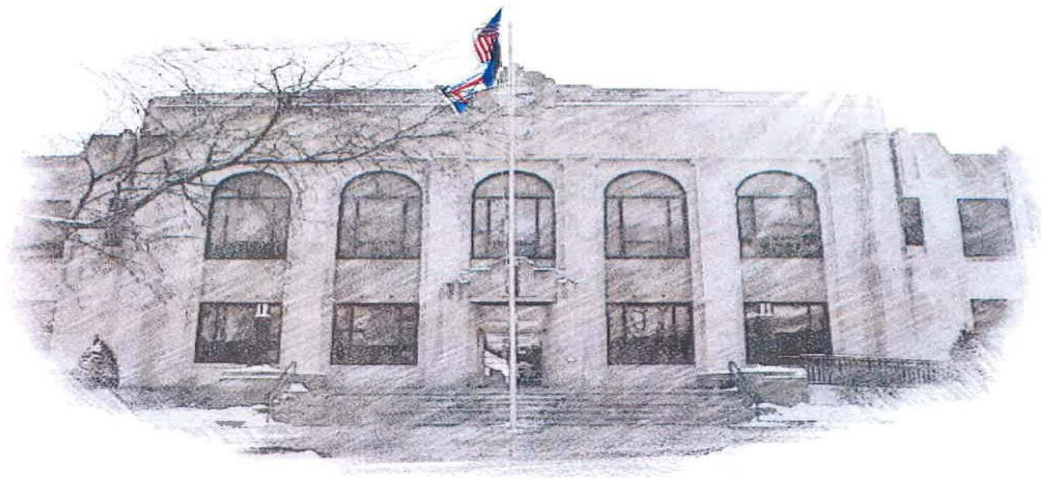


# Tuscola County Michigan



## Comprehensive Annual Financial Report

Year Ended December 31, 2015

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



**For the Year Ended  
December 31, 2015**

Issued by:

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

TUSCOLA COUNTY, MICHIGAN

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## **I . INTRODUCTORY SECTION**

**The Introductory Section contains:**

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



# TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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

125 Lincoln Street  
Caro, Michigan 48723

Telephone  
989-672-3700

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June 27, 2016

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, 2015.

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 to both 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, P.C., 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, 2015 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 unmodified opinion that Tuscola County's financial statements for the fiscal year ended December 31, 2015 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 803 square miles and serves a population of approximately 54,000.

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, Risk Management, Human Resources, Payroll, Corporate Council and Accounting-Budgeting and other statutory functions.

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 Financial Reporting Process**

A well-established highly effective financial management system remains in place. County officials continue to maintain effective financial management. This is critical because it enables safeguarding of public funds, enables operating within financial means and enables delivery of quality public services.

The foundations of this system are the annual budget, capital improvement planning, annual audit (Comprehensive Annual Financial Report), financial status reporting and the five-year financial plan. The effectiveness of this system has produced positive results for many years.

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.

#### **Positive and Negative Economic Indicators**

On a near term basis, Tuscola County is financially stable and well managed. This is evidenced by another bond rating upgrade in 2014 from A+ to AA-. The AA- rating was reaffirmed in 2015. This is the fourth bond rating upgrade over the last several years. It is a credit to all county officials that a conservative fiscal philosophy is consistently maintained. This cautious and careful approach to financial management has enabled the on-going delivery of quality services while operating within limited financial means.

The county continues to recover from the 2008 to 2012 great recession that severely impacted the state and nation. With the exception of agriculture and wind turbines, residential land values have remained flat and slow to recover after unprecedented declines. However, the near term financial position for county operations has improved primarily because of the tax revenue from wind turbine and transmission line development on the northern part of the county. County assessed value increased by 14.0% from 2013 to 2014 with most of the increase from wind turbine personnel property. Although the receipt of wind turbine revenue is valuable, it is critical to note the amount declines substantially on an annual basis. In fact, in about 10 years the amount received is only about 30% of the amount received in the first year. Another positive financial development is the state has restored full state revenue sharing payments which has helped to stabilize county finances at least on a short-term basis.

County per capita income continues to increase but at a modest rate. The per capita income increase from 2013 to 2014 was only 0.6%. The effective buying income of the county is only 82% of the national level. The county annualized unemployment rate at the end of 2014 was 8.5% which is down from the 2013 rate of 10.5%. The county unemployment rate has for years been consistently higher than the state and nation. The 2014 county unemployment rate is still well below the 16.0% that occurred during the height of the recession in 2009. There has been some new development which has created some new job opportunities which will be further discussed below. Another positive financial indicator is that the number of property foreclosures continued to decline from 2013 to 2014.

