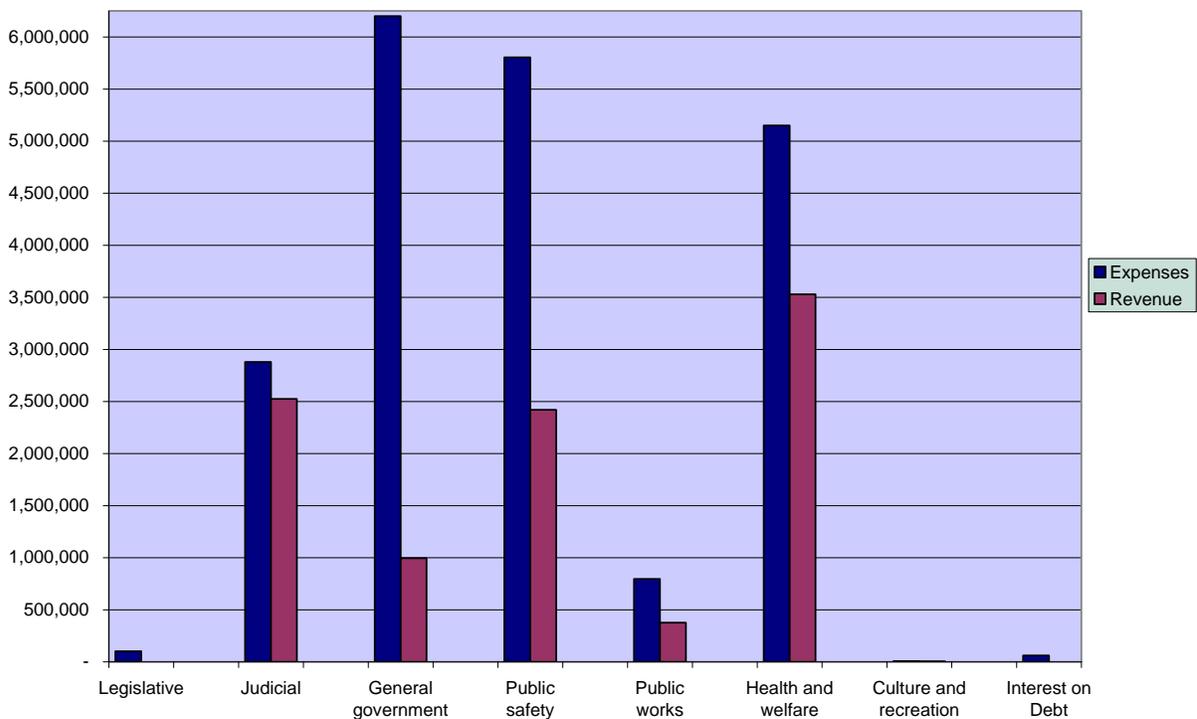
- The major sources of revenue for governmental activities are property tax followed by grants and charges for services (See pie chart below).
- Overall revenues show a decrease of (\$801,483) or 3.8% from \$21,179,679 in 2011 to \$20,378,196 in 2012 (prior to transfers). This decrease results from operating grants and miscellaneous revenue. It is important to note, the amount of grant revenue received can vary considerable from year to year.
- Several critical revenue sources continued to decline including operating grants and contributions, property taxes, and investment earnings.
- Charges for services increased by \$286,545 or 6% from \$4,703,323 in 2011 to \$4,989,868 in 2012. Property tax revenue declined for both the general fund and special revenue funds. This significant revenue source declined by (\$43,477) or approximately 1% from \$8,182,316 in 2011 to \$8,138,839 in 2012. Investment earnings also have continued trending down.

**Revenues by Source - Governmental Activities**



- Major expenditures in the governmental activity category are general government, public safety, health/welfare and judicial (See table below).
- Expenditures show a decrease of (\$1,283,522) or 6% from \$22,282,522 in 2011 to \$20,999,000 in 2012 (before transfers). The most significant decrease occurred in judicial and general government followed by health/welfare and public safety. The county continues to reduce expenditures to keep in line with falling revenues.
- Even though overall governmental activity expenditures decreased from 2011 to 2012 public works is recording a higher expense from 2011 to 2012 of \$102,290. This is due to the large number of wind generator permits that were issued. Were hopeful that this growth will increase our revenue in the coming years.
- The statement of activities for program revenues for the governmental activities shows program revenue at \$9,847,490 and expenses at \$20,999,000. This makes revenues short of covering governmental expenses by \$11,151,510. The statement of activities can be found on pages 2-3.

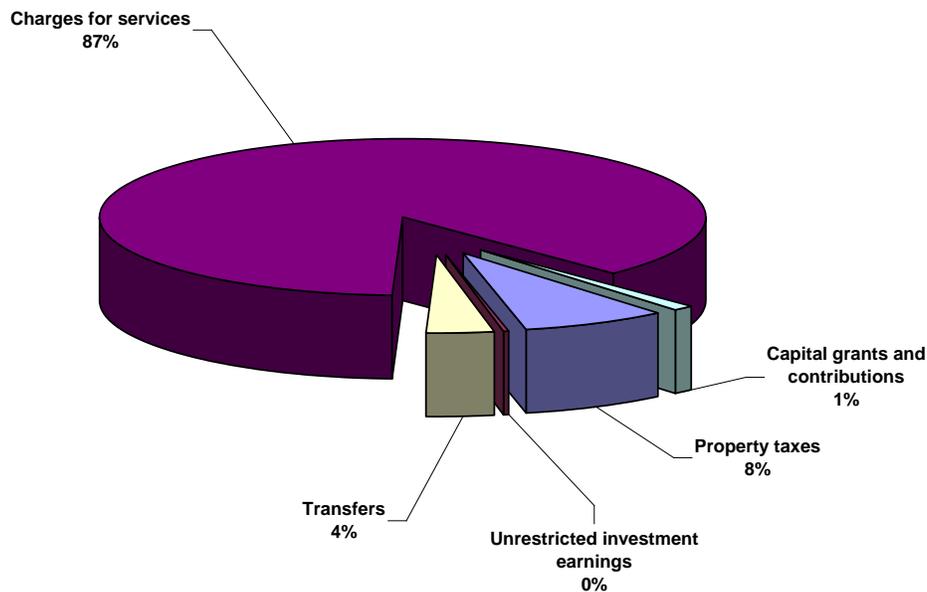
**Expenses and Program Revenues - Governmental Activities**



**Business-Type Activities.** Business-type activities increased the County's net position by \$2,948,412 or 14.5% of the growth. Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System, Denmark Sewer Systems and the new Wisner Water project. 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. Additional information on these nonmajor enterprise funds can be found on pages 105-110.

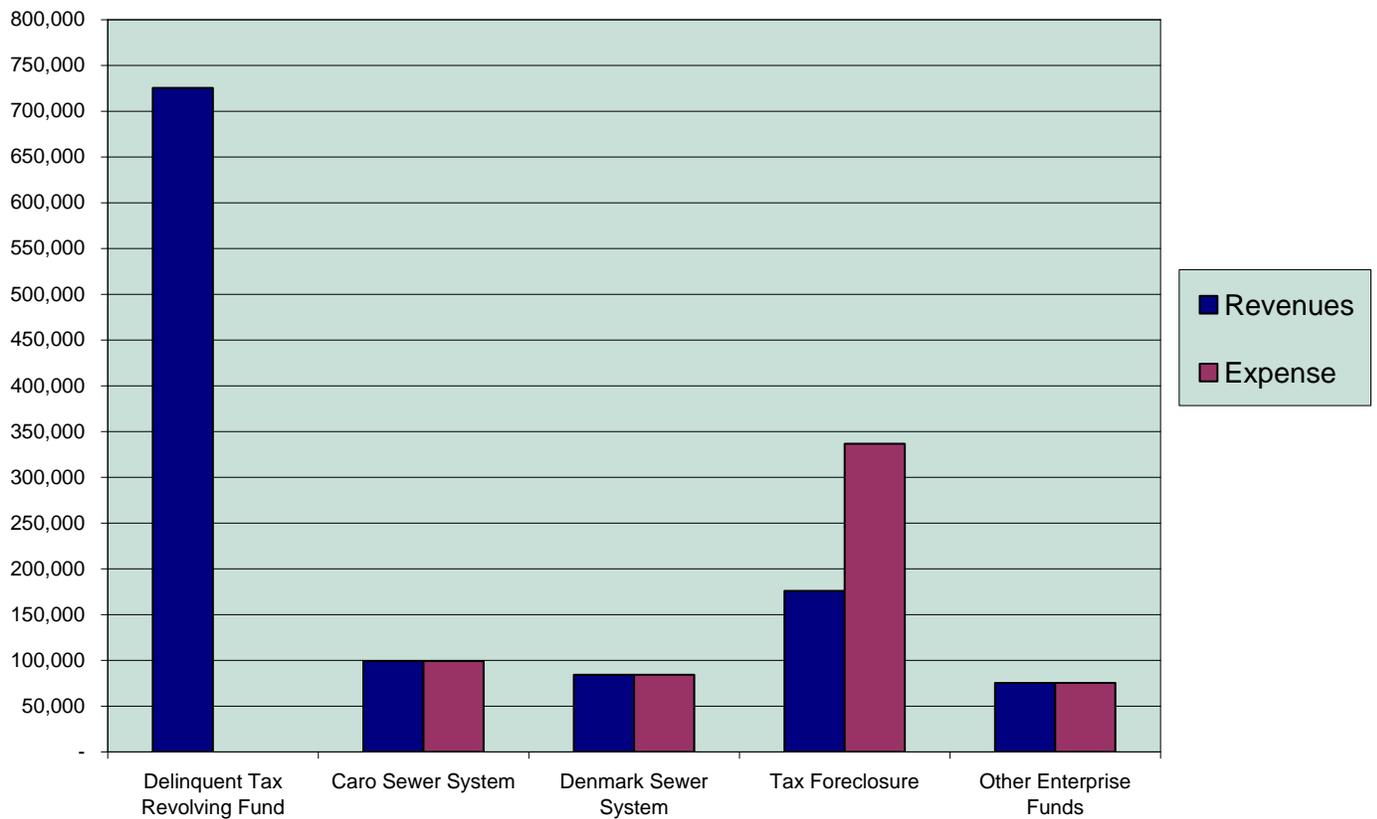
- Charges for services are the major sources of revenue for business-type activities. This single source of revenue accounts for 87% of all business-type activities revenue (See pie chart below).
- Overall business-type activities revenues show an increase of \$1,797,676 or 9% from \$20,620,516 in 2011 to \$22,411,265 in 2012 (prior to transfers).
- This overall increase results primarily from the increase in charges for services and miscellaneous revenue. Charges for services revenue increased by \$1,880,246 or 11% from \$17,796,586 in 2011 to \$19,676,832 in 2012.
- Delinquent property tax earnings are a significant source of revenue in the business-type activity category and earnings decreased from 2011 to 2012. Delinquent Tax Revolving Fund assets prior to transfers are showing income of \$750,715 in 2012 compared to \$810,272 in 2011. These funds are transferred for general fund operations and/or capital improvements needs.
- Current property tax and most other sources of general revenue declined from 2011 to 2012.

Revenues by Source - Business-type Activities

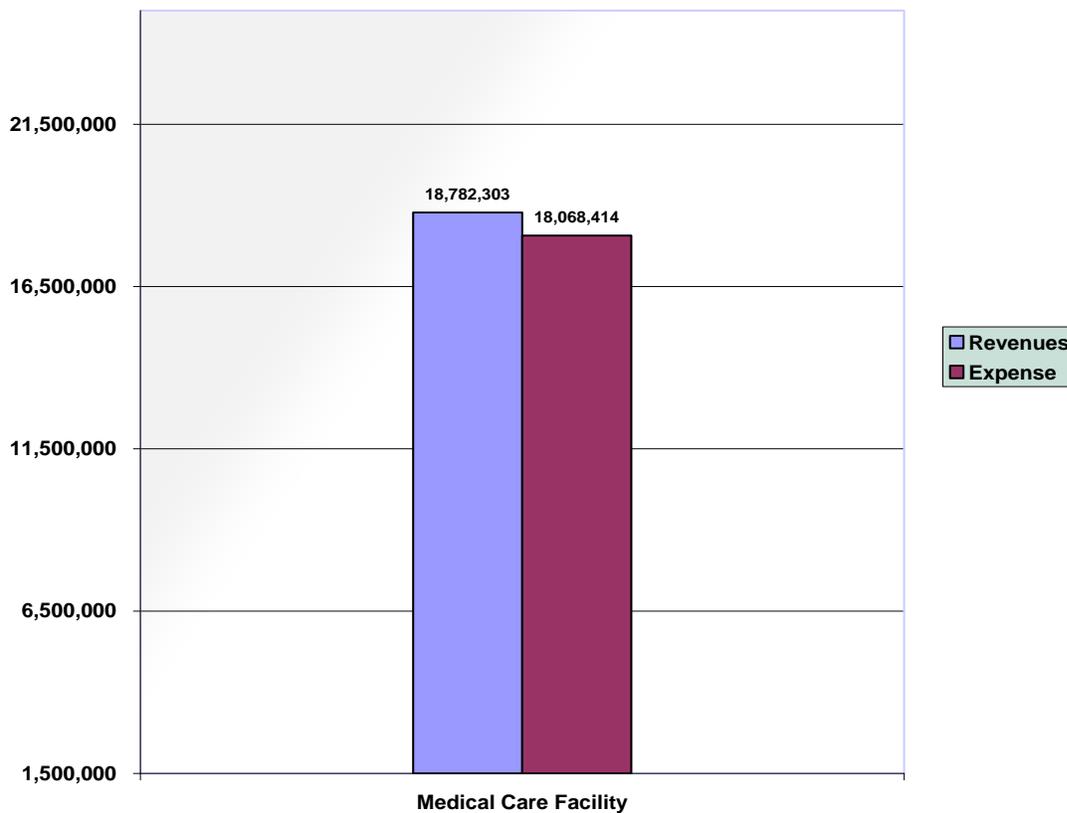


- The major expenditure in the business-type category is the Medical Care Facility accounting for 97% of all expenditures in this category (See table below).
- Expenditures show an increase of \$136,494 or 1% from \$18,527,497 in 2011 to \$18,663,991 in 2012. The single most significant increase occurred with the Medical Care Facility.
- The statement of activities for program revenues for the business-type activities shows program revenue at \$19,935,688 and expenses at \$18,663,991. Business-type activities program revenue covers expenditures unlike the governmental activities that fall short. The statement of activities can be found on pages 2-3.

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



## Expense and Program Revenue Business-type Medical Care Facility



- The major revenue source for the Medical Care Facility are charges for services.
- Program revenues show an increase of \$1,981,292 or 12% from \$16,801,011 in 2011 to \$18,782,303 in 2012 (prior to transfers). The main reason for this substantial increase was a one time distribution of medicare refunds.
- Expenditures show an increase of \$168,584 or 1% from \$17,899,830 in 2011 to \$18,068,414 in 2012.

### 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. It is important to note that the classification of fund balances was changed from the previous year for compliance with Government Accounting Standards Board Statement 54.

**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, *unassigned 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 2012 fiscal year, the County's governmental funds reported combined ending fund balances of \$7,133,077. This total fund balance is further classified according to the Government Accounting Standards Board - Statement 54 as follows:

- **Nonspendable** includes funds that legally or contractually are required to be maintained in tact. Nonspendable funds for 2011 include: cemetery maintenance, inventory, prepaid expenditures, flexible spending and Advances to component units. The nonspendable portion of the total fund balance for governmental funds was \$416,396 or 6% of the total.
- **Restricted** includes amounts that can only be used for the specific purposes stipulated by the constitution, external resource providers or through enabling legislation. Restricted fund balance includes: Children's special health care relief fund, cost based reimbursement, capital projects, cemetery, debt service and special revenue funds. The restricted portion of the total fund balance for governmental funds was \$4,132,237 or 58% of the total.
- **Committed** fund balance is defined as amounts that can only be used for specific purposes pursuant to a formal action of the Board of Commissioners. Committed fund balance include: compensated absences, retirement contributions, imprest cash, veteran affairs and vision program. The committed portion of the total fund balance for governmental funds was \$347,752 or 5% of the total.
- **Assigned for subsequent year expenditures** funds are funds that are designated to be expended in the budget for the next fiscal year. The assigned portion of the total fund balance for governmental funds was \$1,212,000 or 17% of the total. The contingency reserve in this classification applies to the general fund. It was established by Board of Commissioner policy to maintain a minimum balance for cash flow, bond rating and unexpected emergencies. It is calculated each year based on 10% of the most current board approved budget. The amount for 2012 is \$1,212,000.
- **Unassigned** fund balance includes all spendable amounts not identified in the other classifications. This classification is important because it is used to determine whether a fund has a positive or deficit fund balance at year end. All of the unassigned fund balance of \$1,024,692 in the governmental funds is in the general fund. These funds are available for spending at the government's discretion. The unassigned portion of the total fund balance for governmental funds was \$1,024,692 or 14% of the total.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,024,692 which is approximately 8% of the 2012 budgeted total general fund expenditures and transfers out.

**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 \$14,309,484. The Medical Care Facility Fund was \$8,153,752, the Delinquent Tax Revolving Fund ended at \$5,686,085. All other unrestricted net positions of the nonmajor enterprise funds are \$469,647.

The Medical Care Facility Fund had a 20.8% increase in their net position from 2011 to 2012 for a total of \$17,065,083. This accounts for the majority of the total growth for the proprietary funds in 2012. The combined major/nonmajor total net position increased by \$2,948,412.

**General Fund Budgetary Highlights**

The differences between the original and final amended budgets for expenditures and transfers out resulted in a decrease of (\$548,687). Variances between budget and actual show an increase in fund balance of \$190,094.

**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, 2012, amounted to \$18,251,262 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets decreased by (\$437,592) or 2.4% from \$18,688,854 in 2011 to \$18,251,262 in 2012. The majority of this change is due to the decrease in value of buildings.

**County of Tuscola  
Capital Assets (net of depreciation)**

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2012	2012	2012
Land	535,646	-	535,646
Construction in Progress	-	198,352	198,352
Land Improvements	-	650,611	650,611
Buildings	2,941,022	6,909,419	9,850,441
Improvements	1,552,391	-	1,552,391
Vehicles	444,056	-	444,056
Equipment	1,246,796	3,737,302	4,984,098
Bond Fees	35,667	-	35,667
Total	\$ 6,755,578	\$ 11,495,684	\$ 18,251,262

Additional information on the County’s capital assets can be found in Note 3 C on pages 24-27 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$25,013,078. Of this amount, \$ 15,739,549 is 100 percent comprises debt backed by the full faith and credit of the government, \$960,000 is direct county debt, and \$8,313,529 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 2012 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 \$173,424,219 which is significantly higher than the County's current outstanding general obligation debt. The 2012 county net debt applicable to the limit is 8.5%

Additional information on the County's long-term debt can be found in Note 3 F on pages 30-32 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 2013 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2012 was 9.9%, which is a decrease from the 2011 unemployment rate of 11.3%. The 2012 county average unemployment rate is higher than both the State at 8.9% and the national at 7.8%.
- State revenue sharing is expected to be \$5,619 more for 2013 compared to 2012. In 2013 \$837,222 in revenue is anticipated compared to \$831,603 received in 2012
- Negative trends in property values are affecting taxable values and property tax revenues. The residential class of land is experiencing the largest declines in land values. One bright spot has been wind energy. In 2012 68 wind turbines were installed in Tuscola County and were expecting another 59 to be installed for 2013 This will generate some much needed revenue.
- 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 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 2012 General Fund adopted budget of \$11,483,889 is a decrease from 2011 by \$638,111. However the 2012 budget has been further increased by \$678,845 through budget amendments. The 2013 General Fund adopted budget is set for \$12,120,000. Wage freezes are still in place for 2013 for all employees.
- The other major general fund revenue sources are slowly starting to increase. Our state share of revenues are still showing a decline in most categories such as State reimbursements for the courts.
- 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 POSITION  
DECEMBER 31, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 6,520,881	\$ 5,920,948	\$ 12,441,829	\$ 1,461,811	\$ 1,979,573	\$ 3,441,384
Investments	-	1,487,272	1,487,272		4,931,055	4,931,055
Receivables	4,650,343	18,036,977	22,687,320	2,929,319	7,812,094	10,741,413
Advance to component units	310,000		310,000			-
Internal balances	746,662	(746,662)	-			-
Prepaid items and other assets	388,716	141,239	529,955	154,953		154,953
Inventory	55,660		55,660	400,261		400,261
Restricted cash	119,022	3,953,011	4,072,033			-
Restricted investments		1,628,211	1,628,211			-
Net pension asset		182,328	182,328			-
Capital assets, net:						
Assets not being depreciated	535,646	-	535,646	33,041,413		33,041,413
Assets being depreciated	6,219,932	11,495,684	17,715,616	48,196,876	16,810,316	65,007,192
<b>Total Assets</b>	<b>19,546,862</b>	<b>42,099,008</b>	<b>61,645,870</b>	<b>86,184,633</b>	<b>31,533,038</b>	<b>117,717,671</b>
<b>Liabilities</b>						
Accounts payable	684,958	374,365	1,059,323	234,689	18,743	253,432
Accrued liabilities	520,193	567,282	1,087,475	244,550		244,550
Advance from primary government			-		310,000	310,000
Unearned revenue	2,642,429	272,646	2,915,075		-	-
Noncurrent liabilities:						
Due within one year	640,270	1,634,179	2,274,449		1,123,562	1,123,562
Due in more than one year	1,872,919	16,029,720	17,902,639	2,399,772	7,189,967	9,589,739
<b>Total Liabilities</b>	<b>6,360,769</b>	<b>18,878,192</b>	<b>25,238,961</b>	<b>2,879,011</b>	<b>8,642,272</b>	<b>11,521,283</b>
<b>Net Position</b>						
Net investment in capital assets	4,934,954	7,030,684	11,965,638	81,238,289	8,496,787	89,735,076
Restricted for:						
Debt service		1,880,647	1,880,647	-	2,736,135	2,736,135
Capital projects	1,390,827		1,390,827	-	3,848,360	3,848,360
Cemetery maintenance						
Nonexpendable	6,800	-	6,800	-	-	-
Expendable	44	-	44	-	-	-
Road construction				1,445,016		1,445,016
Unrestricted	6,853,468	14,309,485	21,162,953	622,317	7,809,484	8,431,801
<b>Total Net Position</b>	<b>\$ 13,186,093</b>	<b>\$ 23,220,816</b>	<b>\$ 36,406,909</b>	<b>\$ 83,305,622</b>	<b>\$ 22,890,766</b>	<b>\$ 106,196,388</b>

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

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>					
Governmental activities:					
Legislative	\$ 101,764				\$ - \$ (101,764)
Judicial	2,879,517		\$ 1,274,481	\$ 1,250,005	(355,031)
General government	6,200,714	\$ (729)	749,121	246,226	(5,204,638)
Public safety	5,804,282		1,764,703	655,231	(3,384,348)
Public works	795,586		376,012		(419,574)
Health and welfare	5,150,298		822,751	2,706,160	(1,621,387)
Culture and recreation	6,899		2,800		(4,099)
Interest on debt	60,669				(60,669)
<b>Total governmental activities</b>	<b>20,999,729</b>	<b>(729)</b>	<b>4,989,868</b>	<b>4,857,622</b>	<b>(11,151,510)</b>
Business-type activities:					
Medical care facility	18,067,685	729	18,782,303		- 713,889
Delinquent property tax	21		718,620		- 718,599
Caro sewer system	99,261				99,261 -
Caro sewage disposal (refunded)	5,970				5,970 -
Mayville storm sewer	55,067				55,067 -
Richville water system	11,122				11,122 -
Millington sewer system	2,587				2,587 -
Denmark sewer system	84,242				84,242 -
Denmark water extension	624				607 (17)
Tax foreclosure	336,683		175,909		- (160,774)
<b>Total business-type activities</b>	<b>18,663,262</b>	<b>729</b>	<b>19,676,832</b>	<b>-</b>	<b>258,856 1,271,697</b>
<b>Total Primary Government</b>	<b>\$ 39,662,991</b>	<b>\$ -</b>	<b>\$ 24,666,700</b>	<b>\$ 4,857,622</b>	<b>\$ 258,856 \$ (9,879,813)</b>
<b>Component Units</b>					
Road commission	\$ 9,478,053		\$ 1,158,541	\$ 9,405,302	\$ 1,085,790
Drain commission	1,205,802				\$ 1,585,171 379,369
<b>Total Component Units</b>	<b>\$ 10,683,855</b>	<b>\$ -</b>	<b>\$ 1,158,541</b>	<b>\$ 9,405,302</b>	<b>\$ 1,585,171 \$ 1,465,159</b>

continued...

**TUSCOLA COUNTY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

<b>Functions / Programs</b>	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Road Commission</b>	<b>Drain Commission</b>	<b>Total</b>
Changes in net position						
Net revenue (expense)	\$ (11,151,510)	\$ 1,271,697	\$ (9,879,813)	\$ 1,085,790	\$ 379,369	\$ 1,465,159
General revenues:						
Property taxes	8,138,839	1,743,674	9,882,513			-
Grants and contributions not restricted to specific programs	1,033,823		1,033,823			-
Unrestricted investment earnings	499,575	66,403	565,978	21,469	25,412	46,881
Other revenue	858,469	665,500	1,523,969	96,013		96,013
Transfers - internal activities	842,214	(798,862)	43,352		-	-
Total general revenues and transfers	11,372,920	1,676,715	13,049,635	117,482	25,412	142,894
Change in net position	221,410	2,948,412	3,169,822	1,203,272	404,781	1,608,053
Net position, beginning of year, as restated	12,964,683	20,272,404	33,237,087	82,102,350	22,485,985	104,588,335
Net position, end of year	\$ 13,186,093	\$ 23,220,816	\$ 36,406,909	\$ 83,305,622	\$ 22,890,766	\$ 106,196,388

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

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-12</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,082,375	\$ 831,775	\$ 3,483,534	\$ 5,397,684
Investments	-		-	-
Receivables:				
Taxes receivable	553,534		2,586,769	3,140,303
Taxes receivable - delinquent	16,472		31,314	47,786
Accounts receivable	218,810	94,408	336,993	650,211
Due from other funds	1,018,669		241,236	1,259,905
Due from state	36,091	17,929	286,690	340,710
Due from other governmental units	21,398	31,458		52,856
Prepaid expenditures	-	38,288	-	38,288
Inventory	-	55,660		55,660
Advances to component unit	310,000			310,000
Restricted cash and cash equivalents	119,022			119,022
Total Assets	<u>\$ 3,376,371</u>	<u>\$ 1,069,518</u>	<u>\$ 6,966,536</u>	<u>\$ 11,412,425</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 248,543	\$ 115,389	\$ 243,370	\$ 607,302
Accrued liabilities	120,224	56,976	108,022	285,222
Due to other governments	-		42,578	42,578
Due to other funds	122,875		190,591	313,466
Deposits payable	-		19,000	19,000
Unearned revenue	338,037	55,660	2,618,083	3,011,780
Total Liabilities	<u>829,679</u>	<u>228,025</u>	<u>3,221,644</u>	<u>4,279,348</u>
<b>Fund Balance</b>				
Nonspendable for:				
Cemetery maintenance			6,800	6,800
Inventory	-	55,660		55,660
Prepaid expenditures	-	38,288	-	38,288
Flexible spending		5,648		5,648
Advances to component units	310,000			310,000
Restricted for:				
Children's special health care relief fund		65		65
Cost based reimbursement		298,267		298,267
Capital projects			1,390,827	1,390,827
Cemetery			44	44
Debt service			2	2
Special revenue funds		95,813	2,347,219	2,443,032
Committed for:				
Compensated absences		128,391		128,391
Retirement contribution		210,755		210,755
Imprest cash		411		411
Veteran affairs		4,756		4,756
Vision program		3,439		3,439
Assigned for:				
Contingency reserve	1,212,000			1,212,000
Unassigned	1,024,692			1,024,692
Total Fund Balance	<u>2,546,692</u>	<u>841,493</u>	<u>3,744,892</u>	<u>7,133,077</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 3,376,371</u>	<u>\$ 1,069,518</u>	<u>\$ 6,966,536</u>	<u>\$ 11,412,425</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 POSITION  
DECEMBER 31, 2012**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 7,133,077</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	15,381,990
Subtract: accumulated depreciation	(8,626,412)
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: prepaid expenses	343,976
Add: deferred delinquent property taxes	369,351
Add: long-term receivables - due from other governments	411,919
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 position.	
Add: net position of governmental activities accounted for in internal service funds	695,467
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 and leases payable	(1,820,624)
Subtract: accrued interest payable	(10,086)
Subtract: compensated absences	(692,565)
<b>Net Position of Governmental Activities</b>	<b>\$ 13,186,093</b>

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, 2012**

	<u>General</u>	<u>Health Department 9-30-12</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 5,546,737	\$ -	\$ 2,599,653	\$ 8,146,390
Licenses and permits	539,022	154,099		693,121
Intergovernmental				
Federal	169,519	1,984,750	1,058,947	3,213,216
State	1,580,253		1,080,667	2,660,920
Local			437,648	437,648
Charges for services	1,956,190	614,509	1,254,286	3,824,985
Fines and forfeits	30,798		20,625	51,423
Interest and rents	473,934		25,641	499,575
Reimbursements and refunds	705,446		177,836	883,282
Other		6,829	100,578	107,407
<b>Total Revenues</b>	<u>11,001,899</u>	<u>2,760,187</u>	<u>6,755,881</u>	<u>20,517,967</u>
Expenditures				
Current:				
Legislative	102,468			102,468
Judicial	2,041,683		937,905	2,979,588
General government	3,639,159		1,348,407	4,987,566
Public safety	2,872,198		2,901,119	5,773,317
Public works	795,703			795,703
Health and welfare	468,621	2,844,330	1,747,675	5,060,626
Culture and recreation			6,899	6,899
Other	180,079			180,079
Capital outlay			1,030,783	1,030,783
Debt service - principal			165,000	165,000
Debt service - interest			62,963	62,963
<b>Total Expenditures</b>	<u>10,099,911</u>	<u>2,844,330</u>	<u>8,200,751</u>	<u>21,144,992</u>
Revenues over (under) expenditures	<u>901,988</u>	<u>(84,143)</u>	<u>(1,444,870)</u>	<u>(627,025)</u>
Other Financing Sources (uses)				
Issuance of debt		22,600		22,600
Transfer in	802,242	326,145	1,242,378	2,370,765
Transfer out	<u>(1,514,136)</u>	<u>-</u>	<u>(14,415)</u>	<u>(1,528,551)</u>
<b>Total Other Financing Sources (uses)</b>	<u>(711,894)</u>	<u>348,745</u>	<u>1,227,963</u>	<u>864,814</u>
Net change in fund balances	190,094	264,602	(216,907)	237,789
Fund Balance, Beginning of Year	<u>2,356,598</u>	<u>576,891</u>	<u>3,961,799</u>	<u>6,895,288</u>
Fund Balance, End of Year	<u>\$ 2,546,692</u>	<u>\$ 841,493</u>	<u>\$ 3,744,892</u>	<u>\$ 7,133,077</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, 2012**

**Net Change In Fund Balances - Total Governmental Funds** \$ 237,789

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	1,122,917
Add: construction-in-progress	(510,695)
Subtract: depreciation expense	(701,962)

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

Add: increase in prepaid expenses	343,976
Subtract: decrease in deferred delinquent property taxes	(7,551)
Subtract: decrease in long-term receivables	(132,220)

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

Add: principal payments on long-term liabilities	176,976
Subtract: bond and lease proceeds	(439,833)
Subtract: increase in accrued interest payable	2,294

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	10,538
Subtract: loss on the disposal of capital assets	(1,356)

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.

Add: net income from governmental activities accounted for in internal service funds	120,537
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**Change In Net Position Of Governmental Activities** \$ 221,410

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

TUSCOLA COUNTY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2012

	Enterprise Funds						Governmental Activities	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 5,419,309		\$ -	\$ -	\$ 132	\$ 501,507	\$ 5,920,948	\$ 1,123,197
Investments	1,487,272		-	-	-		1,487,272	
Receivables:								
Taxes receivable - delinquent	-	2,539,428	-	-	-		2,539,428	
Accounts receivable	2,447,041	35,335	-	-	-	69	2,482,445	6,558
Allowance for uncollectible accounts	(216,292)	-	-	-	-		(216,292)	
Due from other funds	-	-	-	-	-	2,200	2,200	-
Due from other governmental units	-	227,337	-	-	-	-	227,337	
Contracts receivable - current	-	-	354,485	48,852	34,862	230,746	668,945	
Prepaid expenses	141,239	-	-	-	-	-	141,239	6,452
Other assets	-	-	-	-	-	-	-	
Restricted cash	1,917,455	2,035,556	-	-	-	-	3,953,011	
Restricted investments	-	1,628,211	-	-	-	-	1,628,211	
<b>Total current assets</b>	<b>11,196,024</b>	<b>6,465,867</b>	<b>354,485</b>	<b>48,852</b>	<b>34,994</b>	<b>734,522</b>	<b>18,834,744</b>	<b>1,136,207</b>
Noncurrent assets:								
Contracts receivable, net of current portion	-	-	5,697,114	1,994,000	2,782,000	1,862,000	12,335,114	
Net pension asset	182,328	-	-	-	-	-	182,328	
Capital assets, net	11,495,684	-	-	-	-	-	11,495,684	
<b>Total noncurrent assets</b>	<b>11,678,012</b>	<b>-</b>	<b>5,697,114</b>	<b>1,994,000</b>	<b>2,782,000</b>	<b>1,862,000</b>	<b>24,013,126</b>	<b>-</b>
<b>Total assets</b>	<b>22,874,036</b>	<b>6,465,867</b>	<b>6,051,599</b>	<b>2,042,852</b>	<b>2,816,994</b>	<b>2,596,522</b>	<b>42,847,870</b>	<b>1,136,207</b>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	326,544	30,919	-	-	132	16,770	374,365	16,078
Accrued and other liabilities	440,854	-	24,485	20,852	9,862	21,746	517,799	224,885
Due to other funds	-	748,862	-	-	-	-	748,862	199,777
Patient trust fund	36,808	-	-	-	-	-	36,808	
Deposits payable	12,675	-	-	-	-	-	12,675	
Unearned revenue	255,287	-	-	-	-	17,359	272,646	
Compensated absences - current	27,179	-	-	-	-	-	27,179	
Bonds payable, current	1,015,000	-	330,000	28,000	25,000	209,000	1,607,000	
<b>Total current liabilities</b>	<b>2,114,347</b>	<b>779,781</b>	<b>354,485</b>	<b>48,852</b>	<b>34,994</b>	<b>264,875</b>	<b>3,597,334</b>	<b>440,740</b>
Noncurrent liabilities:								
Compensated absences - net of current	244,606	-	-	-	-	-	244,606	
Bonds payable, net of current portion	3,450,000	-	5,697,114	1,994,000	2,782,000	1,862,000	15,785,114	
<b>Total long-term liabilities</b>	<b>3,694,606</b>	<b>-</b>	<b>5,697,114</b>	<b>1,994,000</b>	<b>2,782,000</b>	<b>1,862,000</b>	<b>16,029,720</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,808,953</b>	<b>779,781</b>	<b>6,051,599</b>	<b>2,042,852</b>	<b>2,816,994</b>	<b>2,126,875</b>	<b>19,627,054</b>	<b>440,740</b>
<b>Net position</b>								
Invested in capital assets	7,030,684	-	-	-	-	-	7,030,684	
Restricted for:								
Debt service	1,880,647	-	-	-	-	-	1,880,647	
Unrestricted	8,153,752	5,686,086	-	-	-	469,647	14,309,485	695,467
<b>Total net position</b>	<b>\$ 17,065,083</b>	<b>\$ 5,686,086</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 469,647</b>	<b>\$ 23,220,816</b>	<b>\$ 695,467</b>

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

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds					Total	Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District		Other Enterprise Funds	Internal Service Funds
Operating revenue								
Charges for services	\$ 18,782,303	\$ 718,620	\$ -	\$ -	\$ -	\$ 175,909	\$ 19,676,832	\$ 2,013,832
Other operating revenue	486,049	-	-	-	-	179,451	665,500	-
Total operating revenue	19,268,352	718,620	-	-	-	355,360	20,342,332	2,013,832
Operating expenses								
Operation and maintenance	16,995,857	21	-	-	-	-	16,995,878	1,893,102
Benefits and claims	-	-	-	-	-	-	-	193
Administration	-	-	-	-	-	336,683	336,683	-
Depreciation	959,582	-	-	-	-	-	959,582	-
Total operating expenses	17,955,439	21	-	-	-	336,683	18,292,143	1,893,295
Operating income (loss)	1,312,913	718,599	-	-	-	18,677	2,050,189	120,537
Nonoperating revenue (expenses)								
Property taxes	1,743,674	-	-	-	-	-	1,743,674	-
Interest and rent	29,392	32,116	-	-	-	4,895	66,403	-
Loss on sale of capital assets	(52)	-	-	-	-	-	(52)	-
Interest expense and fiscal charges	(112,923)	-	(99,261)	(84,242)	(9,862)	(75,370)	(381,658)	-
Total nonoperating revenue (expenses)	1,660,091	32,116	(99,261)	(84,242)	(9,862)	(70,475)	1,428,367	-
Income (loss) before capital contributions and transfers	2,973,004	750,715	(99,261)	(84,242)	(9,862)	(51,798)	3,478,556	120,537
Capital contributions	-	-	99,261	84,242	9,862	75,353	268,718	-
Transfers								
Transfers out	-	(748,862)	-	-	-	(50,000)	(798,862)	-
Change in net position	2,973,004	1,853	-	-	-	(26,445)	2,948,412	120,537
Net position, beginning of year	14,092,079	5,684,233	-	-	-	496,092	20,272,404	574,930
Net position, end of year	\$ 17,065,083	\$ 5,686,086	\$ -	\$ -	\$ -	\$ 469,647	\$ 23,220,816	\$ 695,467

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

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds						Governmental Activities	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities								
Cash received from customers	\$ 19,474,765	\$ 853,689	\$ -	\$ -	\$ -	\$ 175,909	\$ 20,504,363	\$ 2,007,274
Cash received from interfund services provided	-	-	-	-	-	397,800	397,800	1,010,449
Cash payments to suppliers for goods and services	(5,244,846)	(93,387)	-	-	-	(301,614)	(5,639,847)	(1,913,156)
Cash payments to employees for services	(11,717,868)	-	-	-	-	-	(11,717,868)	-
Other operating revenue	-	-	-	-	-	179,451	179,451	-
Net cash provided by operating activities	2,512,051	760,302	-	-	-	451,546	3,723,899	1,104,567
Cash flows from noncapital financing activities								
Property taxes	344,697	-	-	-	-	-	344,697	-
Transfers out	-	(748,862)	-	-	-	(50,000)	(798,862)	-
Net cash provided (used) by noncapital financing activities	344,697	(748,862)	-	-	-	(50,000)	(454,165)	-
Cash flows from capital and related financing activities								
Property taxes	1,398,977	-	-	-	-	-	1,398,977	-
Contributions from local units	-	-	425,581	111,521	-	259,771	796,873	-
Issuance of long-term debt	-	-	-	-	2,807,000	840,000	3,647,000	-
Principal paid on long-term debt	(975,000)	-	(325,000)	(27,000)	-	(608,000)	(1,935,000)	-
Interest paid on long-term debt	(124,075)	-	(100,581)	(84,521)	-	(79,412)	(388,589)	-
Contributions to local units	-	-	-	-	(2,806,868)	(395,017)	(3,201,885)	-
Purchases and construction of capital assets	(605,143)	-	-	-	-	-	(605,143)	-
Net cash provided (used) by capital and related financing activities	(305,241)	-	-	-	132	17,342	(287,767)	-
Cash flows from investing activities								
Interest and rent	29,392	32,116	-	-	-	4,895	66,403	-
Sale (purchase) of investments	(2,173)	185,622	-	-	-	-	183,449	-
Net cash provided (used) by investing activities	27,219	217,738	-	-	-	4,895	249,852	-
Net increase in cash and cash equivalents	2,578,726	229,178	-	-	132	423,783	3,231,819	1,104,567
Cash and cash equivalents, beginning of year	4,758,038	1,799,451	-	-	-	77,724	6,635,213	18,630
Cash and cash equivalents, end of year	\$ 7,336,764	\$ 2,028,629	\$ -	\$ -	\$ 132	\$ 501,507	\$ 9,867,032	\$ 1,123,197
Statement of net position classification of cash and cash equivalents								
Cash and cash equivalents	\$ 5,419,309	-	-	-	\$ 132	\$ 501,507	\$ 5,920,948	\$ 1,123,197
Restricted cash	1,917,455	\$ 2,035,556	-	-	-	-	3,953,011	-
	\$ 7,336,764	\$ 2,035,556	\$ -	\$ -	\$ 132	\$ 501,507	\$ 9,873,959	\$ 1,123,197

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONCLUDED)  
 YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds						Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Denmark Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	\$ 1,312,913	\$ 718,599	\$ -	\$ -	\$ -	\$ 18,677	\$ 2,050,189	\$ 120,537
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	959,582						959,582	-
Loss on sale of fixed assets							-	
Changes in assets and liabilities which increase (decrease) cash:								
Receivables	208,209	164,959				(69)	373,099	(6,558)
Due from other funds						397,800	397,800	810,672
Due from other governmental units		(29,890)				24,671	(5,219)	
Prepaid expenses	36,123						36,123	(6,452)
Other assets	(150)						(150)	
Net pension asset	615						615	
Accounts payable	(41,644)	(31,956)				15,740	(57,860)	199,777
Accrued and other liabilities	67,004					(5,273)	61,731	(29,295)
Due to other funds		(61,410)					(61,410)	15,886
Unearned revenue	2,358						2,358	
Patient trust funds	4,735						4,735	
Deposits payable	(45,477)						(45,477)	
Compensated absences	7,783						7,783	
Net cash provided by operating activities by operating activities	<u>\$ 2,512,051</u>	<u>\$ 760,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,546</u>	<u>\$ 3,723,899</u>	<u>\$ 1,104,567</u>

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

**TUSCOLA COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2012**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,319,891
<b>Total assets</b>	<b>\$ 1,319,891</b>
<b>Liabilities</b>	
Accrued liabilities	\$ 270,702
Due to other governmental units	1,034,745
Undistributed receipts	14,444
<b>Total liabilities</b>	<b>\$ 1,319,891</b>

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 governing Board of the Road Commission consists of five elected members. The Road Commission deposits money with the County Treasurer. The County has the ability to significantly influence operations of the Road Commission. A complete financial statement can be obtained from the Tuscola County Road Commission, 1733 Mertz Road, Caro, Michigan 48723.

*Drain Commission* - The Drain Commission is considered a discrete component unit as the nature and significance of the relationship between the primary government and the Commission is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage Board of Chapter 21 drainage districts 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, 125 W. Lincoln St. Suite 100, Caro, Michigan 48723.

**Other Year-Ends**

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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position 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-

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

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

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. Revenue is primarily derived from property taxes, state and federal distributions and charges for services.

The *health department fund* accounts for the charges for medical services and grant revenues along with 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 primary revenue sources are charges for medical services and property taxes.

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.

The *Wisner water district fund* accounts for the water district in Wisner Township. The construction project is funded with bonds payable.

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 for the maintenance of the cemetery grounds.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

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 Position 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.

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

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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 reported as nonspendable find balance 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**

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 straight-line 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 position. 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**

**8. Fund Equity**

Implementation of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" in 2011 resulted in new fund balance classifications for the county. The former classifications of reserved, designated and unreserved were replaced by new classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The new classifications are:

Nonspendable fund balance - includes amounts that cannot be spent (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance - amounts that are restricted to specific purposes by externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (Board) to take formal action using its most binding constraint (ordinance). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action (ordinance) to remove or change the constraint.

Assigned fund balance - amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners. The Board also authorizes the Controller/Administrator or his/her designee to assign amounts to be used for specific purposes. It is the Board's policy to assign ten percent of the general fund's fund balance as a contingency reserve.

Unassigned fund balance- the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the County's policy is to first apply restricted resources. When an expense is incurred for purposes of which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned and unassigned.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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. The Appropriations Act details the budget at the line item level.
- 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:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>Health Department Fund</b>			
Health and Welfare	\$ 2,821,382	\$ 2,844,330	\$ 22,948
<b>Nonmajor Special Revenue Funds</b>			
Victim Services- public safety	\$ 65,440	\$ 66,020	\$ 580
Victim of Crime Act- public safety	\$ 71,214	\$ 72,830	\$ 1,616
Corrections Services- public safety	\$ 52,036	\$ 52,928	\$ 892
Homeland Security- public safety	\$ -	\$ 5,503	\$ 5,503
Law Library- judicial	\$ 6,000	\$ 6,505	\$ 505

These expenditures over budget were funded by available fund balance.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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	\$ 12,441,829
Investments	1,487,272
Restricted cash	4,072,033
Restricted investments	1,628,211
Component Units:	
Cash and cash equivalents	3,441,384
Investments	4,931,055
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,319,891
<b>Total</b>	<u><u>\$ 29,321,675</u></u>
 Notes to Financial Statements	
Deposits	\$ 21,266,577
Investments	8,046,538
Cash on hand	8,560
<b>Total</b>	<u><u>\$ 29,321,675</u></u>

Restricted cash consists of the County's deposits with MMRMA. See Note 4C for additional information.