The county continues to experience certain economic indicators of concern. Michigan was the only state in the nation to experience a population decline from 2000 to 2010. Consistent with the state Tuscola County has many economic development challenges because it is rural and is also impacted by the manufacturing employment declines that occurred in surrounding metropolitan areas. People have been forced to seek employment outside of the state. According to the U.S. Census Bureau, county population declined from 58,041 in 2003 to 54,000 in 2014. This is a loss 4,041 people or 7.0%. The declining population is also evidenced by school enrollment declines. In 2003, school enrollment in the county was 11,547 compared to only 8,833 in 2014.

### **Steps Taken To Strengthen the Economy**

The Tuscola County Economic Development Corporation (EDC) has continued their efforts of economic development in Tuscola County. Major activities accomplished during 2015 include:

#### **Job Retention/Creation**

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

1. The EDC has assisted the new downtown Caro business incubator. The location is now available to help start-up businesses with initial start-up costs by providing low-cost office space leasing, free business planning and assistance with logos, business cards and available meeting rooms. The Roth Business Development Center has 10 businesses and the Tuscola County EDC presently utilizing the spacious business incubator.
2. The Greater Thumb Market Center has established a Board of Directors. The EDC has assisted the group with the creation of an incubator kitchen in Cass City. The commercial kitchen will be available to craft food entrepreneurs 24 hours a day 7 days a week. The Cass City location also has space available for food safety classes, food education classes, business meetings, catering, weddings, anniversaries, parties, and dining.

The Greater Thumb Market Center has successfully planned the new Caro Farmers Market. The Caro Farmers Market will be a year-round venture with indoor and outdoor space available.

3. The Tuscola County EDC worked with Region 6 - the Michigan Green Thumb Sub-Region for Huron, Sanilac, and Tuscola County. The economic development benefits of the new sub region are regional grant funding, a seat on the Collaborative Development Council (CDC) Board, and giving Tuscola County an active voice in all State of Michigan Economic Development initiatives.
4. The EDC provided vital services and assistance to the Village of Cass City and Dairy Farmers of America (DFA) for Project Thumb, which is the development of a \$50 million dollar milk processing plant. This plant created 37 new jobs at a base wage of \$14.00 per hour for Phase One and 100 – 300 new jobs for Phase Two.
5. The EDC was instrumental in the development of the application for the Cass City Agricultural Processing Renaissance Zone and the Environmental Study which were key elements in the development of the new Dairy Farmers of America Milk Processing Plant.
6. The EDC now has a certified grant administrator on staff for the Community Development Block Grant program. This service will benefit municipalities in Tuscola County as it will soon be mandatory to have a certified grant administrator for all Community Development Block Grants.
7. Through a new grant writing program the EDC has successfully raised over \$6 million for Tuscola County Businesses and Municipalities.

8. Through a new master plan writing program the EDC has successfully written the Tuscola County Park and Recreation Master Plan, the Mayville Park and Recreation Master Plan, and is currently working on the Vassar Township Park and Recreation Master Plan, the Novesta Township Master Plan, and the Vassar Township Master Plan. These plans will assist the municipalities in planning for the future and in being eligible for state and federal grants.

### **Entrepreneurial Interest Increases**

The Tuscola County 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.

### **County 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 Revolving Loan Fund program is providing funding to Grab-a-Cane, Michigan Salon Services - Caro, and Human Hoist – Mayville.

### **Equipment Lease Program**

This program is providing funding to My Sister's Barn - Akron, Intermission Deli - Caro, Strand Theatre – Caro, Prographix- Cass City, Bulldog Cleaning and Tuning – Cass City, and Ron Anderson of Mayville, Panache Style, LLC – Reese, Sweet Cakes Bakery - Vassar, and All-American Animal House – Millington.

The program is a collaborative effort of the Tuscola County EDC and the USDA through a grant. These funds are an exciting part of the services the EDC provides to help to retain and create jobs. This program has assisted businesses and created jobs in Downtowns throughout Tuscola County.

### **Regional Revolving Loan Fund Program**

The Tuscola County EDC is a leader in developing a Regional Revolving Loan Fund. This fund will help to provide resources to entrepreneurs and small business owners throughout Region 6. This Revolving Loan Fund will help regional businesses retain and create jobs by helping businesses meet their financing needs.

### **Agribusiness Development Plan**

The Tuscola County EDC is working with the I-69 Thumb Region on the Agribusiness Development Plan. Agribusiness is Tuscola County's strength and provides regional advantages through dairy, cattle, livestock markets, cash crops, milling, agricultural processing, grain storage and organic farming.

This program is focusing on devoting resources to develop craft agriculture and concentrating on the needs of agribusiness. This plan has the goals of increasing awareness, promoting existing infrastructure and capitalizing on talent in the area.

## **Wind Energy Development**

### **Number of Wind Turbines Increasing**

The first wind turbine project was built in Tuscola County by NextEra Energy in 2012 with the construction of 68 turbines in Gilford Township. The second project was constructed by NextEra in 2014 in Akron, Fairgrove, Gilford and Wisner Townships with 59 turbines. The third project was constructed by Consumers Energy in 2014 and 2015 with 62 turbines primarily in Columbia Township. There are 189 wind turbines currently in Tuscola County. These turbines are located in the Townships of Akron, Columbia, Fairgrove, Gilford and Wisner. NextEra Energy is planning a third 55-60 turbine project in Ellington and Almer Townships with construction currently slated to begin in late 2016 with project completion anticipated in 2017. Consumers Energy has a second project planned for the year 2022 in Columbia and nearby Townships.

### **Beneficiaries from Wind Turbine Development**

Beneficiaries of wind development include: all citizens with the change to renewable energy production, property owners that have leases with the wind companies in addition to governments, schools and libraries and other entities with wind projects in their community that levy millage to provide public services. The amount of funds received by governmental entities is based on the number of mills levied and the taxable value of the turbines located in the political jurisdiction. In 2014, \$4,070,000 total tax revenue was paid to taxing jurisdiction with wind turbines including: Intermediate School District (\$775,000), certain individual school districts (\$968,000), County (1,389,000), townships (\$718,000), libraries (\$151,000) and other (\$69,000).

With the addition of the Consumers Energy wind project in 2015 the amount of total revenue received increases. These funds are used for public services. The total amount paid in private property leases is unavailable. Lease payments provide increased spendable capital that has an overall positive economic impact. Development of renewable energy reduces dependency on fossil fuels and the negative environmental effects of carbon dioxide emissions

Tuscola is a county of modest financial means because of a limited tax base and a weak economy. The county is still financially recovering from the great recession that occurred from 2008 to 2012. Without the estimated \$1.4 million in revenue from wind turbine construction and the International Transmission Company new electrical transmission line construction, balancing the county budget would have been even more difficult.

### **Tax Revenue from Wind Turbines Declines Substantially with Time**

Depending on which Multiplier Schedule a local assessor uses, the year one multiplier may be 100% of taxable value, by year two this may drop to 90%, year three 80% and so on until the percentage levels out in 10 to 12 years at about 30% to 40% of the first year amount. If a taxing entity receives \$400,000 in the first year, the amount declines each year until in about 10 to 12 years only \$120,000 to \$160,000 is received. The fact that revenue declines with time has major financial implications. Entities that receive these funds have to be careful to not build a level of dependency that cannot be sustained long term. The multiplier schedule remains highly controversial and has not been agreed to by the wind companies, state and local taxing entities.

## **Dispute with Wind Companies over True Cash Value and Multiplier Schedules**

The dispute between county/local government and wind developers regarding the Multiplier Schedule and Federal 1603 Cash Grants has been on-going for over four years and is a major issue because literally tens of millions of dollars of revenue per wind project is at stake.

NextEra has for several years appealed their assessment for the wind projects in Tuscola County. They have argued that 30% of qualified costs cash grant can be deducted from historical cost when using the cost approach for determining true cash value. In other words, NextEra argues because Federal funding was involved (1603 cash grants) the true cash value of the wind projects is 30% less which in their opinion means their tax responsibility is 30% less. The position of county/local government is the true cash value of the projects is not reduced because Federal 1603 cash grants paid a portion of the construction cost.

With respect to the multiplier schedule, in 2012 officials at the Michigan Tax Commission (STC) changed the schedule. The net effect of this change was the amount of tax revenue received over the life of a wind project was reduced by about 28%. There was no rationale provided by the STC to justify this change. This was extremely frustrating to counties and local units of government because the impact was the amount of revenue received was reduced by approximately 28%.