**Deposits and investments**

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

	<u>Carrying Amount</u> <u>(Fair Value)</u>	<u>Maturity Less</u> <u>1 Year</u>	<u>Maturity</u> <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$ 6,745,962	\$6,745,962	-	AAAm
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	297,746		\$ 297,745	n/a
Commercial Paper	<u>1,002,830</u>	<u>1,002,830</u>	-	A1
<b>Total</b>	<u><u>\$8,046,538</u></u>	<u><u>\$7,748,792</u></u>	<u><u>\$297,745</u></u>	

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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 \$19,142,992 of the County's bank balance of \$20,932,289 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 funds 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**

**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	\$ 3,188,089	\$ 2,539,428	\$ 1,587,332
Accounts	656,769	2,482,445	
Special Assessments			
Due within one year	-		913,050
Due after one year	-		6,899,044
Intergovernmental			
Due within one year	535,485	896,282	1,341,987
Due after one year	270,000	12,335,114	
Less: allowance for uncollectible accounts	-	(216,292)	
<b>Total</b>	<u>\$ 4,650,343</u>	<u>\$ 18,036,977</u>	<u>\$ 10,741,413</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)	\$ 338,037	
Property taxes receivable (Nonmajor Governmental fund types)		\$ 2,618,083
Grant drawdowns prior to meeting all eligibility Requirements (Health Department)		55,660
<b>Total</b>	<u>\$ 338,037</u>	<u>\$ 2,673,743</u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2012, was as follows:

**Primary Government**

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated:				
Land	\$ 535,646	\$ -	\$ -	\$ 535,646
Construction in progress	510,695	-	(510,695)	-
	<u>1,046,341</u>	<u>-</u>	<u>(510,695)</u>	<u>535,646</u>
Capital assets being depreciated:				
Buildings	6,977,261	-		6,977,261
Improvements	2,512,753	165,218		2,677,971
Equipment	3,141,018	750,141	(5,695)	3,885,464
Vehicles	1,219,800	207,558	(159,755)	1,267,603
Bond fees	38,045			38,045
Total capital assets being depreciated:	<u>13,888,877</u>	<u>1,122,917</u>	<u>(165,450)</u>	<u>14,846,344</u>
Less accumulated depreciation:				
Buildings	(3,839,803)	(196,436)		(4,036,239)
Improvements	(988,055)	(137,525)		(1,125,580)
Equipment	(2,385,056)	(257,951)	4,339	(2,638,668)
Vehicles	(875,154)	(108,148)	159,755	(823,547)
Bond fees	(476)	(1,902)		(2,378)
Total accumulated depreciation	<u>(8,088,544)</u>	<u>(701,962)</u>	<u>164,094</u>	<u>(8,626,412)</u>
Total capital assets being depreciated, net	<u>5,800,333</u>	<u>420,955</u>	<u>(1,356)</u>	<u>6,219,932</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 6,846,674</u></b>	<b><u>\$ 420,955</u></b>	<b><u>\$ (512,051)</u></b>	<b><u>\$ 6,755,578</u></b>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b><u>Business-Type Activities</u></b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 198,352	\$ -	\$ 198,352
Capital assets being depreciated:				
Land improvements	1,093,099	36,216	-	1,129,315
Buildings	10,949,749	19,065	-	10,968,814
Equipment	7,169,299	351,510	(702)	7,520,107
Total capital assets being depreciated	19,212,147	406,791	(702)	19,618,236
Less accumulated depreciation:				
Land improvements	(400,150)	(78,554)		(478,704)
Buildings	(3,581,479)	(477,916)		(4,059,395)
Equipment	(3,380,343)	(403,112)	650	(3,782,805)
Total accumulated depreciation	(7,361,972)	(959,582)	650	(8,320,904)
Total capital assets being depreciated, net	11,850,175	(552,791)	(52)	11,297,332
<b>Business-type activities capital assets, net</b>	<b>\$ 11,850,175</b>	<b>\$ (354,439)</b>	<b>\$ (52)</b>	<b>\$ 11,495,684</b>

The County estimates it will cost approximately \$5,800,000 to complete the various projects currently in progress.

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

**Governmental activities:**

Judicial	\$ 4,500
General government	234,080
Public safety	347,807
Health and welfare	115,575

Total depreciation expense - governmental activities \$701,962

Business-type activities:

Total depreciation expense - Medical Care Facility \$959,582

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Discretely presented component units**

Activity for the Drain Commission for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 186,866	\$ -	\$ 186,866
Capital assets being depreciated:				
Infrastructure	19,618,747	213,176	-	19,831,923
Less accumulated depreciation:				
Infrastructure	(2,815,032)	(393,441)	-	(3,208,473)
Total capital assets being depreciated, net	<u>16,803,715</u>	<u>(180,265)</u>	<u>-</u>	<u>16,623,450</u>
<b>Drain commission capital assets, net</b>	<u><u>\$ 16,803,715</u></u>	<u><u>\$ 6,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,810,316</u></u>

The Drain Commission estimates it will cost approximately \$100,000 to complete the various projects currently in progress.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

Activity for the Road Commission for the year ended December 31, 2012, 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	32,397,395	349,800	-	32,747,195
Total capital assets not being depreciated:	<u>32,691,613</u>	<u>349,800</u>	<u>-</u>	<u>33,041,413</u>
Capital assets being depreciated:				
Infrastructure	81,560,485	4,682,094	(1,903,418)	84,339,161
Buildings	2,035,614	10,973	-	2,046,587
Equipment	5,040,065	404,056	-	5,444,121
Depletable assets	282,717	-	-	282,717
Total capital assets being depreciated:	<u>88,918,881</u>	<u>5,097,123</u>	<u>(1,903,418)</u>	<u>92,112,586</u>
Less accumulated depreciation:				
Infrastructure	(36,823,414)	(3,939,204)	1,903,418	(38,859,200)
Buildings	(392,829)	(52,616)	-	(445,445)
Equipment	(4,313,698)	(252,660)	-	(4,566,358)
Depletable assets	(44,283)	(424)	-	(44,707)
Total accumulated depreciation	<u>(41,574,224)</u>	<u>(4,244,904)</u>	<u>1,903,418</u>	<u>(43,915,710)</u>
Total capital assets being depreciated, net	<u>47,344,657</u>	<u>852,219</u>	<u>-</u>	<u>48,196,876</u>
<b>Road commission capital assets, net</b>	<u><u>\$ 80,036,270</u></u>	<u><u>\$ 1,202,019</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,238,289</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

<b>Due To</b>	<b>Due From</b>				<b>Total</b>
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds	
General Fund		\$ 143,410	\$ 748,862	\$ 126,397	\$ 1,018,669
Nonmajor Governmental Funds	\$ 120,675	47,181		73,380	241,236
Nonmajor Enterprise Funds	2,200				2,200
<b>Total</b>	<b>\$ 122,875</b>	<b>\$ 190,591</b>	<b>\$ 748,862</b>	<b>\$ 199,777</b>	<b>\$ 1,262,105</b>

The General Fund owes \$122,875 to the various other fund types as a result of negative cash balances in the County's pooled cash account.

The balance of \$748,862 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:**

	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
General	\$310,000	
Drain Commission	-	\$310,000
<b>Total</b>	<b><u>\$310,000</u></b>	<b><u>\$310,000</u></b>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

<b>Transfers From</b>	General Fund	Health Department	Nonmajor Governmental Funds	Total
General Fund		\$ 282,793	\$ 1,231,343	\$ 1,514,136
Nonmajor Governmental Funds	\$ 3,380		11,035	14,415
Delinquent Tax Revolving Fund	748,862			748,862
Nonmajor Enterprise Funds	50,000			50,000
	<u>802,242</u>	<u>282,793</u>	<u>1,242,378</u>	<u>2,327,413</u>
Reconciling item		<u>43,352</u>		<u>43,352</u>
<b>Total</b>	<u><u>\$ 802,242</u></u>	<u><u>\$ 326,145</u></u>	<u><u>\$ 1,242,378</u></u>	<u><u>\$ 2,370,765</u></u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2012. 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 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. In 1999, the County entered into a lease with the State of Michigan leasing a building to the Department of State Police. This lease expires December 31, 2014. The County received lease revenue in the amount of \$429,820. The future minimum lease payments for the remainder of the lease are as follows:

<u>Year Ending December 31</u>	<u>Revenue</u>
2013	\$ 435,094
2014	461,464
2015	299,150
2016	299,150
2017	299,150
2018-2022	1,634,672
2023-2027	1,802,668
2028	<u>305,118</u>
<b>Total</b>	<u><u>\$ 5,536,466</u></u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**F. Long-Term Debt**

**Changes in long-term debt**

Long-term activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
<b>Governmental activities</b>					
Building authority					
General obligation bonds:					
Tuscola County Series 1999	\$ 535,000	\$ -	\$ (130,000)	\$ 405,000	\$ 135,000
Capital Improvement Bonds					
Series 2011	995,000		(35,000)	960,000	35,000
Equipment loan	27,767	22,600	(11,976)	38,391	12,378
Capital lease	-	417,233		417,233	204,737
Compensated absences	703,103	589,138	(599,676)	692,565	253,155
<b>Governmental activities long-term liabilities</b>	<u>\$ 2,260,870</u>	<u>\$ 1,028,971</u>	<u>\$ (776,652)</u>	<u>\$ 2,513,189</u>	<u>\$ 640,270</u>
<b>Business-type activities</b>					
Refunding bonds	\$ 5,440,000		\$ (975,000)	\$ 4,465,000	\$ 1,015,000
General obligation bonds:					
Mayville Storm Sewer	1,109,000	-	(23,000)	1,086,000	24,000
Millington Sanitary Sewer	55,000	-	(10,000)	45,000	10,000
Richville Water System	420,000		(420,000)	-	-
Richville Water System		445,000	(35,000)	410,000	40,000
Caro Area Sewage System	255,000	-	(120,000)	135,000	135,000
Caro Sewer System	6,352,114		(325,000)	6,027,114	330,000
Denmark Water Extension	-	395,000	-	395,000	-
USDA loans:					
Denmark Sewer System	2,049,000		(27,000)	2,022,000	28,000
Wisner Water System	-	2,807,000	-	2,807,000	25,000
Compensated absences	264,002	785,508	(777,725)	271,785	27,179
<b>Business-type activities long-term liabilities</b>	<u>\$ 15,944,116</u>	<u>\$ 4,432,508</u>	<u>\$ (2,712,725)</u>	<u>\$ 17,663,899</u>	<u>\$ 1,634,179</u>

**Advance Refunding**

During 2011, the Medical Care Facility issued general obligation bonds of \$5,440,000. Proceeds from this bond issue along with an issuer contribution of \$1,000,000 were used to advance refund the Capital Improvement Bonds, Series 2003. As a result, the refunded bonds are considered defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over five years by \$450,433 and to obtain an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$287,500. The refunded bonds mature on June 1, 2012 through 2017. The balance of the defeased debt outstanding at December 31, 2012, was \$5,450,000.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Advance Refunding**

During 2012, the Richville Water System bonds were refunded. As a result of the advance refunding, total debt service requirements were reduced by \$24,006, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$22,080. At December 31, 2012, \$420,000 of bonds outstanding were considered defeased.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Component Units:</b>					
<b>Road Commission</b>					
Compensated absences	\$ 56,358	\$ 1,999	\$ -	\$ 58,357	\$ -
Net pension obligation	208,608		(78,240)	130,368	-
Net OPEB obligation	1,793,922	417,125	-	2,211,047	-
<b>Total Road Commission</b>	<u>\$ 2,058,888</u>	<u>\$ 419,124</u>	<u>\$ (78,240)</u>	<u>\$ 2,399,772</u>	<u>\$ -</u>
<b>Drain Commission</b>					
General obligation bonds:					
Moore Drain	\$ 2,625,000	\$ -	\$ (175,000)	\$ 2,450,000	\$ 175,000
Bach and Branches Drain	1,455,000	-	(125,000)	1,330,000	130,000
Alder Creek Drain	400,000	-	(100,000)	300,000	100,000
Northwest Drain	2,800,000	-	(350,000)	2,450,000	350,000
Sebewaing River					
Intercounty Drain	486,915	-	(162,305)	324,610	162,305
Reese Drain	238,328	-	(47,666)	190,662	47,666
Armbruster Intercounty Drain	190,657		(7,878)	182,779	9,454
Pigeon River Intercounty Drain	-	213,176	-	213,176	13,263
Loans Payable	682,849	285,454	(96,001)	872,302	135,874
<b>Total Drain Commission</b>	<u>\$ 8,878,749</u>	<u>\$ 498,630</u>	<u>\$ (1,063,850)</u>	<u>\$ 8,313,529</u>	<u>\$ 1,123,562</u>

General obligation bonds and loans 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, Caro Sewer and Denmark Water bonds are funded by various local government contributions. The amount in governmental activities includes an equipment lease. General obligation bonds, loans and equipment leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 - 14.8%	\$ 1,820,624
Business-type activities	7.2 - 8.7%	\$17,392,114

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

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 387,115	\$ 71,766	\$ 1,607,000	\$ 439,626
2014	400,288	55,670	1,930,000	404,314
2015	178,221	39,394	1,628,000	365,452
2016	40,000	34,838	1,670,000	322,477
2017	40,000	33,688	758,000	290,911
2018-2022	220,000	148,604	2,770,000	1,257,880
2023-2027	280,000	99,853	2,895,000	949,605
2028-2032	275,000	27,810	1,414,114	664,390
2033-2037	-	-	1,048,000	462,028
2038-2042	-	-	847,000	290,706
2043-2047	-	-	825,000	137,888
<b>Total</b>	<b>\$ 1,820,624</b>	<b>\$ 511,623</b>	<b>\$ 17,392,114</b>	<b>\$ 5,585,277</b>

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	3.00% - 6.50%	\$8,313,529

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,123,562	\$ 320,346
2014	1,150,058	275,613
2015	987,752	232,315
2016	793,673	194,549
2017	746,007	161,690
2018-2022	2,426,291	414,701
2023-2027	904,018	108,171
2028-2032	79,168	22,419
2033-2037	65,000	11,500
2038-2040	38,000	2,220
<b>Total</b>	<b>\$ 8,313,529</b>	<b>\$ 1,743,524</b>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**G. Designated Fund Equity**

The County has recorded various designations of net position 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 position, the designations are listed here.

The following are the various net position designations as of December 31, 2012:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 253,155
Designated for debt service on state police building	435,878
Designated for property tax settlements	<u>3,000,000</u>
 Total	 <u>\$3,689,033</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, 2012, the annual pension cost of \$587,964 for the County, \$154,827 for the Health Department, and \$124,752 for the Road Commission for MERS was equal to the required and actual contributions. The Medical Care Facility had a pension cost of \$116,108, which equals their required amount. The required contribution was determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

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, 2010, the date of the latest actuarial valuation, was 30 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**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
12/31/10	\$554,311	100%	-
12/31/11	\$578,304	100%	-
12/31/12	\$587,964	100%	

**Schedule of Funding Progress**

<b><u>Actuarial Valuation Date</u></b>	<b><u>Actuarial Value of Assets (a)</u></b>	<b><u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u></b>	<b><u>Unfunded AAL (UAAL) (b-a)</u></b>	<b><u>Funded Ratio (a/b)</u></b>	<b><u>Covered Payroll (c)</u></b>	<b><u>UAAL as a Percentage of Covered payroll ((b-a)/c)</u></b>
12/31/11	\$24,053,833	\$27,682,168	\$3,628,335	87%	\$5,681,317	64%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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	\$115,493
Less: Interest on net pension asset	(14,635)
Plus: Adjustment to annual required contribution	<u>15,250</u>
Annual pension cost	116,108
Contributions made	<u>(115,493)</u>
Decrease in net pension asset	615
Net pension (asset), beginning of year	<u>(182,943)</u>
Net pension (asset), end of year	<u><u>\$ (182,328)</u></u>

**Three-Year Trend Information**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Asset</u></b>
12/31/10	\$ 78,601	99%	\$183,560
12/31/11	\$ 85,495	99%	\$182,943
12/31/12	\$116,108	99%	\$182,328

**Schedule of Funding Progress**

<b><u>Actuarial Valuation Date</u></b>	<b><u>Actuarial Value of Assets (a)</u></b>	<b><u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u></b>	<b><u>Unfunded AAL (UAAL) (b-a)</u></b>	<b><u>Funded Ratio (a/b)</u></b>	<b><u>Covered Payroll (c)</u></b>	<b><u>UAAL as a Percentage of Covered payroll ((b-a)/c)</u></b>
12/31/11	\$11,768,084	\$11,193,154	\$(574,930)	105%	\$8,596,307	(7)%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Health Department Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/10	\$131,266	100%	-
9/30/11	\$132,754	100%	-
9/30/12	\$154,827	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll ((b-a)/c)</b>
12/31/2011	\$7,045,444	\$8,324,050	\$1,278,606	85%	\$1,206,485	106%

**Road Commission Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/10	\$116,952	100%	-
12/31/11	\$110,280	100%	-
12/31/12	\$124,752	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll ((b-a)/c)</b>
12/31/11	\$3,280,873	\$4,695,146	\$1,414,273	70%	\$991,049	142%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2012, the Road Commission’s annual pension cost of \$137,116 for the Massachusetts Mutual Plan was less than the Road Commission’s required contribution of \$58,876. The required contribution was determined as part of the April 1, 2012, 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, 2012, is \$404,773.

The Road Commission’s annual pension cost and net pension obligation to the Massachusetts Mutual Plan for the current year were as follows:

Annual pension cost	\$ 58,876
Contributions made	<u>(137,116)</u>
Decrease in net pension obligation	(78,240)
Net pension obligation, beginning of year	<u>208,608</u>
Net pension obligation, end of year	<u>\$ 130,368</u>

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
3/31/10	\$54,702	61%	\$167,858
3/31/11	\$55,339	26%	\$208,608
3/31/12	\$58,876	100%	\$130,368

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c)</b>
4/01/12	\$130,318	\$534,991	\$404,773	24%	\$2,456,261	17%

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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 \$475,821 for the year ending December 31, 2012.

**Funding Progress**

For the year beginning January 1, 2012, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2012. 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	\$ 767,371
Interest on net OPEB	125,575
Amounts contributed:	
Payments of current premiums	(475,821)
Increase in net OPEB obligation	417,125
OPEB obligation, beginning of year	<u>1,793,922</u>
OPEB obligation, end of year	<u>\$2,211,047</u>

**Three-Year Trend Information**

<b><u>Fiscal Year</u></b>	<b><u>Annual</u></b>	<b><u>Original</u></b>		<b><u>Percentage</u></b>	<b><u>Net OPEB</u></b>
<b><u>Ending</u></b>	<b><u>OPEB Cost</u></b>	<b><u>Amount</u></b>	<b><u>Change</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
12/31/10*	\$ 835,349	\$1,133,973	(\$298,624)	61%	\$1,362,581
12/31/11	\$ 862,752			48%	\$1,793,922
12/31/12	\$ 892,946			40%	\$2,211,047

\* Years 2010 amounts changed due to a recalculation on the December 31, 2011 actuarial valuation.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

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

Valuation as of December 31, 2012	\$	-
Actuarial value of assets		NONE
Actuarial value of liability		9,617,927
Unfunded AAL		9,617,927
Funded ratio		0%
Annual covered payroll		2,456,261
Ratio of UAAL to covered payroll		392%

**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, 2011 actuarial valuation, the alternate calculation method was used. The actuarial assumptions included a 7% postretirement interest rate, 2.5% salary scale, 4% discount rate, health care premiums increasing by 5.5% to 7.2% per year, and health care inflation rate based on the NIH National Expenditure Projections. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 29 years.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2012, 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.

The County is insured with private carriers for employee health care, life insurance, and disability coverage. The County is a member of the Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage.

The County makes quarterly contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds.

Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments, and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, the County records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2012, the balance of the County's member retention fund was \$119,022.

Changes in the estimated claims liability are as follows:

	2012
Unpaid claims, beginning of year	\$ 73,913
Claims dismissed	
Incurred claims	301,237
Claim payments	(375,150)
Unpaid claims, end of year	\$ -

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**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, participates 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. Outstanding claims at the end of 2012 were \$16,001.

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

	<u>2011</u>	<u>2012</u>
Unpaid Claims, beginning of year	\$ -	\$ -
Incurred Claims (including IBNR)	815	16,194
Claims Paid	<u>(815)</u>	<u>(193)</u>
Unpaid Claims	<u>\$ -</u>	<u>\$16,001</u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Employee Health Benefits**

The County has established an employee health benefits Self-Insurance Plan which is accounted for in an Internal Service Fund. The 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 \$20,000 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 2012. 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>2011</u>	<u>2012</u>
Unpaid Claims, beginning of year	\$ 303,940	\$ 254,180
Incurred Claims (including IBNR)	1,833,831	1,765,279
Claims Paid	<u>(1,883,591)</u>	<u>(1,794,574)</u>
Unpaid Claims	<u>\$ 254,180</u>	<u>\$ 224,885</u>

**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 2012 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 2012 ad valorem tax is levied and collectible by December 1, 2012, 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.

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

The taxable value of real and personal property for the December 1, 2011, levy totaled \$1,381,230,833. The taxable value of real and personal property for the July 1, 2012, levy totaled \$1,373,270,686. The tax levy for fiscal year 2012 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 2012 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).

**E. RESTATEMENTS**

There were two prior period adjustments noted in the Health Department during the September 30, 2012 audit. Both of these adjustments caused beginning net position in the government-wide financial statements to be restated. In the prior fiscal year, \$7,995 was expensed for capital assets but was not added to the capital asset listing and \$33,815 was recorded as a reduction in long-term debt. The correct amount was \$6,389.

	<u>Government-Wide</u>
Net position, beginning of year, as previously stated	\$12,984,114
Add: adjustment for capital outlay	7,995
Deduct: adjustment for long-term debt	<u>(27,426)</u>
Net position, beginning of year, as restated	<u>\$12,964,683</u>
Prior period adjustment (net)	<u>\$ (19,431)</u>

**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**F. CONTINGENCIES**

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**

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, 2012, was \$85,676. Lease payments are determined annually by Tuscola County.

The County has three operating lease agreements for postage meters with total monthly payments of \$1,053, two operating lease agreements for copiers with total monthly payments of \$788 and a telephone operating lease for \$724 per month. They also have entered into two operating leases for building space with total monthly payments of \$2,146.

The Health Department has an operating lease agreement for a postage meter entered into October 1, 2009, with quarterly payments of \$522. Future payments for the next three fiscal years are in the amount of \$2,088 per year.

The Road Commission has entered into various operating leases for road equipment.

The total future payments due under all of these leases are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>
2013	\$ 226,674
2014	151,630
2015	91,296
2016	<u>26,132</u>
Total	<u>\$ 495,732</u>

**H. CONSTRUCTION COMMITMENT**

During the year ended December 31, 2012, the Medical Care Community entered into a construction commitment for the design and building of two, ten bedroom small houses to be built in the adjacent property next to the Business Annex. As of December 31, 2012, costs of \$198,352 have been incurred related to the design of houses and they have \$5,789,648 remaining in construction commitments. The project is on hold as of May 30, 2013, waiting for the State of Michigan to approve the certificate of need.

**I. IMPLEMENTATION OF NEW STANDARDS**

For the year ended December 31, 2012, the County implemented the following new pronouncements:

Governmental Accounting Standards Board Statement (GASBS) No. 62, *Codification of Accounting and Financial Reporting Guidance* contained in pre-November 30, 1989, FASB and AICPA Pronouncements.

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Summary:

The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Options
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures

Governmental Accounting Standards Board Statement (GASBS) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. While the classification of certain financial elements in the financial statements was revised, the implementation of this standard had no effect on total equity.

### **J. UPCOMING ACCOUNTING PRONOUNCEMENTS**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements of deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the County as of December 31, 2013.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.



## REQUIRED SUPPLEMENTARY INFORMATION



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 5,351,899	\$ 5,495,720	\$ 5,535,712	\$ 39,992
Payment in lieu of taxes	5,000	7,424	7,424	-
Trailer park taxes	4,300	4,300	3,601	(699)
Total taxes	<u>5,361,199</u>	<u>5,507,444</u>	<u>5,546,737</u>	<u>39,293</u>
Licenses and permits				
Marriage licenses	1,700	1,700	1,745	45
Building code licenses	225,000	376,012	376,012	-
Dog licenses	100,000	116,092	120,097	4,005
Unified court licenses	11,700	11,700	17,474	5,774
Other	24,678	24,678	23,694	(984)
Total licenses and permits	<u>363,078</u>	<u>530,182</u>	<u>539,022</u>	<u>8,840</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	75,000	75,000	73,042	(1,958)
Marine safety	12,071	20,100	17,400	(2,700)
Civil defense	25,000	25,000	25,547	547
Byrne JAG	55,284	55,284	53,530	(1,754)
State				
SCAAP	1,200	1,200	-	(1,200)
Judges	239,703	239,703	231,866	(7,837)
State payment courts	245,000	233,000	223,956	(9,044)
Secondary road patrol	87,030	87,030	76,860	(10,170)
SSI incentive	4,200	4,200	10,800	6,600
Hotel liquor tax	130,000	195,158	195,158	-
State revenue sharing	831,603	831,603	838,665	7,062
Cigarette tax	10,000	3,000	2,948	(52)
Total intergovernmental - federal/state	<u>1,716,091</u>	<u>1,770,278</u>	<u>1,749,772</u>	<u>(20,506)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 250,050	\$ 260,050	\$ 243,485	\$ (16,565)
District court - probation	238,000	253,000	250,626	(2,374)
County clerk costs	218,550	228,550	221,986	(6,564)
Friend of the court costs	48,000	48,000	52,627	4,627
Bond costs	2,800	2,800	2,936	136
District court				
Screening assessment	25,000	25,000	26,327	1,327
Probate court	27,000	27,000	31,259	4,259
Civil	150,000	167,087	179,675	12,588
Warrant fees	23,000	23,000	26,329	3,329
Friend of the court	6,000	6,000	7,330	1,330
Court	1,000	1,000	571	(429)
Searches and motion fees	-	-	-	-
Other	2,100	2,100	1,540	(560)
Circuit court				
Court	8,000	8,000	13,725	5,725
Searches and motion fees	16,500	16,500	18,300	1,800
Jury, entry and forensic fees	18,500	18,500	21,166	2,666
Other	100	100	-	(100)
Family division				
Admin fees	27,000	40,000	43,787	3,787
Filing fees	-	-	31	31
Collection fees	-	-	(25)	(25)
County clerk				
Db/co-partnership	5,200	5,200	4,500	(700)
Certified	27,000	27,000	30,175	3,175
Copies	7,100	7,100	10,143	3,043
Other	11,775	10,275	12,433	2,158
Equalization	50	50	200	150
Register of deeds				
Transfer	74,000	94,246	95,409	1,163
Recordings	124,000	170,000	170,356	356
Copies	47,000	40,000	48,053	8,053
Other	600	600	645	45
County treasurer	87,300	85,725	89,758	4,033
Animal shelter	2,000	2,000	1,745	(255)
Sheriff	33,150	24,150	23,252	(898)
Jail	203,000	243,960	291,340	47,380
Other	825	825	473	(352)
Sheriff				
Canteen	3,500	9,000	12,231	3,231
Auction	5,000	5,000	4	(4,996)
Animal shelter	400	400	170	(230)
Other	20,550	20,550	16,486	(4,064)
Film	5,000	5,000	7,142	2,142
<b>Total charges for services</b>	<u>1,719,050</u>	<u>1,877,768</u>	<u>1,956,190</u>	<u>78,422</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 7,236	\$ (764)
Ordinance fines and warrant fees	20,000	20,000	17,222	(2,778)
County treasurer	10,000	5,000	6,340	1,340
Total fines and forfeits	<u>38,000</u>	<u>33,000</u>	<u>30,798</u>	<u>(2,202)</u>
Interest and rents				
Interest	153,000	123,000	110,287	(12,713)
Rentals	363,972	363,972	363,647	(325)
Total interest and rent	<u>516,972</u>	<u>486,972</u>	<u>473,934</u>	<u>(13,038)</u>
Other revenue				
Reimbursements and refunds	716,212	717,312	705,446	(11,866)
Total revenues	<u>10,430,602</u>	<u>10,922,956</u>	<u>11,001,899</u>	<u>78,943</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 72,995	\$ 72,995	\$ 77,249	\$ 4,254
Supplies, printing and postage	3,000	3,000	927	(2,073)
Memberships and subscription	10,737	10,737	10,877	140
Travel	11,000	11,000	8,763	(2,237)
Advertising	800	800	882	82
Telephone	1,000	1,000	897	(103)
Employee training	9,985	4,993	2,873	(2,120)
Total legislative	<u>109,517</u>	<u>104,525</u>	<u>102,468</u>	<u>(2,057)</u>
Judicial				
Circuit court				
Salaries and fringes	395,124	326,722	296,488	(30,234)
Supplies, printing and postage	24,131	24,131	21,740	(2,391)
Contracted services	98,500	110,500	96,626	(13,874)
Court appointed counsel	285,000	285,000	288,372	3,372
Court appointed appeal of right	27,000	27,000	8,384	(18,616)
Witness fees and travel	4,000	4,000	1,481	(2,519)
Steno transcript	20,000	19,000	4,258	(14,742)
Steno appeal transcript	3,000	4,000	5,113	1,113
Jury fees, meals and travel	27,000	27,000	15,413	(11,587)
Memberships and subscriptions	2,000	2,000	535	(1,465)
Visiting judge	10,000	63,000	36,954	(26,046)
Travel	1,000	1,000	972	(28)
Telephone	2,200	2,200	2,120	(80)
Advertising	-	-	-	-
Repairs and maintenance	3,000	3,000	2,760	(240)
Employee training	3,128	2,128	1,446	(682)
Books	2,212	2,212	899	(1,313)
Total circuit court	<u>907,295</u>	<u>902,893</u>	<u>783,561</u>	<u>(119,332)</u>
District court				
Salaries and fringes	880,743	843,827	832,963	(10,864)
Supplies, printing and postage	28,994	28,994	27,940	(1,054)
Court appointed counsel	86,000	86,000	85,556	(444)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
District court - continued				
Steno transcript	\$ 4,100	\$ 4,100	\$ 3,492	\$ (608)
Jury fees, meals and travel	17,000	17,000	10,569	(6,431)
Witness fees and travel	2,000	2,000	2,174	174
Memberships and subscriptions	1,800	1,800	1,545	(255)
Visiting judge	8,000	8,000	10,549	2,549
Travel	2,700	2,700	2,137	(563)
Repairs and maintenance	500	500	125	(375)
Employee training	2,500	1,250	1,016	(234)
Books	2,000	2,000	1,690	(310)
	<u>1,036,337</u>	<u>998,171</u>	<u>979,756</u>	<u>(6,053)</u>
Total district court				
Probate court				
Salaries and fringes	220,458	220,458	225,174	4,716
Supplies, printing and postage	5,525	8,225	7,423	(802)
Court appointed counsel	19,000	19,000	18,742	(258)
Guardianship service	2,700	1,700	1,319	(381)
Steno transcript	-	100	152	52
Memberships and subscriptions	2,000	1,300	1,140	(160)
Visiting judge	10,000	9,000	4,596	(4,404)
Travel	1,600	1,600	1,143	(457)
Advertising	43	43	-	(43)
Repairs and maintenance	2,000	2,000	1,212	(788)
Employee training	1,700	850	504	(346)
Books	1,500	1,400	574	(826)
	<u>266,526</u>	<u>265,676</u>	<u>261,979</u>	<u>(3,697)</u>
Total probate court				
Jury commission				
Salaries and fringes	1,018	1,526	1,446	(80)
Supplies, printing and postage	3,300	3,300	3,185	(115)
Travel	100	432	425	(7)
	<u>4,418</u>	<u>5,258</u>	<u>5,056</u>	<u>(202)</u>
Total jury commission				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 3,000	\$ 3,000	\$ 3,176	\$ 176
Utilities	6,400	9,000	8,155	(845)
Total adult probation	<u>9,400</u>	<u>12,000</u>	<u>11,331</u>	<u>(669)</u>
Total judicial	<u>2,223,976</u>	<u>2,183,998</u>	<u>2,041,683</u>	<u>(142,315)</u>
General government				
Elections				
Salaries and fringes	1,013	1,778	1,905	127
Supplies, printing and postage	95,000	102,600	101,358	(1,242)
Travel	200	200	283	83
Total elections	<u>96,213</u>	<u>104,578</u>	<u>103,546</u>	<u>(1,032)</u>
Legal	<u>70,000</u>	<u>58,000</u>	<u>41,509</u>	<u>(16,491)</u>
County clerk				
Salaries and fringes	382,607	384,024	378,511	(5,513)
Supplies, printing and postage	23,100	23,100	17,702	(5,398)
Memberships and subscription	800	800	452	(348)
Employee training	1,100	550	1,026	476
Travel	300	300	274	(26)
Total county clerk	<u>407,907</u>	<u>408,774</u>	<u>397,965</u>	<u>(10,809)</u>
Controller				
Salaries and fringes	318,481	295,514	285,527	(9,987)
Supplies, printing and postage	2,500	2,500	2,776	276
Memberships and subscription	872	872	620	(252)
Travel	341	341	273	(68)
Employee training	1,500	750	676	(74)
Total controller	<u>323,694</u>	<u>299,977</u>	<u>289,872</u>	<u>(10,105)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 234,546	\$ 236,247	\$ 230,251	\$ (5,996)
Supplies, printing and postage	2,100	2,100	1,448	(652)
Memberships and subscription	800	800	775	(25)
Travel	2,400	2,400	3,145	745
Employee training	600	600	640	40
	<u>240,446</u>	<u>242,147</u>	<u>236,259</u>	<u>(5,888)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	472,832	474,882	465,618	(9,264)
Supplies, printing and postage	12,115	12,115	14,044	1,929
Contracted services	100	-	-	-
Steno transcript	500	500	300	(200)
Steno appeal transcript	1,000	1,000	-	(1,000)
Memberships and subscription	3,000	3,000	3,465	465
Travel	-	900	852	(48)
Employee training	100	50	-	(50)
Books	3,883	3,883	2,480	(1,403)
	<u>493,530</u>	<u>496,330</u>	<u>486,759</u>	<u>(9,571)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	161,836	168,242	161,281	(6,961)
Supplies, printing and postage	1,200	1,200	1,097	(103)
Contracted services	274	424	474	50
	<u>163,310</u>	<u>169,866</u>	<u>162,852</u>	<u>(7,014)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	229,501	229,501	208,246	(21,255)
Supplies, printing and postage	4,000	4,000	4,337	337
Memberships and subscription	276	276	52	(224)
	<u>233,777</u>	<u>233,777</u>	<u>212,635</u>	<u>(21,142)</u>
Total register of deeds				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Treasurer</b>				
Salaries and fringes	\$ 264,302	\$ 264,302	\$ 253,086	\$ (11,216)
Supplies, printing and postage	52,327	52,327	44,449	(7,878)
Memberships and subscription	150	150	150	-
Travel	500	500	315	(185)
Employee training	1,100	550	585	35
<b>Total treasurer</b>	<u>318,379</u>	<u>317,829</u>	<u>298,585</u>	<u>(19,244)</u>
<b>Cooperative extension</b>				
Supplies, printing and postage	5,250	64	64	-
Contractual services	96,203	89,175	89,175	-
Memberships and subscription	450	-	-	-
Travel	4,125	-	-	-
Repairs and maintenance	450	-	-	-
Employee training	1,141	-	-	-
<b>Total cooperative extension</b>	<u>107,619</u>	<u>89,239</u>	<u>89,239</u>	<u>-</u>
<b>Computer operations</b>				
Salaries and fringes	60,626	60,626	59,033	(1,593)
Supplies, printing and postage	600	600	606	6
Memberships and subscription	200	200	-	(200)
Computer service contract	162,115	162,115	132,959	(29,156)
Computer repairs and maintenance	11,000	11,000	9,959	(1,041)
Computer contractual	115,354	150,000	148,651	(1,349)
<b>Total computer operations</b>	<u>349,895</u>	<u>384,541</u>	<u>351,208</u>	<u>(33,333)</u>
<b>Building and grounds</b>				
Salaries and fringes	340,720	321,784	317,492	(4,292)
Supplies, printing and postage	25,850	25,850	26,440	590
Uniforms and accessories	2,000	2,000	2,133	133
Gas, oil and grease	8,000	8,000	9,434	1,434
Janitorial supplies	22,200	22,200	23,370	1,170
Telephone	60,800	60,800	60,902	102
Utilities	234,000	234,000	226,564	(7,436)
Repairs and maintenance	111,500	113,500	110,437	(3,063)
Grounds care and maintenance	4,100	5,100	5,561	461
<b>Total building and grounds</b>	<u>809,170</u>	<u>793,234</u>	<u>782,333</u>	<u>(10,901)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 178,855	\$ 182,767	\$ 176,985	\$ (5,782)
Supplies, printing and postage	6,000	6,000	3,994	(2,006)
Memberships and subscription	650	650	590	(60)
Travel	2,000	2,000	2,609	609
Employee training	2,000	1,000	2,219	1,219
Total drain commission	<u>189,505</u>	<u>192,417</u>	<u>186,397</u>	<u>(6,020)</u>
Total general government	<u>3,803,445</u>	<u>3,790,709</u>	<u>3,639,159</u>	<u>(151,550)</u>
Public safety				
Courthouse security				
Salaries and fringes	165,733	148,336	128,015	(20,321)
Supplies, printing and postage	2,250	2,250	763	(1,487)
Laundry - employees	550	550	370	(180)
Employee training	400	400	-	(400)
Total courthouse security	<u>168,933</u>	<u>151,536</u>	<u>129,148</u>	<u>(22,388)</u>
Sheriff's department				
Salaries and fringes	1,533,137	1,545,470	1,520,945	(24,525)
Supplies, printing and postage	8,700	8,700	7,734	(966)
Food	100	100	-	(100)
Vehicle operating supplies	750	750	633	(117)
Kitchen supplies	500	500	103	(397)
Other supplies	750	750	74	(676)
Clothing and bedding	7,000	7,000	7,607	607
Uniforms and accessories	5,000	5,000	4,422	(578)
Gas, oil and grease	10,000	10,000	10,793	793
Drugs and prescriptions	35,000	35,000	36,252	1,252
Janitorial supplies	8,500	8,500	8,650	150
Contractual services	50,000	184,227	184,226	(1)
Memberships and subscription	1,200	1,200	1,415	215
Laundry - employees	5,500	5,500	3,978	(1,522)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 237,736	\$ 263,199	\$ 266,976	\$ 3,777
Health services	85,500	212,792	210,548	(2,244)
Telephone	16,000	16,000	15,231	(769)
Travel	1,000	1,000	727	(273)
Advertising (help bids)	150	150	131	(19)
Insurance and bonds	7,000	14,000	13,830	(170)
Repairs and maintenance	16,500	16,500	11,222	(5,278)
Equipment rental	3,000	3,000	2,611	(389)
Investigations	500	500	305	(195)
Employee training	1,500	1,500	640	(860)
	<u>2,035,023</u>	<u>2,341,338</u>	<u>2,309,053</u>	<u>(32,285)</u>
Total sheriff's department				
County weighmaster				
Salaries and fringes	69,755	69,755	68,117	(1,638)
Gas, oil and grease	-	-	124	124
Insurance	1,100	1,100	1,519	419
Laundry	1,320	1,320	541	(779)
	<u>72,175</u>	<u>72,175</u>	<u>70,301</u>	<u>(1,874)</u>
Total county weighmaster				
Marine safety				
Salaries and fringes	4,621	11,155	11,166	11
Supplies, printing and postage	100	36	35	(1)
Gas, oil and grease	1,500	1,467	1,467	-
Equipment maintenance and supplies	950	1,770	1,770	-
Insurance	1,400	1,319	1,319	-
Repairs and maintenance	400	1,253	1,253	-
Rentals	3,100	3,100	400	(2,700)
	<u>12,071</u>	<u>20,100</u>	<u>17,410</u>	<u>(2,690)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	78,370	78,370	64,598	(13,772)
Uniforms and accessories	200	200	-	(200)
Gas, oil and grease	6,860	6,860	3,816	(3,044)
Laundry	400	400	250	(150)
Liability and blanket bond	1,200	1,200	2,178	978
Equipment	-	-	4,094	4,094
	<u>87,030</u>	<u>87,030</u>	<u>74,936</u>	<u>(12,094)</u>
Total secondary road patrol				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 89,958	\$ 90,273	\$ 65,500	\$ (24,773)
Planning commission				
Salaries and fringes	3,178	3,178	2,442	(736)
Supplies, printing and postage	700	660	111	(549)
Employee training	240	160	160	-
Travel	1,560	1,560	1,172	(388)
Total planning commission	<u>5,678</u>	<u>5,558</u>	<u>3,885</u>	<u>(1,673)</u>
Emergency services				
Salaries and fringes	79,074	73,402	60,475	(12,927)
Supplies, printing and postage	1,150	1,050	918	(132)
Uniforms and accessories	300	300	332	32
Gas, oil and grease	750	750	874	124
Memberships and subscription	200	150	60	(90)
Telephone	1,000	950	692	(258)
Travel	200	150	111	(39)
Vehicle insurance	630	630	659	29
Repairs and maintenance	607	607	322	(285)
Employee training	500	250	93	(157)
Total emergency services	<u>84,411</u>	<u>78,239</u>	<u>64,536</u>	<u>(13,703)</u>
Animal shelter				
Contractual services	114,000	126,450	123,555	(2,895)
Supplies, printing and postage	1,500	1,500	1,111	(389)
Gas, oil and grease	9,000	12,926	12,189	(737)
Telephone	1,000	500	574	74
Total animal shelter	<u>125,500</u>	<u>141,376</u>	<u>137,429</u>	<u>(3,947)</u>
Total public safety	<u>2,680,779</u>	<u>2,987,625</u>	<u>2,872,198</u>	<u>(115,427)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 225,000	\$ 376,012	\$ 376,012	\$ -
Department of public works	2,846	3,254	2,870	(384)
Drains at large	416,821	416,821	416,821	-
Total public works	644,667	796,087	795,703	(384)
Health and welfare				
Substance abuse	65,000	97,579	97,579	-
Medical examiner				
Supplies, printing and postage	750	750	574	(176)
Body transport	3,000	3,000	2,690	(310)
Autopsies	23,000	23,000	19,486	(3,514)
Telephone	700	700	54	(646)
Employee training	850	425	263	(162)
Contractual services	14,700	14,700	14,684	(16)
Total medical examiner	43,000	42,575	37,751	(4,824)
Veterans' burial	15,000	15,000	12,720	(2,280)
Airport zoning board	678	678	-	(678)
Economic development	34,727	29,727	29,727	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	8,471	8,471	2,601	(5,870)
Total health and welfare	455,119	482,273	468,621	(13,652)
Other				
Insurance and bonds	251,000	140,000	33,172	(106,828)
Vacation and sick pay	-	88,845	88,845	-
Tax refunds and rebates	2,000	25,000	18,776	(6,224)
Appropriations	2,000	2,000	2,281	281
Audit	29,500	29,500	29,500	-
Accounting services	8,230	18,000	7,505	(10,495)
Total other	292,730	303,345	180,079	(123,266)
Total expenditures	10,210,233	10,648,562	10,099,911	(548,651)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Transfers in				
Veterans trust	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Revolving tax	765,000	800,000	748,862	(51,138)
Principal exemption	2,380	2,380	2,380	-
Tax foreclosure	50,000	50,000	50,000	-
Total transfers in	<u>818,380</u>	<u>853,380</u>	<u>802,242</u>	<u>(51,138)</u>
Transfers out				
Friend of the court	(282,970)	(282,970)	(282,970)	-
Health department	(250,293)	(242,293)	(242,293)	-
Veterans counsel	(40,500)	(40,500)	(40,500)	-
Equipment/capital improvement	(79,637)	(188,790)	(188,790)	-
State survey grant	-	(1)	(1)	-
Child care - department of human services	(127,000)	(177,000)	(177,000)	-
Parks and recreation	(2,500)	(2,500)	(2,500)	-
Community corrections	(16,000)	(18,000)	(18,000)	-
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(300,000)	(475,000)	(475,000)	-
Victim services	-	(410)	(410)	-
Purdy building debt	(73,600)	(70,208)	(70,172)	(36)
Soldiers' relief	(7,500)	(7,500)	(7,500)	-
Total transfers out	<u>(1,189,000)</u>	<u>(1,514,172)</u>	<u>(1,514,136)</u>	<u>(36)</u>
Total other financing sources (uses)	<u>(370,620)</u>	<u>(660,792)</u>	<u>(711,894)</u>	<u>(51,102)</u>
Net change in fund balance	(150,251)	(386,398)	190,094	576,492
Fund balance, beginning of year	<u>2,356,598</u>	<u>2,356,598</u>	<u>2,356,598</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,206,347</u>	<u>\$ 1,970,200</u>	<u>\$ 2,546,692</u>	<u>\$ 576,492</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HEALTH DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 146,030	\$ 142,161	\$ 154,099	\$ 11,938
Intergovernmental				
Federal/state	1,683,657	2,007,390	1,984,750	(22,640)
Charges for services	542,711	570,863	614,509	43,646
Other	6,089	6,952	6,829	(123)
	<u>2,378,487</u>	<u>2,727,366</u>	<u>2,760,187</u>	<u>32,821</u>
Total revenues				
Expenditures				
Current				
Health and welfare	<u>2,786,091</u>	<u>2,821,382</u>	<u>2,844,330</u>	<u>22,948</u>
Revenues (under) expenditures	(407,604)	(94,016)	(84,143)	9,873
Other financing sources				
Loan proceeds	22,600	22,600	22,600	-
Transfer in	<u>374,538</u>	<u>324,448</u>	<u>326,145</u>	<u>1,697</u>
Net change in fund balance	(10,466)	253,032	264,602	11,570
Fund balance, beginning of year	<u>576,891</u>	<u>576,891</u>	<u>576,891</u>	<u>-</u>
Fund balance, end of year	<u>\$ 566,425</u>	<u>\$ 829,923</u>	<u>\$ 841,493</u>	<u>\$ 11,570</u>

**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**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
2010	\$ 23,419,238	\$ 26,325,295	\$ 2,906,057	89%	\$ 6,506,213	45%
2011	\$ 24,053,833	\$ 27,682,168	\$ 3,628,335	87%	\$ 5,681,317	64%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 359,130	100%
2006	\$ 364,181	100%
2007	\$ 406,387	100%
2008	\$ 416,397	100%
2009	\$ 423,934	100%
2010	\$ 554,311	100%
2011	\$ 578,304	100%
2012	\$ 587,964	100%

**TUSCOLA COUNTY MEDICAL CARE FACILITY**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2005	\$ 9,179,884	\$ 7,958,259	\$(1,221,625)	115%	\$ 4,912,174	-25%
2006	\$ 9,725,999	\$ 8,299,125	\$(1,426,874)	117%	\$ 5,971,270	-24%
2007	\$ 10,389,257	\$ 9,074,952	\$(1,314,305)	114%	\$ 6,716,626	-20%
2008	\$ 10,572,192	\$ 9,682,238	\$ (889,954)	109%	\$ 7,348,098	-12%
2009	\$ 10,846,293	\$ 9,904,171	\$ (942,122)	110%	\$ 8,026,910	-12%
2010	\$ 11,297,110	\$ 10,530,220	\$ (766,890)	107%	\$ 8,218,895	-9%
2011	\$ 11,768,084	\$ 11,193,154	\$ (574,930)	105%	\$ 8,596,307	-7%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2006	\$ -	0%
2007	\$ -	0%
2008	\$ -	0%
2009	\$ 4,630	100%
2010	\$ 77,982	100%
2011	\$ 84,878	100%
2012	\$ 115,493	100%

**TUSCOLA COUNTY HEALTH DEPARTMENT**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2004	\$ 4,666,152	\$ 4,958,294	\$ 292,142	94%	\$ 1,171,612	25%
2005	\$ 5,033,724	\$ 5,493,348	\$ 459,624	92%	\$ 1,185,815	39%
2006	\$ 5,488,915	\$ 6,009,115	\$ 520,200	91%	\$ 1,376,380	38%
2007	\$ 5,963,981	\$ 6,452,569	\$ 488,588	92%	\$ 1,322,778	37%
2008	\$ 6,254,801	\$ 6,872,962	\$ 618,161	91%	\$ 1,349,891	46%
2009	\$ 6,594,584	\$ 7,433,999	\$ 839,415	89%	\$ 1,428,774	59%
2010	\$ 6,825,380	\$ 7,491,980	\$ 1,116,600	86%	\$ 1,205,813	93%
2011	\$ 7,045,444	\$ 8,324,050	\$ 1,278,606	85%	\$ 1,206,485	106%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 102,942	100%
2006	\$ 113,290	100%
2007	\$ 127,946	100%
2008	\$ 129,004	100%
2009	\$ 130,908	100%
2010	\$ 131,266	100%
2011	\$ 132,754	100%
2012	\$ 154,827	100%

**TUSCOLA COUNTY ROAD COMMISSION**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2004	\$ 2,105,045	\$ 3,068,059	\$ 963,014	69%	\$ 788,509	122%
2005	\$ 2,195,640	\$ 3,187,163	\$ 991,523	69%	\$ 678,624	146%
2006	\$ 2,335,396	\$ 3,370,443	\$ 1,035,047	69%	\$ 747,723	138%
2007	\$ 2,489,359	\$ 3,625,637	\$ 1,136,278	69%	\$ 781,776	145%
2008	\$ 2,766,674	\$ 4,064,500	\$ 1,297,826	68%	\$ 1,004,970	129%
2009	\$ 2,890,794	\$ 4,149,712	\$ 1,258,918	70%	\$ 1,040,605	121%
2010	\$ 3,089,765	\$ 4,314,814	\$ 1,225,049	72%	\$ 1,065,900	115%
2011	\$ 3,280,873	\$ 4,695,146	\$ 1,414,273	70%	\$ 991,049	142%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 108,108	100%
2006	\$ 97,226	100%
2007	\$ 93,840	100%
2008	\$ 106,632	100%
2009	\$ 116,436	100%
2010	\$ 116,952	100%
2011	\$ 110,280	100%
2012	\$ 124,752	100%

**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
MASSACHUSETTS MUTUAL PLAN  
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
HISTORICAL TREND INFORMATION - UNAUDITED**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2005	\$ 157,793	\$ 464,021	\$ 333,339	34%	\$ 2,487,412	13%
2006	\$ 85,412	\$ 502,454	\$ 417,042	17%	\$ 2,328,064	18%
2007	\$ 53,979	\$ 505,023	\$ 451,044	11%	\$ 2,315,427	20%
2008	\$ 76,483	\$ 488,787	\$ 412,048	16%	\$ 2,461,335	17%
2009	\$ 93,561	\$ 533,819	\$ 440,258	18%	\$ 2,499,699	18%
2010	\$ 109,750	\$ 563,871	\$ 454,121	20%	\$ 2,493,507	18%
2011	\$ 129,345	\$ 619,104	\$ 489,759	21%	\$ 2,553,429	19%
2012	\$ 130,318	\$ 534,991	\$ 404,773	24%	\$ 2,456,261	17%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 45,621	32%
2006	\$ 43,253	33%
2007	\$ 50,962	27%
2008	\$ 52,234	118%
2009	\$ 51,536	28%
2010	\$ 54,702	61%
2011	\$ 55,339	26%
2012	\$ 58,876	100%



# **NONMAJOR GOVERNMENTAL FUNDS**

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# NONMAJOR GOVERNMENTAL FUNDS

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## 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.