### **Steps are being taken to resolve the Dispute**

Tuscola County assisted in forming and joining the Michigan Renewable Energy Collaborative (MREC) with four other counties (Huron, Sanilac, Gratiot and Mason) and many of the local units of government in each of the counties. MREC was formed to protect the county, local government and public interests with respect to fair and equitable assessing and taxation of wind turbines. The law firm of Clark Hill and Appraisal Economics was hired. Appraisal Economics conducted a comprehensive study to determine a fair and equitable Multiplier Schedule. The dispute will be decided by the Michigan Tax Tribunal (MTT). MREC and NextEra attorneys have both filed their “briefs”. Tuscola County has escrowed funds to payback portions of taxes collected if the case is lost.

### **Recent Opinion Issued**

The legal team assisting MREC (Clark Hill) has recently received a favorable opinion from the Chief Judge of the MTT regarding the issue of Federal 1603 cash grants. Contrary to the arguments of NextEra a 30% of qualified costs cash grant cannot be deducted from historical cost when using the cost approach for determining true cash value. Simply stated, this opinion is Federal 1603 cash grants do not reduce true cash value of wind turbines and the corresponding amount of tax revenue that has to be paid. An adverse ruling for MREC would mean a tremendous potential loss in assessments (tens of millions per wind farm) and tax revenues.

The logic behind the opinion should also be beneficial in other wind energy system tax appeals where the wind developer has argued for a similar deduction using the cost approach whether they have received a cash grant or taken a production tax credit or investment tax credit. In addition the MTT has ordered the production of documents related to tax and other corporate financial information by the end of March. Of course, it is important to note that whatever the decision made it can be and probably will be appealed to the Michigan Court of Appeals.

## **IV – 2015 County Activity Summary**

### **Five-Year County Financial Plan Updated**

Considerable time was spent in updating the five-year financial plan. This planning process has proven to be highly effective. Recommendations that were developed and implemented have helped to adjust to changing financial capabilities. Clearly, this process has and will continue to play a vital part in keeping the county in a stable financial position.

The 2014 and 2015 five-year financial plans reaffirmed that operating the county status quo is no longer an option because of restricted financial capabilities. Projected declining financial ability primarily results from wind turbine revenue which declines to about 30% of the original amount in about 10 years. This situation has a concerning negative impact on county financial ability. Most of the other major county revenue sources are flat or experiencing minimal growth which is further compounding the problem.

The outcomes from the five-year financial planning process have resulted in a philosophy that status quo operations are no longer an option. Proactive steps are being taken to implement changes in stages over time with the goal of creating the least negative impact on services and employees. Certain recommended changes that were implemented in 2015 are discussed below. Additional changes are planned for future years.

Solutions to challenges include: implementation of a hiring freeze to evaluate changing full-time positions to part-time, reorganization and re-assignment of responsibility within departments, redefining department functions, use of staff resources between different departments, replacing personal with technology and contracting for service. Continue consolidation of service deliver for cost reduction. Ask the public to consider special purpose millages to fund certain services. Ask the state to reevaluate the current model of funding county government.

### **Veterans Millage Approval**

One of the recommendations from the five-year plan was to request a dedicated 0.17 of a mill to fund Veteran Services. In May of 2015 the public approved this request. The millage will generate approximately \$295,000 per year beginning in 2016. It will allow needed improvements to veteran services with a full-time director and another key support staff. The millage also provides the ability to meet increasing veterans' needs for food, shelter, transportation and related items. Approximately \$85,000 in general fund financial relief was provided as a result of this millage passing.

### **Michigan State University – Extension Millage Approval**

Another recommendations from the five-year plan was to request a dedicated 0.1 of a mill to fund Michigan State University – Extension (MSU-e) services. In March of 2016 the public approved this request. The millage will generate approximately \$174,000 per year beginning in 2017. It will enable continued operation of MSU-e services including 4-H youth programs and also agricultural support services. Approximately 145,000 in general fund financial relief was provided as a result of this millage passing.



## **Economic Development Corporation Millage Request Failed**

The five-year financial plan also recommended requesting .2 mill request to fund the Economic Development Corporation (EDC). This request was not approved. The EDC has fund balance that is being used to operate and has begun making other financial adjustments. Methods of stabilizing EDC funding continue to be reviewed.

## **Achieved Cost Reductions through Pension System Changes**

Extensive analysis was conducted with assistance from the county bond attorney to determine if there would be financial advantages to making changes to the county retirement system. Actuarial reports from the Michigan Municipal Employees Retirement System documented that costs of the current defined benefit plan will experience large increases in future years.