Local Government Police Contract (213) The revenue source for this fund is generated from the reimbursement from Arbela Township for services provided by the Tuscola County Sheriff Department for a specific number of hours and for the support in enforcing township ordinances.

Friend of the Court, Act 294 (215) This fund was established to provide a separate accounting for the expenditures related to the operations of the Friend of the Court. The revenue sources for this fund are generated by federal and state grants. The County has established a base appropriation to this fund to comply with criteria established to receive maximum reimbursements from the federal and state levels. Fees and Charges established through the court systems also make up revenue used to operate the Friend of the Court at an efficient level.

Family Counseling (216) Marriage license fees collected by the County are proportioned into this fund and represent the only revenue source. Expenditures are ordered by the Judge of the Circuit Court, to provide counseling to families at his discretion.

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

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

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

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.

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

GPGS/Strong Families (235) This grant is from Great Start Tuscola. The Great Parents Great Start program provides parents with an educational strength-based program for growth to adequately prepare their children for entry into school.

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.

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.

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.

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

HDC STOP Grant (257) The County has a vendor relation on this grant with HDC. The goal of the grant is to strengthen local criminal justice system responses to deal with the problems of violent crimes against women.

Homeland Security (261) Tuscola County is part of the 3<sup>rd</sup> 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.

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.

Child Care (292) The Child Care Fund provides services to families of youth involved in the Courts. The revenue sources are State reimbursements, charges for services, and also a 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.

### **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)

#### **Other**

Purdy Building Debt (374)

### **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**

State Police Capital Expenditures (470)

#### **Other**

Capital Improvements Fund (483)

Denmark Water Extension Construction (486)

Equipment (244)

### **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.

## ADDITIONAL SUPPLEMENTARY INFORMATION

TUSCOLA COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	Special Revenue Funds	Debt Service Fund - State Police Post Building	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>						
<b>Assets</b>						
Cash and cash equivalents	\$ 2,192,556	\$ 7,801	\$ 2	\$ 1,276,331	\$ 6,844	\$ 3,483,534
Taxes receivable	2,586,769	-	-	-	-	2,586,769
Taxes receivable - delinquent	31,314	-	-	-	-	31,314
Accounts receivable	336,993	-	-	-	-	336,993
Due from other funds	124,282	-	-	116,954	-	241,236
Due from state	286,690	-	-	-	-	286,690
<b>Total assets</b>	<b>\$ 5,558,604</b>	<b>\$ 7,801</b>	<b>\$ 2</b>	<b>\$ 1,393,285</b>	<b>\$ 6,844</b>	<b>\$ 6,966,536</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 241,068	\$ -	\$ -	\$ 2,302	\$ -	\$ 243,370
Accrued liabilities	108,022	-	-	-	-	108,022
Due to other governments	42,578	-	-	-	-	42,578
Due to other funds	182,634	7,801	-	156	-	190,591
Deposits payable	19,000	-	-	-	-	19,000
Deferred revenue	2,618,083	-	-	-	-	2,618,083
<b>Total liabilities</b>	<b>3,211,385</b>	<b>7,801</b>	<b>-</b>	<b>2,458</b>	<b>-</b>	<b>3,221,644</b>
<b>Fund balance</b>						
Nonspendable for:						
Cemetery maintenance					6,800	6,800
Restricted for:						
Capital projects				1,390,827		1,390,827
Cemetery					44	44
Debt service			2			2
Special revenue funds	2,347,219					2,347,219
<b>Total fund balance</b>	<b>2,347,219</b>	<b>-</b>	<b>2</b>	<b>1,390,827</b>	<b>6,844</b>	<b>3,744,892</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,558,604</b>	<b>\$ 7,801</b>	<b>\$ 2</b>	<b>\$ 1,393,285</b>	<b>\$ 6,844</b>	<b>\$ 6,966,536</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - State Police Post Building</u>	<u>Debt Service Purdy Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues						
Taxes	\$ 2,599,653	\$ -	\$ -		\$ -	\$ 2,599,653
Intergovernmental						
Federal	1,058,947	-	-		-	1,058,947
State	918,533	162,134	-		-	1,080,667
Local	437,648	-	-		-	437,648
Charges for services	1,254,286	-	-		-	1,254,286
Fines and forfeits	20,625	-	-		-	20,625
Interest and rent	18,074	30	38	\$ 7,458	41	25,641
Reimbursements and refunds	176,391	-	-	1,445	-	177,836
Other	100,578	-	-		-	100,578
<b>Total revenues</b>	<b>6,584,735</b>	<b>162,164</b>	<b>38</b>	<b>8,903</b>	<b>41</b>	<b>6,755,881</b>
Expenditures						
Current						
Judicial	937,905	-	-		-	937,905
General government	1,348,407	-	-		-	1,348,407
Public safety	2,901,119	-	-		-	2,901,119
Health and welfare	1,747,675	-	-		-	1,747,675
Culture and recreation	6,899	-	-		-	6,899
Capital outlay	664,226	-	-	366,557	-	1,030,783
Debt service - principal	-	130,000	35,000		-	165,000
Debt service - interest	-	24,363	38,600		-	62,963
<b>Total expenditures</b>	<b>7,606,231</b>	<b>154,363</b>	<b>73,600</b>	<b>366,557</b>	<b>-</b>	<b>8,200,751</b>
Revenues over (under) expenditures	(1,021,496)	7,801	(73,562)	(357,654)	41	(1,444,870)
Other financing sources (uses)						
Transfer in	972,381	-	70,172	199,825	-	1,242,378
Transfer out	(6,614)	(7,801)	-	-	-	(14,415)
<b>Total other financing sources (uses)</b>	<b>965,767</b>	<b>(7,801)</b>	<b>70,172</b>	<b>199,825</b>	<b>-</b>	<b>1,227,963</b>
Net change in fund balance	(55,729)	-	(3,390)	(157,829)	41	(216,907)
Fund balance, beginning of year	2,402,948	-	3,392	1,548,656	6,803	3,961,799
Fund balance, end of year	<u>\$ 2,347,219</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1,390,827</u>	<u>\$ 6,844</u>	<u>\$ 3,744,892</u>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2012**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 162,098	\$ 4,870	\$ -
Investments	-	-	-
Taxes receivable	1,237,294	-	-
Taxes receivable - delinquent	16,859	-	-
Accounts receivable	705	-	14,310
Prepaid expenditures	-	-	-
Due from other funds	21,769	-	-
Due from federal	-	-	-
Due from state	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b><u>\$ 1,438,725</u></b>	<b><u>\$ 4,870</u></b>	<b><u>\$ 14,310</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 9,777	\$ 178	\$ 346
Accrued liabilities	35,172	-	4,601
Due to other governments	-	-	-
Due to other funds	(14)	-	9,363
Deposits payable	-	-	-
Deferred revenue	1,254,153	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,299,088</u>	<u>178</u>	<u>14,310</u>
<b>Fund balance</b>			
Nonspendable for prepaid expenditures	-	-	-
Restricted	139,637	4,692	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>139,637</u>	<u>4,692</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,438,725</u></b>	<b><u>\$ 4,870</u></b>	<b><u>\$ 14,310</u></b>

<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>GPGS/ Strong Families</u>
\$ 44,912	\$ 32,367	\$ 65,136	\$ (1)	\$ 378,336	\$ -	\$ 24,038
-	-	-	-	-	-	-
-	-	-	-	206,216	-	-
-	-	-	-	1,403	-	-
735	-	290,602	11,705	61	18,753	-
-	-	-	-	-	-	-
31,218	-	17,016	-	3,839	-	-
-	-	-	-	-	-	-
112,329	-	-	-	-	-	-
<u>\$ 189,194</u>	<u>\$ 32,367</u>	<u>\$ 372,754</u>	<u>\$ 11,704</u>	<u>\$ 589,855</u>	<u>\$ 18,753</u>	<u>\$ 24,038</u>
\$ 2,376	\$ 2,892	\$ 1,367	\$ 563	\$ 3,923	\$ 169	\$ 128
17,276	-	33,865	2,188	3,407	4,367	-
-	-	-	-	-	-	-
38,469	-	549	8,953	5	14,217	-
-	-	-	-	-	-	-
-	-	-	-	207,619	-	-
<u>58,121</u>	<u>2,892</u>	<u>35,781</u>	<u>11,704</u>	<u>214,954</u>	<u>18,753</u>	<u>128</u>
-	-	-	-	-	-	-
131,073	29,475	336,973	-	374,901	-	23,910
131,073	29,475	336,973	-	374,901	-	23,910
<u>\$ 189,194</u>	<u>\$ 32,367</u>	<u>\$ 372,754</u>	<u>\$ 11,704</u>	<u>\$ 589,855</u>	<u>\$ 18,753</u>	<u>\$ 24,038</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2012**

	<b>Victim Services</b>	<b>Voted Mosquito</b>
<b><u>ASSETS</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 786,525
Investments	-	-
Taxes receivable	-	868,305
Taxes receivable - delinquent	-	9,701
Accounts receivable	-	122
Prepaid expenditures	-	-
Due from other funds	410	4,008
Due from federal	-	-
Due from state	17,362	-
	<u>17,362</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 17,772</u>	<u>\$ 1,668,661</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 53	\$ 163,168
Accrued liabilities	-	2,182
Due to other governments	-	-
Due to other funds	17,718	176
Deposits payable	-	-
Deferred revenue	-	878,006
	<u>17,771</u>	<u>1,043,532</u>
Total liabilities	<u>17,771</u>	<u>1,043,532</u>
<b>Fund balance</b>		
Nonspendable for prepaid expenditures	-	-
Restricted	1	625,129
	<u>1</u>	<u>625,129</u>
Total fund balance	<u>1</u>	<u>625,129</u>
<b>Total liabilities and fund balance</b>	<u>\$ 17,772</u>	<u>\$ 1,668,661</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>
\$ 29,530	\$ 30,476	\$ 21,845	\$ -	\$ 165,290
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	17,449	-
<u>\$ 29,530</u>	<u>\$ 30,476</u>	<u>\$ 21,845</u>	<u>\$ 17,449</u>	<u>\$ 165,290</u>
\$ -	\$ -	\$ (53)	\$ 67	\$ 400
-	-	1,175	-	-
-	-	20,459	-	-
-	30,475	264	17,229	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>30,475</u>	<u>21,845</u>	<u>17,296</u>	<u>400</u>
-	-	-	-	-
<u>29,530</u>	<u>1</u>	<u>-</u>	<u>153</u>	<u>164,890</u>
<u>29,530</u>	<u>1</u>	<u>-</u>	<u>153</u>	<u>164,890</u>
<u>\$ 29,530</u>	<u>\$ 30,476</u>	<u>\$ 21,845</u>	<u>\$ 17,449</u>	<u>\$ 165,290</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2012**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 55,907	\$ -	\$ 16,211	\$ 15,410
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from federal	-	-	-	-	-
Due from state	8,843	-	-	-	-
<b>Total assets</b>	<b><u>\$ 8,843</u></b>	<b><u>\$ 55,907</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,211</u></b>	<b><u>\$ 15,410</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 60	\$ 461	\$ -	\$ 275	\$ 573
Accrued liabilities	1,019	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	5,668	91	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b><u>6,747</u></b>	<b><u>552</u></b>	<b><u>-</u></b>	<b><u>275</u></b>	<b><u>573</u></b>
<b>Fund balance</b>					
Nonspendable for prepaid expenditures	-	-	-	-	-
Restricted	2,096	55,355	-	15,936	14,837
<b>Total fund balance</b>	<b><u>2,096</u></b>	<b><u>55,355</u></b>	<b><u>-</u></b>	<b><u>15,936</u></b>	<b><u>14,837</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 8,843</u></b>	<b><u>\$ 55,907</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,211</u></b>	<b><u>\$ 15,410</u></b>

<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>
\$ 10,910	\$ 77,662	\$ 60,616	\$ 128,206	\$ 16,845	\$ 54,724	\$ 10,643
-	-	-	-	-	-	-
-	-	-	-	-	274,954	-
-	-	-	-	-	3,351	-
-	-	-	-	-	-	-
-	39,380	-	6,642	-	-	-
-	-	-	-	-	-	-
-	-	983	129,724	-	-	-
<u>\$ 10,910</u>	<u>\$ 117,042</u>	<u>\$ 61,599</u>	<u>\$ 264,572</u>	<u>\$ 16,845</u>	<u>\$ 333,029</u>	<u>\$ 10,643</u>
\$ -	\$ -	\$ 847	\$ 43,405	\$ -	\$ 9,843	\$ 250
-	-	-	2,720	-	50	-
-	-	-	22,119	-	-	-
-	1	-	39,380	-	90	-
-	-	19,000	-	-	-	-
-	-	-	-	-	278,305	-
-	1	19,847	107,624	-	288,288	250
-	-	-	-	-	-	-
<u>10,910</u>	<u>117,041</u>	<u>41,752</u>	<u>156,948</u>	<u>16,845</u>	<u>44,741</u>	<u>10,393</u>
<u>10,910</u>	<u>117,041</u>	<u>41,752</u>	<u>156,948</u>	<u>16,845</u>	<u>44,741</u>	<u>10,393</u>
<u>\$ 10,910</u>	<u>\$ 117,042</u>	<u>\$ 61,599</u>	<u>\$ 264,572</u>	<u>\$ 16,845</u>	<u>\$ 333,029</u>	<u>\$ 10,643</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2012**

	<b>Totals</b>
<b><u>ASSETS</u></b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 2,192,556
Investments	-
Taxes receivable	2,586,769
Taxes receivable - delinquent	31,314
Accounts receivable	336,993
Prepaid expenditures	-
Due from other funds	124,282
Due from federal	-
Due from state	286,690
	<b>\$ 5,558,604</b>
<b>Total assets</b>	<b>\$ 5,558,604</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 241,068
Accrued liabilities	108,022
Due to other governments	42,578
Due to other funds	182,634
Deposits payable	19,000
Deferred revenue	2,618,083
	<b>3,211,385</b>
<b>Total liabilities</b>	<b>3,211,385</b>
<b>Fund balance</b>	
Nonspendable for prepaid expenditures	-
Restricted	2,347,219
	<b>2,347,219</b>
<b>Total fund balance</b>	<b>2,347,219</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,558,604</b>



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>
Revenues			
Taxes	\$ 1,243,566	\$ -	\$ -
Intergovernmental			
Federal	2,700	-	-
State	-	-	-
Local	-	-	129,148
Charges for services	8,434	2,800	-
Fines and forfeits	-	-	-
Interest and rent	3,134	-	-
Reimbursements and refunds	1,183	-	-
Other	1,718	-	-
	<u>1,260,735</u>	<u>2,800</u>	<u>129,148</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	1,209,321	-	129,148
Health and welfare	-	-	-
Culture and recreation	-	6,899	-
Capital outlay	31,632	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
	<u>1,240,953</u>	<u>6,899</u>	<u>129,148</u>
Total expenditures			
Revenues over (under) expenditures	<u>19,782</u>	<u>(4,099)</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	-	2,500	-
Transfer out	-	-	-
	<u>-</u>	<u>2,500</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	19,782	(1,599)	-
Fund balance, beginning of year	<u>119,855</u>	<u>6,291</u>	<u>-</u>
Fund balance, end of year	<u>\$ 139,637</u>	<u>\$ 4,692</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>GPGS/ Strong Families</u>
\$ -	\$ -	\$ -	\$ -	\$ 207,169	\$ -	\$ -
586,952	-	-	-	-	-	-
55,112	-	202,044	-	-	-	28,380
-	-	-	74,611	1,800	159,210	2,395
90,604	4,904	1,008,710	-	67,719	-	-
-	-	-	-	-	-	-
15	-	501	-	3,816	-	-
-	9,634	29,510	-	-	-	-
9,771	-	-	-	-	-	-
<u>742,454</u>	<u>14,538</u>	<u>1,240,765</u>	<u>74,611</u>	<u>280,504</u>	<u>159,210</u>	<u>30,775</u>
924,498	6,902	-	-	-	-	-
-	-	-	-	253,038	-	-
-	-	1,075,058	74,611	-	159,210	-
-	-	-	-	-	-	30,260
-	-	-	-	-	-	-
20,468	-	332,344	-	25,717	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>944,966</u>	<u>6,902</u>	<u>1,407,402</u>	<u>74,611</u>	<u>278,755</u>	<u>159,210</u>	<u>30,260</u>
<u>(202,512)</u>	<u>7,636</u>	<u>(166,637)</u>	<u>-</u>	<u>1,749</u>	<u>-</u>	<u>515</u>
282,970	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>282,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
80,458	7,636	(166,637)	-	1,749	-	515
50,615	21,839	503,610	-	373,152	-	23,395
<u>\$ 131,073</u>	<u>\$ 29,475</u>	<u>\$ 336,973</u>	<u>\$ -</u>	<u>\$ 374,901</u>	<u>\$ -</u>	<u>\$ 23,910</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<b>Victim Services</b>	<b>Voted Mosquito</b>
Revenues		
Taxes	\$ -	\$ 872,592
Intergovernmental		
Federal	-	-
State	63,721	-
Local	-	-
Charges for services	-	-
Fines and forfeits	-	-
Interest and rent	-	8,153
Reimbursements and refunds	-	230
Other	-	25,100
	<u>63,721</u>	<u>906,075</u>
Total revenues		
Expenditures		
Current		
Judicial	-	-
General government	-	791,947
Public safety	66,020	-
Health and welfare	-	-
Culture and recreation	-	-
Capital outlay	-	184,600
Debt service - principal	-	-
Debt service - interest	-	-
	<u>66,020</u>	<u>976,547</u>
Total expenditures		
Revenues over (under) expenditures	<u>(2,299)</u>	<u>(70,472)</u>
Other financing sources (uses)		
Transfer in	410	-
Transfer out	-	-
	<u>410</u>	<u>-</u>
Total other financing sources (uses)		
Net change in fund balance	<u>(1,889)</u>	<u>(70,472)</u>
Fund balance, beginning of year	<u>1,890</u>	<u>695,601</u>
Fund balance, end of year	<u>\$ 1</u>	<u>\$ 625,129</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>HDC Stop Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
195,433	-	-	128,346	71,804	-	-
-	-	50,793	-	-	-	-
-	53,175	-	-	-	-	17,309
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	319	-	2	-	1,332	-
-	-	-	-	-	-	-
-	-	-	-	-	63,989	-
<u>195,433</u>	<u>53,494</u>	<u>50,793</u>	<u>128,348</u>	<u>71,804</u>	<u>65,321</u>	<u>17,309</u>
-	-	-	-	-	-	-
195,433	40,228	50,793	-	-	16,968	-
-	-	-	-	72,830	-	17,309
-	-	-	128,348	-	-	-
-	-	-	-	-	1,256	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>195,433</u>	<u>40,228</u>	<u>50,793</u>	<u>128,348</u>	<u>72,830</u>	<u>18,224</u>	<u>17,309</u>
-	13,266	-	-	(1,026)	47,097	-
-	-	1	-	-	-	-
-	(2,380)	-	-	-	-	-
-	(2,380)	1	-	-	-	-
-	10,886	1	-	(1,026)	47,097	-
-	18,644	-	-	1,179	117,793	-
<u>\$ -</u>	<u>\$ 29,530</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 164,890</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	73,712	-	-
State	33,888	-	-	-	-
Local	-	-	-	-	-
Charges for services	3,136	16,231	-	-	-
Fines and forfeits	-	-	-	14,125	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>37,024</u>	<u>16,231</u>	<u>73,712</u>	<u>14,125</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,505
General government	-	-	-	-	-
Public safety	52,928	18,598	5,503	15,868	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	68,209	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
<b>Total expenditures</b>	<u>52,928</u>	<u>18,598</u>	<u>73,712</u>	<u>15,868</u>	<u>6,505</u>
Revenues over (under) expenditures	<u>(15,904)</u>	<u>(2,367)</u>	<u>-</u>	<u>(1,743)</u>	<u>(5)</u>
Other financing sources (uses)					
Transfer in	18,000	-	-	-	-
Transfer out	-	-	-	(3,234)	-
<b>Total other financing sources (uses)</b>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>(3,234)</u>	<u>-</u>
Net change in fund balance	2,096	(2,367)	-	(4,977)	(5)
Fund balance, beginning of year	-	57,722	-	20,913	14,842
Fund balance, end of year	<u>\$ 2,096</u>	<u>\$ 55,355</u>	<u>\$ -</u>	<u>\$ 15,936</u>	<u>\$ 14,837</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,326	\$ -
-	-	-	-	-	-	-
5,463	167,568	105,754	204,785	-	-	1,025
-	-	-	-	-	-	-
-	26,000	-	25,748	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	802	-
-	-	-	135,834	-	-	-
-	-	-	-	-	-	-
<u>5,463</u>	<u>193,568</u>	<u>105,754</u>	<u>366,367</u>	<u>-</u>	<u>277,128</u>	<u>1,025</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,715	-	-	-	-	-	-
-	362,098	114,997	822,075	17,824	272,011	62
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,715</u>	<u>362,098</u>	<u>114,997</u>	<u>822,075</u>	<u>17,824</u>	<u>272,011</u>	<u>62</u>
748	(168,530)	(9,243)	(455,708)	(17,824)	5,117	963
-	177,000	9,000	475,000	7,500	-	-
-	-	-	-	-	-	(1,000)
<u>-</u>	<u>177,000</u>	<u>9,000</u>	<u>475,000</u>	<u>7,500</u>	<u>-</u>	<u>(1,000)</u>
748	8,470	(243)	19,292	(10,324)	5,117	(37)
<u>10,162</u>	<u>108,571</u>	<u>41,995</u>	<u>137,656</u>	<u>27,169</u>	<u>39,624</u>	<u>10,430</u>
<u>\$ 10,910</u>	<u>\$ 117,041</u>	<u>\$ 41,752</u>	<u>\$ 156,948</u>	<u>\$ 16,845</u>	<u>\$ 44,741</u>	<u>\$ 10,393</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<b>Totals</b>
Revenues	
Taxes	\$ 2,599,653
Intergovernmental	
Federal	1,058,947
State	918,533
Local	437,648
Charges for services	1,254,286
Fines and forfeits	20,625
Interest and rent	18,074
Reimbursements and refunds	176,391
Other	100,578
	<b>6,584,735</b>
Total revenues	<b>6,584,735</b>
Expenditures	
Current	
Judicial	937,905
General government	1,348,407
Public safety	2,901,119
Health and welfare	1,747,675
Culture and recreation	6,899
Capital outlay	664,226
Debt service - principal	-
Debt service - interest	-
	<b>7,606,231</b>
Total expenditures	<b>7,606,231</b>
Revenues over (under) expenditures	<b>(1,021,496)</b>
Other financing sources (uses)	
Transfer in	972,381
Transfer out	(6,614)
	<b>965,767</b>
Total other financing sources (uses)	<b>965,767</b>
Net change in fund balance	<b>(55,729)</b>
Fund balance, beginning of year	<b>2,402,948</b>
Fund balance, end of year	<b>\$ 2,347,219</b>



**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<b>Road Patrol</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ 1,241,062	\$ 1,243,562	\$ 1,243,566	\$ 4
Intergovernmental				
Federal	2,500	2,500	2,700	200
State	-	-	-	-
Local	-	-	-	-
Charges for services	9,000	9,000	8,434	(566)
Fines and forfeits	-	-	-	-
Interest and rent	500	3,300	3,134	(166)
Reimbursements and refunds	1,000	1,000	1,183	183
Other	-	1,500	1,718	218
<b>Total revenues</b>	<b>1,254,062</b>	<b>1,260,862</b>	<b>1,260,735</b>	<b>(127)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,307,041	1,312,401	1,209,321	(103,080)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	47,000	47,000	31,632	(15,368)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>1,354,041</b>	<b>1,359,401</b>	<b>1,240,953</b>	<b>(118,448)</b>
Revenues over (under) expenditures	(99,979)	(98,539)	19,782	118,321
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(99,979)	(98,539)	19,782	118,321
Fund balance, beginning of year	119,855	119,855	119,855	-
Fund balance, end of year	<u>\$ 19,876</u>	<u>\$ 21,316</u>	<u>\$ 139,637</u>	<u>\$ 118,321</u>

Parks and Recreation				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	137,900	137,900	129,148	(8,752)
1,300	1,300	2,800	1,500	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,300</u>	<u>1,300</u>	<u>2,800</u>	<u>1,500</u>	<u>137,900</u>	<u>137,900</u>	<u>129,148</u>	<u>(8,752)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	137,900	137,900	129,148	(8,752)
-	-	-	-	-	-	-	-
9,300	9,300	6,899	(2,401)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,300</u>	<u>9,300</u>	<u>6,899</u>	<u>(2,401)</u>	<u>137,900</u>	<u>137,900</u>	<u>129,148</u>	<u>(8,752)</u>
<u>(8,000)</u>	<u>(8,000)</u>	<u>(4,099)</u>	<u>3,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,500	2,500	2,500	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,500)	(5,500)	(1,599)	3,901	-	-	-	-
<u>6,291</u>	<u>6,291</u>	<u>6,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 791</u>	<u>\$ 791</u>	<u>\$ 4,692</u>	<u>\$ 3,901</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, 2012**

	<b>Friend of the Court Act 294</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	615,508	615,508	586,952	(28,556)
State	4,000	4,000	55,112	51,112
Local	-	-	-	-
Charges for services	86,840	86,840	90,604	3,764
Fines and forfeits	-	-	-	-
Interest and rent	-	-	15	15
Reimbursements and refunds	-	-	-	-
Other	9,600	9,600	9,771	171
<b>Total revenues</b>	<b>715,948</b>	<b>715,948</b>	<b>742,454</b>	<b>26,506</b>
Expenditures				
Current				
Judicial	961,567	961,567	924,498	(37,069)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	32,500	32,500	20,468	(12,032)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>994,067</b>	<b>994,067</b>	<b>944,966</b>	<b>(49,101)</b>
Revenues over (under) expenditures	(278,119)	(278,119)	(202,512)	75,607
Other financing sources (uses)				
Transfer in	282,970	282,970	282,970	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>282,970</b>	<b>282,970</b>	<b>282,970</b>	<b>-</b>
Net change in fund balance	4,851	4,851	80,458	75,607
Fund balance, beginning of year	50,615	50,615	50,615	-
Fund balance, end of year	<u>\$ 55,466</u>	<u>\$ 55,466</u>	<u>\$ 131,073</u>	<u>\$ 75,607</u>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	202,324	202,324	202,044	(280)
-	-	-	-	-	-	-	-
5,200	5,200	4,904	(296)	1,034,000	1,034,000	1,008,710	(25,290)
-	-	-	-	-	-	-	-
-	-	-	-	6,000	6,000	501	(5,499)
8,000	10,000	9,634	(366)	195,466	16,000	29,510	13,510
-	-	-	-	-	-	-	-
<u>13,200</u>	<u>15,200</u>	<u>14,538</u>	<u>(662)</u>	<u>1,437,790</u>	<u>1,258,324</u>	<u>1,240,765</u>	<u>(17,559)</u>
20,000	20,000	6,902	(13,098)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,101,968	1,101,968	1,075,058	(26,910)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	339,000	339,000	332,344	(6,656)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,000</u>	<u>20,000</u>	<u>6,902</u>	<u>(13,098)</u>	<u>1,440,968</u>	<u>1,440,968</u>	<u>1,407,402</u>	<u>(33,566)</u>
<u>(6,800)</u>	<u>(4,800)</u>	<u>7,636</u>	<u>12,436</u>	<u>(3,178)</u>	<u>(182,644)</u>	<u>(166,637)</u>	<u>16,007</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(6,800)	(4,800)	7,636	12,436	(3,178)	(182,644)	(166,637)	16,007
<u>21,839</u>	<u>21,839</u>	<u>21,839</u>	<u>-</u>	<u>503,610</u>	<u>503,610</u>	<u>503,610</u>	<u>-</u>
<u>\$ 15,039</u>	<u>\$ 17,039</u>	<u>\$ 29,475</u>	<u>\$ 12,436</u>	<u>\$ 500,432</u>	<u>\$ 320,966</u>	<u>\$ 336,973</u>	<u>\$ 16,007</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, 2012**

	<b>Vassar Township Police Contract</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	80,276	80,276	74,611	(5,665)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>80,276</b>	<b>80,276</b>	<b>74,611</b>	<b>(5,665)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	80,276	80,276	74,611	(5,665)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>80,276</b>	<b>80,276</b>	<b>74,611</b>	<b>(5,665)</b>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 206,000	\$ 206,000	\$ 207,169	\$ 1,169	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,800	1,800	164,797	164,797	159,210	(5,587)
71,420	71,420	67,719	(3,701)	-	-	-	-
-	-	-	-	-	-	-	-
3,510	3,510	3,816	306	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>280,930</u>	<u>280,930</u>	<u>280,504</u>	<u>(426)</u>	<u>164,797</u>	<u>164,797</u>	<u>159,210</u>	<u>(5,587)</u>
-	-	-	-	-	-	-	-
237,972	267,849	253,038	(14,811)	-	-	-	-
-	-	-	-	164,797	164,797	159,210	(5,587)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,000	35,000	25,717	(9,283)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>272,972</u>	<u>302,849</u>	<u>278,755</u>	<u>(24,094)</u>	<u>164,797</u>	<u>164,797</u>	<u>159,210</u>	<u>(5,587)</u>
<u>7,958</u>	<u>(21,919)</u>	<u>1,749</u>	<u>23,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,958	(21,919)	1,749	23,668	-	-	-	-
<u>373,152</u>	<u>373,152</u>	<u>373,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 381,110</u>	<u>\$ 351,233</u>	<u>\$ 374,901</u>	<u>\$ 23,668</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, 2012**

	<u>GPGS/Strong Families</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	25,000	25,000	28,380	3,380
Local	8,000	8,000	2,395	(5,605)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>33,000</u>	<u>33,000</u>	<u>30,775</u>	<u>(2,225)</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	33,000	36,388	30,260	(6,128)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>33,000</u>	<u>36,388</u>	<u>30,260</u>	<u>(6,128)</u>
Total expenditures				
Revenues over (under) expenditures	<u>-</u>	<u>(3,388)</u>	<u>515</u>	<u>3,903</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	-	(3,388)	515	3,903
Fund balance, beginning of year	<u>23,395</u>	<u>23,395</u>	<u>23,395</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,395</u>	<u>\$ 20,007</u>	<u>\$ 23,910</u>	<u>\$ 3,903</u>

Victim Services				Voted Mosquito			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 870,657	\$ 870,657	\$ 872,592	\$ 1,935
-	-	-	-	-	-	-	-
63,550	63,550	63,721	171	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8,000	8,000	8,153	153
-	-	-	-	800	800	230	(570)
-	-	-	-	-	6,200	25,100	18,900
<u>63,550</u>	<u>63,550</u>	<u>63,721</u>	<u>171</u>	<u>879,457</u>	<u>885,657</u>	<u>906,075</u>	<u>20,418</u>
-	-	-	-	-	-	-	-
-	-	-	-	869,649	869,649	791,947	(77,702)
63,550	65,440	66,020	580	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	148,750	186,250	184,600	(1,650)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>63,550</u>	<u>65,440</u>	<u>66,020</u>	<u>580</u>	<u>1,018,399</u>	<u>1,055,899</u>	<u>976,547</u>	<u>(79,352)</u>
-	(1,890)	(2,299)	(409)	(138,942)	(170,242)	(70,472)	99,770
-	410	410	-	-	-	-	-
-	-	-	-	-	-	-	-
-	410	410	-	-	-	-	-
-	(1,480)	(1,889)	(409)	(138,942)	(170,242)	(70,472)	99,770
<u>1,890</u>	<u>1,890</u>	<u>1,890</u>	<u>-</u>	<u>695,601</u>	<u>695,601</u>	<u>695,601</u>	<u>-</u>
<u>\$ 1,890</u>	<u>\$ 410</u>	<u>\$ 1</u>	<u>\$ (409)</u>	<u>\$ 556,659</u>	<u>\$ 525,359</u>	<u>\$ 625,129</u>	<u>\$ 99,770</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, 2012**

	<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	125,000	222,328	195,433	(26,895)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>125,000</u>	<u>222,328</u>	<u>195,433</u>	<u>(26,895)</u>
Total revenues	<u>125,000</u>	<u>222,328</u>	<u>195,433</u>	<u>(26,895)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	125,000	222,328	195,433	(26,895)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>125,000</u>	<u>222,328</u>	<u>195,433</u>	<u>(26,895)</u>
Total expenditures	<u>125,000</u>	<u>222,328</u>	<u>195,433</u>	<u>(26,895)</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	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Principal Residence Exemption			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
65,500	65,500	53,175	(12,325)
-	-	-	-
600	600	319	(281)
-	-	-	-
-	-	-	-
<u>66,100</u>	<u>66,100</u>	<u>53,494</u>	<u>(12,606)</u>
-	-	-	-
60,000	60,000	40,228	(19,772)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>60,000</u>	<u>60,000</u>	<u>40,228</u>	<u>(19,772)</u>
<u>6,100</u>	<u>6,100</u>	<u>13,266</u>	<u>7,166</u>
-	-	-	-
<u>(2,380)</u>	<u>(2,380)</u>	<u>(2,380)</u>	<u>-</u>
<u>(2,380)</u>	<u>(2,380)</u>	<u>(2,380)</u>	<u>-</u>
3,720	3,720	10,886	7,166
<u>18,644</u>	<u>18,644</u>	<u>18,644</u>	<u>-</u>
<u>\$ 22,364</u>	<u>\$ 22,364</u>	<u>\$ 29,530</u>	<u>\$ 7,166</u>

State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
50,793	50,793	50,793	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>50,793</u>	<u>50,793</u>	<u>50,793</u>	<u>-</u>
-	-	-	-
50,793	50,793	50,793	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>50,793</u>	<u>50,793</u>	<u>50,793</u>	<u>-</u>
-	-	-	-
-	1	1	-
-	-	-	-
-	1	1	-
-	1	1	-
-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2012**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	70,214	70,214	71,804	1,590
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>70,214</b>	<b>70,214</b>	<b>71,804</b>	<b>1,590</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	71,014	71,214	72,830	1,616
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>71,014</b>	<b>71,214</b>	<b>72,830</b>	<b>1,616</b>
Revenues over (under) expenditures	(800)	(1,000)	(1,026)	(26)
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(800)	(1,000)	(1,026)	(26)
Fund balance, beginning of year	1,179	1,179	1,179	-
Fund balance, end of year	<u>\$ 379</u>	<u>\$ 179</u>	<u>\$ 153</u>	<u>\$ (26)</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	17,331	17,309	(22)
-	-	-	-	-	-	-	-
2,000	2,000	1,332	(668)	-	-	-	-
-	-	-	-	-	-	-	-
52,000	64,151	63,989	(162)	-	-	-	-
54,000	66,151	65,321	(830)	-	17,331	17,309	(22)
-	-	-	-	-	-	-	-
68,075	68,075	16,968	(51,107)	-	-	-	-
-	-	-	-	-	17,331	17,309	(22)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,000	30,000	1,256	(28,744)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
98,075	98,075	18,224	(79,851)	-	17,331	17,309	(22)
(44,075)	(31,924)	47,097	79,021	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(44,075)	(31,924)	47,097	79,021	-	-	-	-
117,793	117,793	117,793	-	-	-	-	-
<u>\$ 73,718</u>	<u>\$ 85,869</u>	<u>\$ 164,890</u>	<u>\$ 79,021</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, 2012**

	<u>Community Corrections Services</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	32,120	32,120	33,888	1,768
Local	-	-	-	-
Charges for services	4,000	2,000	3,136	1,136
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>36,120</u>	<u>34,120</u>	<u>37,024</u>	<u>2,904</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	52,036	52,036	52,928	892
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>52,036</u>	<u>52,036</u>	<u>52,928</u>	<u>892</u>
Total expenditures				
Revenues over (under) expenditures	<u>(15,916)</u>	<u>(17,916)</u>	<u>(15,904)</u>	<u>2,012</u>
Other financing sources (uses)				
Transfer in	16,000	18,000	18,000	-
Transfer out	-	-	-	-
	<u>16,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	84	84	2,096	2,012
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 84</u>	<u>\$ 84</u>	<u>\$ 2,096</u>	<u>\$ 2,012</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	100,000	73,712	(26,288)
-	-	-	-	-	-	-	-
17,500	17,500	16,231	(1,269)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,500	17,500	16,231	(1,269)	-	100,000	73,712	(26,288)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,000	20,150	18,598	(1,552)	-	-	5,503	5,503
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	100,000	68,209	(31,791)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,000	20,150	18,598	(1,552)	-	100,000	73,712	(26,288)
4,500	(2,650)	(2,367)	283	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,500	(2,650)	(2,367)	283	-	-	-	-
57,722	57,722	57,722	-	-	-	-	-
\$ 62,222	\$ 55,072	\$ 55,355	\$ 283	\$ -	\$ -	\$ -	\$ -

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<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	-	14,842	14,125	(717)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>14,842</u>	<u>14,125</u>	<u>(717)</u>
Total revenues	<u>-</u>	<u>14,842</u>	<u>14,125</u>	<u>(717)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	17,894	18,021	15,868	(2,153)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>17,894</u>	<u>18,021</u>	<u>15,868</u>	<u>(2,153)</u>
Total expenditures	<u>17,894</u>	<u>18,021</u>	<u>15,868</u>	<u>(2,153)</u>
Revenues over (under) expenditures	<u>(17,894)</u>	<u>(3,179)</u>	<u>(1,743)</u>	<u>1,436</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	(3,234)	(3,234)	-
	<u>-</u>	<u>(3,234)</u>	<u>(3,234)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,234)</u>	<u>(3,234)</u>	<u>-</u>
Net change in fund balance	(17,894)	(6,413)	(4,977)	1,436
Fund balance, beginning of year	<u>20,913</u>	<u>20,913</u>	<u>20,913</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,019</u>	<u>\$ 14,500</u>	<u>\$ 15,936</u>	<u>\$ 1,436</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	6,000	6,000	5,463	(537)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>5,463</u>	<u>(537)</u>
6,000	6,000	6,505	505	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,000	9,000	4,715	(4,285)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,000</u>	<u>6,000</u>	<u>6,505</u>	<u>505</u>	<u>9,000</u>	<u>9,000</u>	<u>4,715</u>	<u>(4,285)</u>
500	500	(5)	(505)	(3,000)	(3,000)	748	3,748
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	500	(5)	(505)	(3,000)	(3,000)	748	3,748
14,842	14,842	14,842	-	10,162	10,162	10,162	-
<u>\$ 15,342</u>	<u>\$ 15,342</u>	<u>\$ 14,837</u>	<u>\$ (505)</u>	<u>\$ 7,162</u>	<u>\$ 7,162</u>	<u>\$ 10,910</u>	<u>\$ 3,748</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, 2012**

	<u>Child Care DHS</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	181,000	181,000	167,568	(13,432)
Local	-	-	-	-
Charges for services	55,000	55,000	26,000	(29,000)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>236,000</u>	<u>236,000</u>	<u>193,568</u>	<u>(42,432)</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	417,100	417,100	362,098	(55,002)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>417,100</u>	<u>417,100</u>	<u>362,098</u>	<u>(55,002)</u>
Total expenditures				
Revenues over (under) expenditures	<u>(181,100)</u>	<u>(181,100)</u>	<u>(168,530)</u>	<u>12,570</u>
Other financing sources (uses)				
Transfer in	127,000	177,000	177,000	-
Transfer out	-	-	-	-
	<u>127,000</u>	<u>177,000</u>	<u>177,000</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(54,100)	(4,100)	8,470	12,570
Fund balance, beginning of year	<u>108,571</u>	<u>108,571</u>	<u>108,571</u>	<u>-</u>
Fund balance, end of year	<u>\$ 54,471</u>	<u>\$ 104,471</u>	<u>\$ 117,041</u>	<u>\$ 12,570</u>

Department of Human Services				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
111,000	111,000	105,754	(5,246)	303,317	215,317	204,785	(10,532)
-	-	-	-	-	-	-	-
-	-	-	-	60,000	27,300	25,748	(1,552)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	157,222	148,322	135,834	(12,488)
-	-	-	-	-	-	-	-
<u>111,000</u>	<u>111,000</u>	<u>105,754</u>	<u>(5,246)</u>	<u>520,539</u>	<u>390,939</u>	<u>366,367</u>	<u>(24,572)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
121,000	121,000	114,997	(6,003)	1,015,409	915,371	822,075	(93,296)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>121,000</u>	<u>121,000</u>	<u>114,997</u>	<u>(6,003)</u>	<u>1,015,409</u>	<u>915,371</u>	<u>822,075</u>	<u>(93,296)</u>
<u>(10,000)</u>	<u>(10,000)</u>	<u>(9,243)</u>	<u>757</u>	<u>(494,870)</u>	<u>(524,432)</u>	<u>(455,708)</u>	<u>68,724</u>
9,000	9,000	9,000	-	300,000	475,000	475,000	-
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>300,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
(1,000)	(1,000)	(243)	757	(194,870)	(49,432)	19,292	68,724
<u>41,995</u>	<u>41,995</u>	<u>41,995</u>	<u>-</u>	<u>137,656</u>	<u>137,656</u>	<u>137,656</u>	<u>-</u>
<u>\$ 40,995</u>	<u>\$ 40,995</u>	<u>\$ 41,752</u>	<u>\$ 757</u>	<u>\$ (57,214)</u>	<u>\$ 88,224</u>	<u>\$ 156,948</u>	<u>\$ 68,724</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, 2012**

	<b>Soldiers Relief</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
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	18,000	22,000	17,824	(4,176)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>18,000</u>	<u>22,000</u>	<u>17,824</u>	<u>(4,176)</u>
Total expenditures	<u>18,000</u>	<u>22,000</u>	<u>17,824</u>	<u>(4,176)</u>
Revenues over (under) expenditures	<u>(18,000)</u>	<u>(22,000)</u>	<u>(17,824)</u>	<u>4,176</u>
Other financing sources (uses)				
Transfer in	7,500	7,500	7,500	-
Transfer out	-	-	-	-
	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Total other financing sources (uses)	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Net change in fund balance	(10,500)	(14,500)	(10,324)	4,176
Fund balance, beginning of year	<u>27,169</u>	<u>27,169</u>	<u>27,169</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,669</u>	<u>\$ 12,669</u>	<u>\$ 16,845</u>	<u>\$ 4,176</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000	\$ 276,326	\$ 1,326
-	-	-	-	-	-	-	-
7,500	7,500	1,025	(6,475)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	802	(198)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,500</u>	<u>7,500</u>	<u>1,025</u>	<u>(6,475)</u>	<u>276,000</u>	<u>276,000</u>	<u>277,128</u>	<u>1,128</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,070	62	(5,008)	276,790	276,790	272,011	(4,779)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,000</u>	<u>5,070</u>	<u>62</u>	<u>(5,008)</u>	<u>276,790</u>	<u>276,790</u>	<u>272,011</u>	<u>(4,779)</u>
<u>2,500</u>	<u>2,430</u>	<u>963</u>	<u>(1,467)</u>	<u>(790)</u>	<u>(790)</u>	<u>5,117</u>	<u>5,907</u>
-	-	-	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
1,500	1,430	(37)	(1,467)	(790)	(790)	5,117	5,907
10,430	10,430	10,430	-	39,624	39,624	39,624	-
<u>\$11,930</u>	<u>\$ 11,860</u>	<u>\$ 10,393</u>	<u>\$ (1,467)</u>	<u>\$ 38,834</u>	<u>\$ 38,834</u>	<u>\$ 44,741</u>	<u>\$ 5,907</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, 2012**

	<u>Violence Against Women Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	142,832	148,667	128,346	(20,321)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	100	2	(98)
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>142,832</u>	<u>148,767</u>	<u>128,348</u>	<u>(20,419)</u>
Total revenues	<u>142,832</u>	<u>148,767</u>	<u>128,348</u>	<u>(20,419)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	142,832	148,767	128,348	(20,419)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>142,832</u>	<u>148,767</u>	<u>128,348</u>	<u>(20,419)</u>
Total expenditures	<u>142,832</u>	<u>148,767</u>	<u>128,348</u>	<u>(20,419)</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>

<b>Totals</b>			
<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
\$ 2,592,719	\$ 2,595,219	\$ 2,599,653	\$ 4,434
956,054	1,059,217	1,058,947	(270)
986,604	898,604	918,533	19,929
456,473	473,804	437,648	(36,156)
1,344,260	1,309,560	1,254,286	(55,274)
6,500	21,342	20,625	(717)
21,610	24,510	18,074	(6,436)
362,488	176,122	176,391	269
61,600	81,451	100,578	19,127
<u>6,788,308</u>	<u>6,639,829</u>	<u>6,584,735</u>	<u>(55,094)</u>
987,567	987,567	937,905	(49,662)
1,411,489	1,538,694	1,348,407	(190,287)
3,018,476	3,050,534	2,901,119	(149,415)
2,029,131	1,942,486	1,747,675	(194,811)
9,300	9,300	6,899	(2,401)
632,250	669,750	664,226	(5,524)
-	-	-	-
-	-	-	-
<u>8,088,213</u>	<u>8,198,331</u>	<u>7,606,231</u>	<u>(592,100)</u>
<u>(1,299,905)</u>	<u>(1,558,502)</u>	<u>(1,021,496)</u>	<u>537,006</u>
744,970	972,381	972,381	-
(3,380)	(6,614)	(6,614)	-
<u>741,590</u>	<u>965,767</u>	<u>965,767</u>	<u>-</u>
(558,315)	(592,735)	(55,729)	537,006
<u>2,402,948</u>	<u>2,402,948</u>	<u>2,402,948</u>	<u>-</u>
<u>\$ 1,844,633</u>	<u>\$ 1,810,213</u>	<u>\$ 2,347,219</u>	<u>\$ 537,006</u>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
December 31, 2012**

	<b>State Police Capital Expenditures</b>	<b>Equipment Fund</b>	<b>Capital Improvements</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 173,470	\$ 55,289	\$ 1,047,572	\$ 1,276,331
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	7,801	-	109,153	116,954
	<b>\$ 181,271</b>	<b>\$ 55,289</b>	<b>\$ 1,156,725</b>	<b>\$ 1,393,285</b>
<b>Total assets</b>	<b>\$ 181,271</b>	<b>\$ 55,289</b>	<b>\$ 1,156,725</b>	<b>\$ 1,393,285</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 2,302	\$ -	\$ 2,302
Due to other funds	-	156	-	156
	-	2,458	-	2,458
<b>Total liabilities</b>	-	2,458	-	2,458
<b>Fund balance</b>				
Restricted for capital projects	181,271	52,831	1,156,725	1,390,827
	<b>181,271</b>	<b>52,831</b>	<b>1,156,725</b>	<b>1,390,827</b>
<b>Total liabilities and fund balance</b>	<b>\$ 181,271</b>	<b>\$ 55,289</b>	<b>\$ 1,156,725</b>	<b>\$ 1,393,285</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 1,604	\$ -	\$ 5,854	\$ 7,458
Reimbursement	-	1,445	-	1,445
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,604	1,445	5,854	8,903
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Capital outlay	4,126	186,739	175,692	366,557
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues under expenditures	(2,522)	(185,294)	(169,838)	(357,654)
Other financing sources (uses)				
Bond proceeds		-		-
Transfer in	7,801	82,871	109,153	199,825
Transfer out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing source(uses)	7,801	82,871	109,153	199,825
Net change in fund balance	5,279	(102,423)	(60,685)	(157,829)
Fund balance, beginning of year	175,992	155,254	1,217,410	1,548,656
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 181,271</u>	<u>\$ 52,831</u>	<u>\$ 1,156,725</u>	<u>\$ 1,390,827</u>



## **NONMAJOR ENTERPRISE FUNDS**

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## NONMAJOR ENTERPRISE FUNDS

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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 (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 POSITION -  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2012**

	<b>Caro Sewage Disposal (Refunded)</b>	<b>Mayville Storm Sewer</b>	<b>Richville Water System (Refunded)</b>
<b>Assets</b>			
Current assets			
Cash	\$ 17,359	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
Accounts receivable	-	-	-
Contracts receivable - current	<u>136,665</u>	<u>42,100</u>	<u>40,868</u>
Total current assets	<u>154,024</u>	<u>42,100</u>	<u>40,868</u>
Noncurrent assets			
Contracts receivable, net of current portion	<u>-</u>	<u>1,062,000</u>	<u>370,000</u>
<b>Total assets</b>	<u>154,024</u>	<u>1,104,100</u>	<u>410,868</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	1,665	18,100	868
Unearned revenue	17,359	-	-
Bonds payable, current	<u>135,000</u>	<u>24,000</u>	<u>40,000</u>
Total current liabilities	154,024	42,100	40,868
Bonds payable, net of current portion	<u>-</u>	<u>1,062,000</u>	<u>370,000</u>
<b>Total liabilities</b>	<u>154,024</u>	<u>1,104,100</u>	<u>410,868</u>
<b>Net position</b>			
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 484,148	\$ 501,507
-	-	2,200	2,200
-	-	69	69
<u>10,506</u>	<u>607</u>	<u>-</u>	<u>230,746</u>
<u>10,506</u>	<u>607</u>	<u>486,417</u>	<u>734,522</u>
<u>35,000</u>	<u>395,000</u>		<u>1,862,000</u>
<u>45,506</u>	<u>395,607</u>	<u>486,417</u>	<u>2,596,522</u>
-		16,770	16,770
506	607	-	21,746
			17,359
<u>10,000</u>	<u>-</u>		<u>209,000</u>
10,506	607	16,770	264,875
<u>35,000</u>	<u>395,000</u>		<u>1,862,000</u>
<u>45,506</u>	<u>395,607</u>	<u>16,770</u>	<u>2,126,875</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,647</u>	<u>\$ 469,647</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Operating revenues			
Charges for services	\$ -	\$ -	\$ -
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenues	-	-	-
Operating expenses			
Administration	-	-	-
	<hr/>	<hr/>	<hr/>
Operating income	-	-	-
Nonoperating revenues (expenses)			
Interest and rent	-	-	-
Interest expense and fiscal charges	(5,970)	(55,067)	(11,122)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(5,970)	(55,067)	(11,122)
Income (loss) before capital contributions and transfers	<hr/>	<hr/>	<hr/>
	(5,970)	(55,067)	(11,122)
Capital contributions	5,970	55,067	11,122
	<hr/>	<hr/>	<hr/>
Transfers			
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Change in net position	-	-	-
Net position, beginning of year	<hr/>	<hr/>	<hr/>
	-	-	-
Net position, end of year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ -	\$ -

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 175,909	\$ 175,909
-	-	179,451	179,451
-	-	355,360	355,360
-	-	336,683	336,683
-	-	18,677	18,677
-	17	4,878	4,895
<u>(2,587)</u>	<u>(624)</u>		<u>(75,370)</u>
<u>(2,587)</u>	<u>(607)</u>	<u>4,878</u>	<u>(70,475)</u>
<u>(2,587)</u>	<u>(607)</u>	<u>23,555</u>	<u>(51,798)</u>
<u>2,587</u>	<u>607</u>		<u>75,353</u>
-	-	(50,000)	(50,000)
-	-	(26,445)	(26,445)
-	-	496,092	496,092
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,647</u>	<u>\$ 469,647</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Caro Sewage Disposal (Refunded)</u>	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Cash flows from operating activities			
Cash received from customers	\$ -	\$ -	\$ -
Cash payments for interfund services provided	-	-	-
Cash payments to suppliers	-	-	-
Other operating revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	-	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from noncapital financing activities			
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(120,000)	(23,000)	(455,000)
Interest paid on long-term debt	(7,370)	(55,450)	(13,892)
Proceeds from issuance of long-term debt	-	-	445,000
Purchase of capital assets			
Contributions to local units			
Contributions from local units	144,729	78,450	23,892
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	17,359	-	-
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Interest and rent	-	-	-
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	17,359	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ 17,359</u>	<u>\$ -</u>	<u>\$ -</u>
	<hr/>	<hr/>	<hr/>
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:			
Accounts receivable			
Due from other funds			
Due from other governments	1,400	383	2,770
Accounts payable			
Accrued liabilities	(1,400)	(383)	(2,770)
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 175,909	\$ 175,909
-	-	397,800	397,800
-	-	(301,614)	(301,614)
-	-	179,451	179,451
-	-	451,546	451,546
-	-	(50,000)	(50,000)
(10,000)	-	-	(608,000)
(2,700)	-	-	(79,412)
-	395,000	-	840,000
-	-	-	-
12,700	(395,017)	-	(395,017)
-	(17)	-	17,342
-	17	4,878	4,895
-	-	406,424	423,783
-	-	77,724	77,724
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,148</u>	<u>\$ 501,507</u>
\$ -	\$ -	\$ 18,677	\$ 18,677
113	607	(69)	(69)
(113)	(607)	397,800	397,800
-	-	19,398	24,671
-	-	15,740	15,740
-	-	-	(5,273)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,546</u>	<u>\$ 451,546</u>



# **INTERNAL SERVICE FUNDS**

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## INTERNAL SERVICE FUNDS

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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.

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.

Motor Pool Fund (676) This fund was established to set aside funds to purchase a vehicle in the future for Juvenile transport.

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2012**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash	\$ 478,311	\$ 7,405	\$ 637,481	\$ 1,123,197
Accounts receivable	6,558	-	-	6,558
Prepaid expenses	6,452	-	-	6,452
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>491,321</u>	<u>7,405</u>	<u>637,481</u>	<u>1,136,207</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 16,002	\$ 76	\$ -	\$ 16,078
Accrued liabilities	-	-	224,885	224,885
Due to other funds	-	-	199,777	199,777
<b>Total liabilities</b>	<u>16,002</u>	<u>76</u>	<u>424,662</u>	<u>440,740</u>
<b>Net position</b>				
Unrestricted	<u>\$ 475,319</u>	<u>\$ 7,329</u>	<u>\$ 212,819</u>	<u>\$ 695,467</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 30,869	\$ 5,598	\$ 1,977,365	\$ 2,013,832
Operating expenses				
Vehicle expenses		1,323		1,323
Insurance costs	23,621	-	1,868,158	1,891,779
Settlements and claims	193	-	-	193
Total operating expenses	<u>23,814</u>	<u>1,323</u>	<u>1,868,158</u>	<u>1,893,295</u>
Change in net position	7,055	4,275	109,207	120,537
Net position, beginning of year	<u>468,264</u>	<u>3,054</u>	<u>103,612</u>	<u>574,930</u>
Net position, end of year	<u>\$ 475,319</u>	<u>\$ 7,329</u>	<u>\$ 212,819</u>	<u>\$ 695,467</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<b>Workers' Compensation Insurance</b>	<b>Motor Pool Fund</b>	<b>Health Insurance</b>	<b>Total</b>
Cash flows from operating activities				
Cash received from interfund services provided	\$ 24,311	\$ 5,598	\$ 1,977,365	\$ 2,007,274
Cash received from interfund services provided	460,000	672	549,777	1,010,449
Cash payments to suppliers for goods and services	(14,264)	(1,439)	(1,897,453)	(1,913,156)
Net cash provided (used) by operating activities	470,047	4,831	629,689	1,104,567
Cash and cash equivalents, beginning of year	8,264	2,574	7,792	18,630
Cash and cash equivalents, end of year	\$ 478,311	\$ 7,405	\$ 637,481	\$ 1,123,197
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ 7,055	\$ 4,275	\$ 109,207	\$ 120,537
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	(6,558)			(6,558)
Due from other funds	460,000	672	350,000	810,672
Prepaid expenses	(6,452)			(6,452)
Accounts payable	16,002	(116)		15,886
Accrued liabilities			(29,295)	(29,295)
Due to other funds			199,777	199,777
Net cash provided (used) by operating activities	\$ 470,047	\$ 4,831	\$ 629,689	\$ 1,104,567



# **FIDUCIARY FUNDS**

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## FIDUCIARY FUNDS

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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, 2012**

	<b>Agency Funds</b>		
	<b>Trust and Agency</b>	<b>Library Penal Fines</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,309,122	\$ 10,769	\$ 1,319,891
<b>Total assets</b>	<b>\$ 1,309,122</b>	<b>\$ 10,769</b>	<b>\$ 1,319,891</b>
<b>Liabilities</b>			
Accrued liabilities	\$ 270,702		\$ 270,702
Due to other governmental units	1,034,745		1,034,745
Undistributed receipts	3,675	\$ 10,769	14,444
<b>Total liabilities</b>	<b>\$ 1,309,122</b>	<b>\$ 10,769</b>	<b>\$ 1,319,891</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Balance</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2012</u>
<b>Trust and Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,317,332	\$ 16,824,290	\$ 16,832,500	\$ 1,309,122
<b>Total assets</b>	<u>\$ 1,317,332</u>	<u>\$ 16,824,290</u>	<u>\$ 16,832,500</u>	<u>\$ 1,309,122</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,693,257	\$ 9,693,257	\$ -
Accrued liabilities	390,744	1,153,856	1,033,814	270,702
Due to other governmental units	810,706	15,908,307	16,132,346	1,034,745
Due to other funds	113,125	113,125	-	-
Undistributed receipts	2,757	2,844	3,762	3,675
<b>Total liabilities</b>	<u>\$ 1,317,332</u>	<u>\$ 26,871,389</u>	<u>\$ 26,863,179</u>	<u>\$ 1,309,122</u>
<b>Library Penal Fines</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 20,476	\$ 327,038	\$ 336,745	\$ 10,769
<b>Total assets</b>	<u>\$ 20,476</u>	<u>\$ 327,038</u>	<u>\$ 336,745</u>	<u>\$ 10,769</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 330,245	\$ 330,245	\$ -
Undistributed receipts	20,476	336,745	327,038	10,769
<b>Total liabilities</b>	<u>\$ 20,476</u>	<u>\$ 666,990</u>	<u>\$ 657,283</u>	<u>\$ 10,769</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,337,808	\$ 17,151,328	\$ 17,169,245	\$ 1,319,891
<b>Total assets</b>	<u>\$ 1,337,808</u>	<u>\$ 17,151,328</u>	<u>\$ 17,169,245</u>	<u>\$ 1,319,891</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,023,502	\$ 10,023,502	\$ -
Accrued liabilities	390,744	1,153,856	1,033,814	270,702
Due to other governmental units	810,706	15,908,307	16,132,346	1,034,745
Due to other funds	113,125	113,125	-	-
Undistributed receipts	23,233	339,589	330,800	14,444
<b>Total liabilities</b>	<u>\$ 1,337,808</u>	<u>\$ 27,538,379</u>	<u>\$ 27,520,462</u>	<u>\$ 1,319,891</u>

# COMPONENT UNIT

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**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF NET POSITION AND BALANCE SHEET  
December 31, 2012**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>Revolving Drain</u>			
<b>Assets</b>						
Cash and cash equivalents	\$ 835,268	\$ 1,094,671	\$ 49,634	\$ 1,979,573	\$ -	\$ 1,979,573
Investments	1,903,656	3,027,399	-	4,931,055	-	4,931,055
Special assessments receivable	7,031,336	780,758	-	7,812,094	-	7,812,094
Due from other component units	-	27	264,067	264,094	(264,094)	-
Capital assets, net	-	-	-	-	16,810,316	16,810,316
<b>Total assets</b>	<b><u>\$ 9,770,260</u></b>	<b><u>\$ 4,902,855</u></b>	<b><u>\$ 313,701</u></b>	<b><u>\$ 14,986,816</u></b>	<b><u>\$ 16,546,222</u></b>	<b><u>\$ 31,533,038</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 2,762	\$ 12,280	\$ 3,701	\$ 18,743	\$ -	\$ 18,743
Due to other component units	27	264,067	-	264,094	(264,094)	-
Unearned revenue	7,031,336	778,148	-	7,809,484	(7,809,484)	-
Drain bonds payable	-	-	-	-	7,441,227	7,441,227
Drain notes payable	-	-	-	-	872,302	872,302
Advance from primary government	-	-	310,000	310,000	-	310,000
<b>Total liabilities</b>	<b><u>7,034,125</u></b>	<b><u>1,054,495</u></b>	<b><u>313,701</u></b>	<b><u>8,402,321</u></b>	<b><u>239,951</u></b>	<b><u>8,642,272</u></b>
<b>Fund equity</b>						
Fund balance						
Restricted for debt service	2,736,135		-	2,736,135	(2,736,135)	-
Restricted for drain projects		3,848,360	-	3,848,360	(3,848,360)	-
<b>Total fund equity</b>	<b><u>2,736,135</u></b>	<b><u>3,848,360</u></b>	<b><u>-</u></b>	<b><u>6,584,495</u></b>	<b><u>(6,584,495)</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 9,770,260</u></b>	<b><u>\$ 4,902,855</u></b>	<b><u>\$ 313,701</u></b>	<b><u>\$ 14,986,816</u></b>		
Net position:						
Net investment in capital assets					8,496,787	8,496,787
Restricted for:						
Debt service					2,736,135	2,736,135
Acquisition/construction of capital assets					3,848,360	3,848,360
Unrestricted					7,809,484	7,809,484
Total net position					<b><u>\$ 22,890,766</u></b>	<b><u>\$ 22,890,766</u></b>

**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2012**

	<b>Debt Service</b>	<b>Capital Project</b>	<b>Total Governmental Funds</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
Revenues					
Taxes	\$ 1,684,374	\$ 706,678	\$ 2,391,052	\$ (805,881)	\$ 1,585,171
Interest and rents	9,428	15,984	25,412		25,412
Total revenues	<u>1,693,802</u>	<u>722,662</u>	<u>2,416,464</u>	<u>(805,881)</u>	<u>1,610,583</u>
Expenditures / expenses					
Capital outlay	-	547,414	547,414	(400,042)	147,372
Depreciation			-	393,441	393,441
Debt service					
Principal	1,240,852	36,201	1,277,053	(1,063,850)	213,203
Interest and charges	436,981	14,805	451,786		451,786
Total expenditures / expenses	<u>1,677,833</u>	<u>598,420</u>	<u>2,276,253</u>	<u>(1,070,451)</u>	<u>1,205,802</u>
Revenues over (under) expenditures	<u>15,969</u>	<u>124,242</u>	<u>140,211</u>	<u>264,570</u>	<u>404,781</u>
Net change in fund balance	15,969	124,242	140,211	(140,211)	-
Change in net position	-	-	-	404,781	404,781
Fund balance / net position, beginning of year	<u>2,720,166</u>	<u>3,724,118</u>	<u>6,444,284</u>	<u>16,041,701</u>	<u>22,485,985</u>
Fund balance / net position, end of year	<u>\$ 2,736,135</u>	<u>\$ 3,848,360</u>	<u>\$ 6,584,495</u>	<u>\$ 16,306,271</u>	<u>\$ 22,890,766</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.**

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	<b>118-124</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	<b>125-128</b>
<b>Debt Capacity</b> 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.	<b>129-132</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	<b>133-134</b>
<b>Operating Information</b> 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.	<b>135-137</b>

**Tuscola County**  
Net Position by Component,  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

Table 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 5,308,338	\$ 4,934,954
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	1,555,459	1,397,671
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>	<u>6,120,317</u>	<u>6,853,468</u>
Total governmental activities net position	<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>	<u>\$ 12,984,114</u>	<u>\$ 13,186,093</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	\$ 6,410,175	\$ 7,030,684
Restricted	-	4,216,791	1,871,357	931,338	1,241,842	1,241,842	1,910,834	2,286,104	1,564,341	1,880,647
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>	<u>12,337,630</u>	<u>14,309,484</u>
Total business-type activities net position	<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>	<u>\$ 20,312,146</u>	<u>\$ 23,220,815</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	\$ 11,718,513	\$ 11,965,638
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	3,119,800	3,278,318
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>	<u>18,457,947</u>	<u>21,162,952</u>
Total primary government net position	<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>	<u>\$ 33,296,260</u>	<u>\$ 36,406,908</u>

**Tuscola County**  
 Changes in Net Position,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

Table 2

	Fiscal Year									
	2003	2004 (1)	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
Legislative	\$ 104,985	\$ 107,275	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764
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	3,550,345	2,879,517
General government	4,621,668	4,905,058	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900	5,844,575	6,755,644	6,199,985
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	5,841,052	5,804,282
Public works	1,185,845	1,141,879	1,064,344	912,869	913,182	939,794	865,143	769,984	693,296	795,586
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	5,288,860	5,150,298
Culture and recreation	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899
Interest on debt	552,866	245,467	87,755	69,229	75,153	50,441	42,620	36,004	41,826	60,669
<b>Total governmental activities expenses</b>	<b>18,952,805</b>	<b>19,127,996</b>	<b>19,485,164</b>	<b>19,385,771</b>	<b>20,035,204</b>	<b>21,454,657</b>	<b>21,930,342</b>	<b>21,159,398</b>	<b>22,282,522</b>	<b>20,999,000</b>
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	17,899,830	18,068,414
Delinquent property tax	195	42	28	366	4,412	2,478	1,455	90	85	21
Water/sewage systems	-	-	139,455	146,134	527,715	3,778,099	312,675	299,672	284,295	258,873
Tax foreclosure	-	-	37,239	115,871	112,853	114,590	215,711	253,288	343,287	336,683
<b>Total business-type activities expenses</b>	<b>685,404</b>	<b>8,404,796</b>	<b>10,263,152</b>	<b>12,578,196</b>	<b>14,062,142</b>	<b>18,372,129</b>	<b>16,919,959</b>	<b>17,742,546</b>	<b>18,527,497</b>	<b>18,663,991</b>
<b>Total primary government expenses</b>	<b>\$ 19,638,209</b>	<b>\$ 27,532,792</b>	<b>\$ 29,748,316</b>	<b>\$ 31,963,967</b>	<b>\$ 34,097,346</b>	<b>\$ 39,826,786</b>	<b>\$ 38,850,301</b>	<b>\$ 38,901,944</b>	<b>\$ 40,810,019</b>	<b>\$ 39,662,991</b>
<b>Program Revenues</b>										
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	\$ 1,217,478	\$ 1,274,481
General government	1,049,878	990,730	964,670	899,733	859,655	844,975	806,527	761,439	689,760	749,121
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	1,714,978	1,764,703
Public works	667,445	601,692	544,889	467,382	396,643	418,363	324,593	275,567	269,213	376,012
Health and welfare	713,741	812,629	821,370	795,485	896,500	1,007,945	1,191,633	742,876	810,346	822,751
Culture and recreation	-	180	189	199	4,751	2,209	2,414	3,861	1,548	2,800
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	1,467,812	1,250,005
General government	258,637	210,767	530,629	202,550	345,126	252,725	230,215	159,249	547,666	246,226
Public Safety	886,098	875,956	1,050,512	938,694	750,387	914,234	1,016,033	690,258	883,561	655,231
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	2,543,246	2,706,160
Capital grants and contributions	570,969	374,660	182,980	185,615	142,617	127,155	50,264	-	-	-
<b>Total governmental activities program revenues</b>	<b>10,627,490</b>	<b>10,312,281</b>	<b>10,497,845</b>	<b>9,963,768</b>	<b>10,250,100</b>	<b>10,360,771</b>	<b>10,413,785</b>	<b>9,587,350</b>	<b>10,145,608</b>	<b>9,847,490</b>

(continued)

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

Source: Tuscola County Financial Reports

**Tuscola County**  
Changes in Net Position,  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

Table 2

	Fiscal Year									
	2003	2004 (1)	2005	2006	2007	2008	2009	2010	2011	2012
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	16,801,011	18,782,303
Delinquent Tax	547,209	545,697	541,475	542,980	538,748	603,172	710,041	714,369	787,947	718,619
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	-	175,909
Operating grants and contributions	-	212,476	-	-	-	-	-	-	207,628	-
Capital grants and contributions	-	-	139,455	146,134	7,120,155	3,495,097	589,188	299,672	284,295	258,856
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>	<u>18,080,881</u>	<u>19,935,687</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>	<u>\$ 28,226,489</u>	<u>\$ 29,783,177</u>
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (8,325,315)	\$ (8,815,715)	\$ (8,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)
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>	<u>(446,616)</u>	<u>1,271,696</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>\$ (12,044,435)</u>	<u>\$ (12,583,530)</u>	<u>\$ (9,879,814)</u>

(continued)

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

Source: Tuscola County Financial Reports

**Tuscola County**  
 Changes in Net Position,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

Table 2

	Fiscal Year									
	2003	2004 (1)	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>										
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	\$ 8,182,316	\$ 8,138,839
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	1,152,433	1,033,823
Unrestricted investment earnings	121,986	193,516	204,241	350,147	530,747	312,610	270,797	592,262	560,159	499,575
Loss on sale of assets								(86)	-	-
Other	13,589	3,556	-	10,302	-	-	11,241	672,730	1,139,163	858,469
Transfers - Internal activities	632,355	690,733	775,307	764,246	802,573	797,575	857,111	872,404	908,509	842,214
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>	<u>11,942,580</u>	<u>11,372,920</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	1,770,769	1,743,674
Unrestricted investment earnings	246,222	187,313	609,127	417,938	439,658	229,178	137,287	103,738	75,249	66,403
Other	-	234,704	-	330,159	307,797	302,614	523,536	509,380	693,617	665,500
Transfers - Internal activities	(599,161)	(640,760)	(726,120)	(715,932)	(759,916)	(751,517)	(848,941)	(805,776)	(860,272)	(798,862)
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>	<u>1,679,363</u>	<u>1,676,715</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>	<u>\$ 13,621,943</u>	<u>\$ 13,049,635</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 99,177	\$ 941,177	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410
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>	<u>1,232,747</u>	<u>2,948,411</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>\$ 1,091,054</u>	<u>\$ 1,038,413</u>	<u>\$ 3,169,821</u>

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

**Tuscola County**  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

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>	<u>2011 (1)</u>	<u>2012</u>
<b>General Fund</b>										
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -
Unreserved	1,068,500	1,068,500	1,163,631	1,377,578	1,377,311	1,906,960	1,256,998	1,337,490	-	-
Nonspendable	-	-	-	-	-	-	-	-	416,551	310,000
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,248,368	1,212,000
Unassigned	-	-	-	-	-	-	-	-	691,679	1,024,692
<b>Total general fund</b>	<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>	<u>\$ 2,356,598</u>	<u>\$ 2,546,692</u>
<b>Health Department</b>										
Reserved	\$ 35,571	\$ 17,513	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -
Unreserved	540,214	619,262	642,274	593,147	587,388	470,300	614,268	557,500	-	-
Nonspendable	-	-	-	-	-	-	-	-	72,939	99,596
Restricted	-	-	-	-	-	-	-	-	224,790	394,145
Committed	-	-	-	-	-	-	-	-	279,162	347,752
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Health Department</b>	<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>	<u>\$ 576,891</u>	<u>\$ 841,493</u>
<b>All Other Governmental Funds</b>										
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	41	53	173	234	241	100	14	8	-	-
Nonspendable	-	-	-	-	-	-	-	-	6,800	6,800
Restricted	-	-	-	-	-	-	-	-	3,954,999	3,738,092
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<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>	<u>\$ 3,961,799</u>	<u>\$ 3,744,892</u>

(1) Tuscola County implemented GASB Statement No 54 for year ended December 31, 2011.

Source: Tuscola County Financial Reports

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

Revenues	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxes	\$ 6,539,180	\$ 8,351,979	\$8,614,597	\$ 9,132,692	\$ 7,951,067	\$ 8,479,464	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390
Licenses and permits	833,421	917,820	870,300	737,975	681,338	692,278	610,135	578,920	568,282	693,121
Intergovernmental				-	-					
Federal	1,990,728	1,829,327	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131	3,763,104	3,213,216
State	3,707,904	3,226,208	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815	2,828,386	2,660,920
Local	596,847	633,757	492,373	478,792	417,121	405,052	484,203	484,180	420,500	437,648
Charges for services	3,859,045	3,501,901	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820	3,661,697	3,824,985
Fines and forfeits	107,272	110,944	86,547	78,720	82,030	54,515	50,138	42,306	56,072	51,423
Interest and rents	216,819	288,349	299,140	445,076	626,293	447,461	641,691	592,262	560,159	499,575
Reimbursements and refunds	478,522	539,582	545,246	512,336	531,317	553,645	544,238	693,980	1,155,875	883,282
Other	88,008	164,232	142,755	192,977	129,437	116,880	104,769	101,205	105,329	107,407
<b>Total revenues</b>	<b>18,417,746</b>	<b>19,564,099</b>	<b>19,504,790</b>	<b>19,648,072</b>	<b>19,183,094</b>	<b>20,049,067</b>	<b>20,680,903</b>	<b>20,432,530</b>	<b>21,344,266</b>	<b>20,517,967</b>
<b>Expenditures</b>										
Legislative	104,773	107,275	117,986	119,534	122,906	118,052	146,040	139,864	101,988	102,468
Judicial	3,267,907	3,361,660	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726	3,554,120	2,979,588
General government	4,257,958	4,354,624	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462	5,407,442	4,987,566
Public safety	4,390,969	4,516,359	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302	5,624,365	5,773,317
Public works	1,183,940	1,140,165	1,062,425	911,102	910,866	939,330	864,916	769,096	693,338	795,703
Health and welfare	4,324,363	4,338,991	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755	5,264,353	5,060,626
Culture and recreation	1,841	1,938	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899
Other	210,735	288,904	220,764	245,792	203,733	241,097	242,903	220,651	360,059	180,079
Capital outlay	421,663	529,500	608,893	643,010	540,621	692,935	1,109,845	657,795	2,569,679	1,030,783
Debt service				-	-					
Principal	520,000	626,759	433,105	403,173	126,987	171,579	125,565	131,538	120,000	165,000
Interest	286,300	245,467	87,755	69,229	58,022	52,567	44,490	37,959	40,626	62,963
<b>Total expenditures</b>	<b>18,970,449</b>	<b>19,511,642</b>	<b>19,621,372</b>	<b>19,660,001</b>	<b>20,286,797</b>	<b>21,572,257</b>	<b>22,215,538</b>	<b>21,099,549</b>	<b>23,745,695</b>	<b>21,144,992</b>
Excess of revenues over (under) expenditures	(552,703)	52,457	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)

(continued)

Source: Tuscola County Financial Reports

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

Table 4

<b>Other Financing Sources (Uses)</b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
Note proceeds	-	180,507	14,487	69,874	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond agent	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Contract proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	22,600
Bond proceeds	-	-	-	-	-	-	-	-	1,029,156	-
Sale of capital assets	-	-	-	9,097	-	-	-	-	-	-
Proceeds from issuance of capital	-	-	-	-	-	49,674	-	-	-	-
Transfer in	2,763,533	3,144,749	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589	2,238,502	2,555,146	2,370,765
Transfer out	<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>	<u>(1,646,637)</u>	<u>(1,528,551)</u>
Total other financing sources (uses)	<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>866,904</u>	<u>1,937,665</u>	<u>864,814</u>
Net change in fund balances	<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>	<u>\$ (463,764)</u>	<u>\$ 237,789</u>
Debt service as a percentage of noncapital expenditures	4.35%	4.59%	2.74%	2.48%	0.94%	1.07%	0.81%	0.83%	0.76%	1.13%

(concluded)

Source: Tuscola County Financial Reports

## 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, Commercial & Developmental	Residential	Timber-Cut & Agricultural						
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%	
2011	132,608,025	916,610,507	586,216,731	101,708,858	1,737,144,121	8.4921	3,474,288,242	50%	
2012	130,754,171	878,425,910	620,457,418	104,604,689	1,734,242,188	8.4921	3,468,484,376	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>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>	<u>2011</u>	<u>2012</u>
<b>County direct rates</b>											
Operating Millage	3.9544	3.9417	3.9342	3.9251	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5499	3.5530	3.5643	3.5559	3.5456	3.5456	3.5705	3.5022	3.5780	3.5780	3.5780
Debt Millage	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total direct rate	7.5043	8.4947	8.4985	8.4810	8.4597	8.4597	8.4846	8.4163	8.4921	8.4921	8.4921
<b>City rate</b>											
Vassar	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.0000	17.0000
Caro (2)	-	-	-	-	-	-	-	-	16.1643	16.1643	16.1643
<b>Village rates</b>	11.6678- 22.0000	11.6678- 22.0000	11.5359- 21.9340	11.4678- 21.9340	11.3072- 21.8569	11.1658- 21.6884	12.0440- 21.6036	12.0440- 21.6036	11.0000- 21.6036	11.0000- 21.6036	11.0000- 18.1387
<b>School district rates (1)</b>	26.6853- 35.2727	25.3792- 34.2618	26.1615- 35.2568	25.5067- 35.2506	27.4038- 35.2509	26.7817- 35.0998	31.4726 35.0998	30.5498- 35.0998	30.6498- 35.0998	28.2409- 35.2409	31.1880- 34.4480
<b>Township rates</b>	1.0785- 5.4064	1.0785- 5.4719	1.0785- 5.4719	1.0456- 5.4667	1.0160- 5.4381	1.0000- 5.4170	1.0000- 5.3957	1.0000- 5.3957	1.0000- 5.6563	1.0000- 6.3957	1.0000- 6.3957
<b>District library rates</b>	.5000- 1.4909	.5000- 1.4865	.4966- 1.4794	.7966- 1.4794	.7966- 1.4761	.7924- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4909	.7500- 1.4909
<b>Caro Transit Authority (3)</b>	-	-	-	-	-	-	-	-	1.0000	1.0000	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.

Table 7

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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Equalized Value	Rank	Percentage of Total Taxable Equalized Value
Detroit Edison Company	\$ 31,599,587	1	2.27%	\$ 23,530,099	2	2.04%
POET-Biorefining - Caro	16,034,437	2	1.15%	4,738,800	6	0.41%
ITC Transmission	9,162,122	3	0.66%			
Consumers Energy Company	7,472,493	4	0.54%	5,753,500	5	0.50%
Michigan Sugar Co.	6,283,766	5	0.45%	3,798,800	8	0.33%
Walbro Engine Management LLC	6,259,300	6	0.45%	3,822,100	7	0.33%
Thumb Electric Co-Op	5,554,322	7	0.40%	3,514,294	9	0.30%
Wal-Mart Stores #01-1798	5,134,600	8	0.37%	5,922,800	4	0.51%
TI Group Automotive Services	2,795,697	9	0.20%	6,176,100	3	0.54%
Metavation	2,476,600	10	0.18%			
Kaumagraph Flint Corp	-			2,856,800	10	0.25%
DNR				29,743,208	1	2.58%
	-		-	-		-
Totals	\$ 92,772,924		6.67%	\$ 89,856,501		7.79%

2012  
Taxable Value  
1,392,442,700

2003  
Taxable Value  
1,154,259,430

note: DNR taxable value is no longer included in our top 10 because it is not recognized in the ad valorem tax roll

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
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%
2011	5,455,216	4,837,071	88.67%	369,721	183,040	5,389,832	98.80%
2012	5,123,153	4,538,536	88.59%	292,379	281,547	5,112,462	99.79%

**Source:** Tuscola County Treasurer

# 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 Improvement Bonds	Capital Lease Payable	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
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	8.75%	286
2011	535,000	995,000	-	13,631,114	15,161,114	10.36%	274
2012	405,000	960,000	-	12,563,114	13,928,114	11.66%	251

(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 under Note 3-E.

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>						Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded		
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	0.0021%
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%
2011	535,000	10,240,114	-	995,000	10,775,114	995,000	1,401,083,732	0.0710%
2012	405,000	12,975,114	-	960,000	13,380,114	960,000	1,392,442,700	0.0689%
	<u>Overlapping Debt</u>						Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate School	Village	City			
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%	
2011	52,883,867	3,911,263	23,915	5,229,922	532,633	62,581,600	4.4667%	
2012	50,170,509	6,877,194	73,342	3,213,133	2,678,404	63,012,582	4.5253%	

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

# Tuscola County

Table 11

## Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2012

2010 Census Totals 2012 Taxable Value	55,729 1,392,442,700	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 405,000	\$ 405,000	\$ -
Sewer/Water		12,975,114	12,975,114	-
Capital Improvement		960,000	-	960,000
Capital Leases		-	-	-
		\$ 14,340,114	\$ 13,380,114	\$ 960,000
Per-Capita County Net Direct Debt				17.23
Percent County Net Direct Debt to 2012 Taxable				0.0689%
Overlapping Debt of County:				
School Districts				\$ 50,170,509
Townships				6,877,194
Intermediate School District				73,342
Village				3,213,133
City				2,678,404
Net Overlapping Debt				\$ 63,012,582
Net County and Overlapping Debt				\$ 63,972,582
Per-Capita County Net Direct and Overlapping Debt				\$ 1,147.92
Percent Net Direct and Overlapping Debt to 2012 Taxable Value				4.5943%

(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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Value of Property	\$ 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	1,737,144,121	1,734,242,188
Debt limit, 10% of Assessed Value (Statutory Limitation)	157,424,546	163,631,341	172,873,124	186,129,640	195,549,908	198,683,137	196,844,473	182,946,316	173,714,412	173,424,219
Total Net debt applicable to limit	<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>	<u>11,770,114</u>	<u>14,340,114</u>
Legal debt margin	<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>	<u>\$ 161,944,298</u>	<u>\$ 159,084,105</u>
Total net debt applicable to the limit as a percentage of debt limit	3.44%	3.03%	2.78%	2.31%	2.03%	3.01%	2.84%	2.78%	6.78%	8.27%

Source: Tuscola County Debt Schedules.

**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>
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	8.4%
2007	56,683	1,384,000	24,415	10,810	8.3%
2008	56,187	1,447,497	25,818	10,473	10.1%
2009	55,395	1,445,494	26,094	9,991	15.5%
2010	55,665	1,459,860	26,226	9,496	14.4%
2011	55,729	1,570,715	27,589	9,518	11.4%
2012	54,662	1,624,119	29,712	9,561	9.9%

(1) Census Bureau 2001-2009 estimated census data. 2010 actual census data. 2011-2012 estimated

(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 2012. Estimates based on population changes, and state change in personal income. 2011 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>2012</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				354	1	1.6%
Caro Regional Center				324	2	1.4%
Hills and Dales General Hospital				300	3	1.3%
Wolverine Human Services				298	4	1.3%
Caro Community Schools				260	5	1.1%
Vassar Schools				257	6	1.1%
Tuscola Intermediate School District				256	7	1.1%
Walbro - Engine Management				224	8	1.0%
Wal-Mart				142	9	0.6%
Metavation Foundry				140	10	0.6%
<b>Total</b>				<b>2555</b>		<b>11.2%</b>
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%			
<b>Total</b>	<b>3140</b>		<b>11.2%</b>			

(1) Data for 2001 not available for comparison we used 1999

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Function</b>										
Legislative	5	5	5	5	5	5	5	5	5	5
Judicial	46	44	45	45	45	45	48	45	44	42
General Government	52	52	52	53	53	53	53	50	50	48
Public Safety	60	58	59	57	57	58	59	60	60	59
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare <b>(1)</b>	162	165	167	171	190	190	196	189	196	200
<b>Total</b>	<b>325</b>	<b>324</b>	<b>328</b>	<b>331</b>	<b>350</b>	<b>351</b>	<b>361</b>	<b>349</b>	<b>355</b>	<b>354</b>

(1) Includes Health Department and Medical Care Facility. Does not include Component Units  
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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Function/Program</u></b>										
<b>Public safety (1)</b>										
Incarcerated offenders	2,366	1,962	1,843	2,039	2,160	2,247	2,157	2,025	2,002	2,054
First time offenders	749	634	608	766	603	608	589	562	577	547
Repeat offenders	1,617	1,370	1,380	1,555	1,557	1,639	1,568	1,463	1,425	1,507
Traffic violations and other summons issued	5,460	4,504	2,689	3,318	2,870	2,635	3,056	2,968	2,263	2,237
Physical arrests made	1,223	937	1,005	841	920	1,013	994	893	854	891
<b>Judicial</b>										
54th Circuit Court new case filings	1,829	1,629	1,467	1,626	1,595	1,533	1,375	1,368	1,311	1,407
71B District Court new case filings	14,937	12,272	10,446	10,842	10,120	9,335	9,451	8,922	7,670	7,680
Probate Court new case filings	354	382	382	351	322	388	349	325	343	347

# TUSCOLA COUNTY

Table 17

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

<u>Function/Program</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>	<u>2011</u>	<u>2012</u>
<b>Public Safety</b>										
Sheriffs Department										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	25	24	22	24	21	21	22	23	22	22
Mileage	479,646	437,615	388,822	397,278	435,970	398,914	425,351	383,335	364,153	317,250
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Animal control (1)										
Vehicles	-	-	-	-	-	-	-	-	-	-
<b>General Government</b>										
Building and Grounds										
Vehicles	16	13	12	14	12	12	13	11	12	12
Mosquito control										
Vehicles	14	14	15	16	17	19	19	19	17	17
Recycling										
Vehicles	1	1	1	1	1	1	2	2	2	2
<b>Health and Welfare</b>										
Health Department										
Vehicles	4	4	4	4	4	4	4	4	4	4
<b>Recreation and Culture</b>										
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.

(1) In 2003 Animal Shelter was closed. In 2005 Tuscola entered into a contract with Sanilac County to run the animal shelter.

**IV. SINGLE AUDIT**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Awards Expended</b>
<b>U.S. Department of Health and Human Services</b>			
Passed-Through Michigan Department of Human Services			
Title IV-D Child Support Enforcement Program			
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 12-796002	\$ 53,974
Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 13-796002	19,068
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 12-790001	356,042
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 13-790001	157,241
Title IV-D Incentive Program	93.563		<u>73,670</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>659,995</u>
<b>U.S. Department of Commerce</b>			
Passed-Through Bay County			
Public Safety Interoperable Communications (PSIC) Baseline	11.555		<u>21,129</u>
<b>U.S. Department of Homeland Security</b>			
Passed-Through Bay County			
Homeland Security Grant	97.067		52,583
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	551 W2217431 001 2012	21,502
Emergency Management Performance	97.042	552 W2217431 001 2013	4,044
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012		<u>20,100</u>
<b>Total U.S. Department of Homeland Security</b>			<u>98,229</u>
<b>U.S. Department of Justice</b>			
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575	2012-VA-GX-0020	54,355
Victims of Crime Act	16.575	2013-VA-GX-0020	17,449
Violent Crimes Against Women	16.575	2010-WE-AX-0044	128,346
Passed-Through Lapeer County			
Formula Edward Byrne Justice Assistance Grant	16.738		9,671
Byrne JAG TNU - ARRA	16.803		43,859
			<u>53,530</u> *
<b>Total U.S. Department of Justice</b>			<u>253,680</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed-Through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG)			
Housing Program	14.228	MSC-2010-0815-HOA	<u>195,433</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>195,433</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,228,466</u>
* Total per Pass Through Grantee Lapeer County SEFA	70,602		
Less: Amounts Tuscola County Expended in 2011	(19,949)		
Plus: Amounts Tuscola County Expended in 2012	2,877		
Total Expended per SEFA	<u>53,530</u> *		



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

Certified Public Accountants

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Angela M. Burnette, CPA

## INDEPENDENT AUDITOR'S 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  
County of Tuscola  
Caro, Michigan

We have audited, 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 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, 2012, and the related notes to the financial statements, which collectively comprise **Tuscola County's** basic financial statements and have issued our report thereon dated June 10, 2013. We did not audit the financial statements of the Tuscola County Health Department, a major governmental fund which represents 9% of assets and 13% of revenues of the governmental funds and 6% of assets and 15% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 52% of the assets and 95% of the revenues of the enterprise funds and 53% of assets and 94% 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. 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 of the financial statements, we considered **Tuscola County's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Tuscola County's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Tuscola County's** internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Tuscola County's** financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

**JUNE 10, 2013**



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

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## INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners  
County of Tuscola  
Caro, Michigan

### Report on Compliance for Each Major Federal Program

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, 2012. **Tuscola County's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

### Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of **Tuscola County's** major federal programs based on our audit of the types of compliance requirements referred to above. 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.

**Tuscola County's** basic financial statements include the operations of the Tuscola County Health Department, which received \$1,984,750 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2012. 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 believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Tuscola County's** compliance.

### Opinion on Each Major Federal Program

In our opinion, **Tuscola County** complied, in all material respects, with the types of 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, 2012.

## Report on Internal Control Over Compliance

Management of **Tuscola County** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Tuscola County's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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

**JUNE 10, 2013**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_\_\_Yes        X  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: *Unmodified*

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>
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

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**Section II – Financial Statement Findings**

Findings considered material weaknesses

**Finding 2011-1**

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.

Status: The finding has been corrected. The County's management has the ability to prepare the financial statements and related footnotes. However, for convenience the County has contracted with its external auditors to prepare the financial statements and related footnotes as a clerical function.

**Finding 2011-2 – Prior Period Adjustment**

Criteria: During our current year audit we found that over the past several years a portion of the tax revenues received in the agency fund had not been transferred to the general fund.

Condition: The County's agency fund receives tax revenues and then pays the money to the general fund each year.

Status: This finding has been corrected.

**Finding 2011-3 – Prior Period Adjustment**

Criteria: The County received revenue from the State of Michigan and recorded receivables for amounts due at the end of the year. The State of Michigan changed the amount the County was to receive causing the receivable to be overstated.

Condition: Accounts receivable was recorded for amounts that will never be received by the County from the State of Michigan.

Status: This finding has been corrected.

**Section III – Federal Award Findings and Questioned Costs**

None





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To the Members of the Board  
Tuscola County

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Tuscola County** for the year ended December 31, 2012, and have issued our report thereon dated June 10, 2013. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 11, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

In planning and performing our audit, we considered **Tuscola County's** internal control over financial reporting (internal control) in order to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Tuscola County's** internal control. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about **Tuscola County's** compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on **Tuscola County's'** compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on **Tuscola County's'** compliance with those requirements.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 30, 2013.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Tuscola County** are described in Note 1 to the financial statements. As described in Note 4H to the financial statements, the County changed accounting policies related to the reporting of financial position by adopting Statement of Governmental Accounting Standards (GASB Statement) No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in 2013. This accounting change had no effect on total equity. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimates used in calculating the liability for employee compensated absences.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated June 10, 2013.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2013.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial

statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Members of the Board and management of the **Tuscola County** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Anderson, Tuckey, Bernhardt & Doran, P.C." The signature is written in a cursive, slightly slanted style.

Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants

June 10, 2013



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

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Board of Commissioners  
Tuscola County

In planning and performing our audit of the financial statements of the **Tuscola County, Michigan** as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 10, 2013 on the financial statements of **Tuscola County, Michigan**. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

### **Treasurer's Office - Repeat Comment**

The County has a significant number of bank accounts located at various financial institutions. During our testing procedures, we noted that the treasurer's name is not on all of the accounts and that in a few instances, she does not receive the bank statements. We identified several accounts where this was the case in the following departments: Friend of the Court, District Court, Sheriff Department, and Michigan DHS. As a result of this condition, the government is exposed to an increased risk of misstatement through possible fraud or error from the mishandling of bank accounts without management's knowledge to detect on a timely basis. We recommend that a concerted effort be made to add the treasurer's name to all county-owned accounts and that the financial institutions be instructed to mail bank statements each month to the county treasurer.

### **Fixed Asset Inventory - Repeat Comment**

The County has significant investments in equipment items, and we recommend that controls be strengthened in this area. Most fixed assets are never physically inventoried. As a result of this condition, the government is exposed to an increased risk of misappropriation of assets that can occur and not be detected on a timely basis without proper controls. We recommend that periodic physical counts of property (such as every two to three years), especially removable equipment items, be taken and compared to the detailed fixed assets subsidiary ledger. Affixing identifying tags with numbers as assigned in subsidiary ledger will aid in making this comparison. These controls will assist in planning for capital expenditures, help determine accurate amounts and values of insurable assets, and help detect the loss or unauthorized use of valuable county property.

### **Payroll Process**

It was brought to our attention during the audit that payroll changes for employee hours worked and other items are being called in by the employee themselves. The County needs to develop a policy for handling these changes when they arise. In order to strengthen internal controls these changes should be reviewed and approved by management prior to the payroll department making the requested change.

Board of Commissioners  
Page two

As a result of payroll changes without department supervisor approval, the government's internal controls over the payroll function are incomplete and, therefore, increases the risk of misstatement through possible fraud or errors. We recommend some form of written communication from the department head approving any such change be received before the payroll department can vary from the hours worked on the original timesheet received.

This communication is intended solely for the information and use of management and others within the governmental unit and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the **Tuscola County, Michigan** and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants

June 10, 2013