It was determined that about \$4 million in avoidance costs may occur over a 20 year period by issuing \$7 million in bonds to fully fund the current retirement system. The other part of this adjustment is the requirement to change new hires from a defined benefit to a defined contribution plan. The County bond rating upgrade allowed the ability to issue pension bonds. The county has been approved by the Michigan Department of Treasury to issue the pension bonds and implement this new retirement program. Bonds were issued in April of 2016.

## **Completion of Geographic Information System (GIS) Digital Parcel Mapping**

Completion of the digital parcel mapping system was a major accomplishment in 2015. Building this 35,000 parcels map was a prerequisite to advancing the GIS system. The county can now proceed to build parcel layers for unlimited data which will be used in decision making. With this system, multiple data sets can be integrated and viewed geographically. This is a tremendous tool not only to the county but also local units of government and many other public and private entities.

## **Critical Funding for Capital Improvement Needs Re-Established in 2015**

Funding for county capital improvement needs has been inadequate for many years. From 2007 to 2014 the balance in the capital improvement fund declined from about \$2.2 million to \$1 million. Over much of this period, zero funds were allocated for short-term and long-term capital improvement needs. During the recent recession, funding for capital improvement needs was sacrificed so that enough resources could be available to fund operating costs.

The board passed a policy that until adequate funding (approximately \$400,000 per year) can be achieved a moratorium on funding capital improvement projects was adopted. Also, the policy assigned a minimum contingency reserve in the capital improvement fund of \$800,000. The county plans to use the results of the building energy efficiency study to help target what capital improvements will be made to county buildings. For 2015, \$550,000 was transferred to the capital improvement fund making the fund balance approximately \$1.6 million.

The county lacks enough funding to properly maintain county building and grounds. The Jail is 50 years old and the Courthouse is 84 years old. The plumbing, electrical, heating/cooling units and energy efficiency of these facilities needs replacement. These essential infrastructure needs require significant financial resources.

## **Completed Comprehensive Fixed Assets Inventory Update**

A comprehensive update of county fixed assets was completed in 2015. Recording of these assets is important in stating overall county net financial position. It is used by county insurance companies. Maintaining this inventory is valuable in safeguarding these public assets.

## **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 many health department administrative 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 and State Police Post 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> .

## **Bond Rating Upgrade**

Tuscola County finances were evaluated by Standard and Poor's in 2014 and again in 2015. The county was determined to be financially stable and well managed. This is evidenced by another bond rating upgrade in 2014 from A+ to AA-. Our bond rating has been upgraded four times over the last several years. The County has been awarded the Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting for over 12 consecutive years. It is a credit to all county officials that we continue to maintain a conservative fiscal philosophy. This cautious and careful approach to financial management has enabled the delivery of quality services while operating within our limited financial means.

A list of some of the other activities during 2015 includes:

- Pursuit of grant funds to make improvements at Vanderbilt County Park.
- Continued involvement with the organization call Greenway with improvements being made to the Cass River Watershed
- Grant funding to purchase an airboat to serve both Tuscola and Huron Counties

- Grant funding with other Bay and other counties to combat Fragmities weeds along the Saginaw Bay shore area
- Obtained grant funding to purchase another recycling trailer for expanded recycling programs
- Mosquito Abatement Mechanical/Storage building was completed in early 2016
- Continued grant funding was provided to continue the driving while under the influence liquor court that serves Tuscola, Huron and Sanilac Counties

## **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.

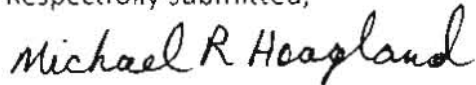
1. **General Fund Balance Assigned for Contingency Reserve** – The current County policy stipulates 10% of current fiscal year adopted budgeted expenditures be assigned for contingency reserve in the general fund. This reflects only slightly more than one month’s operational expenses. The County auditors 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.
3. **Other Key Financial Policies** – purchasing, investment, claims processing, credit card usage, establishing and reconciliation of bank accounts and travel/meal reimbursement.

## **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, 2014. The county has received this prestigious award for over 12 consecutive years. 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     Thomas Young  
District 5     Matthew Bierlein

District 3     Christine Trisch  
District 4     Craig Kirkpatrick

### **Administration**

County Controller/Administrator

Michael Hoagland

### **Elected Officials**

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

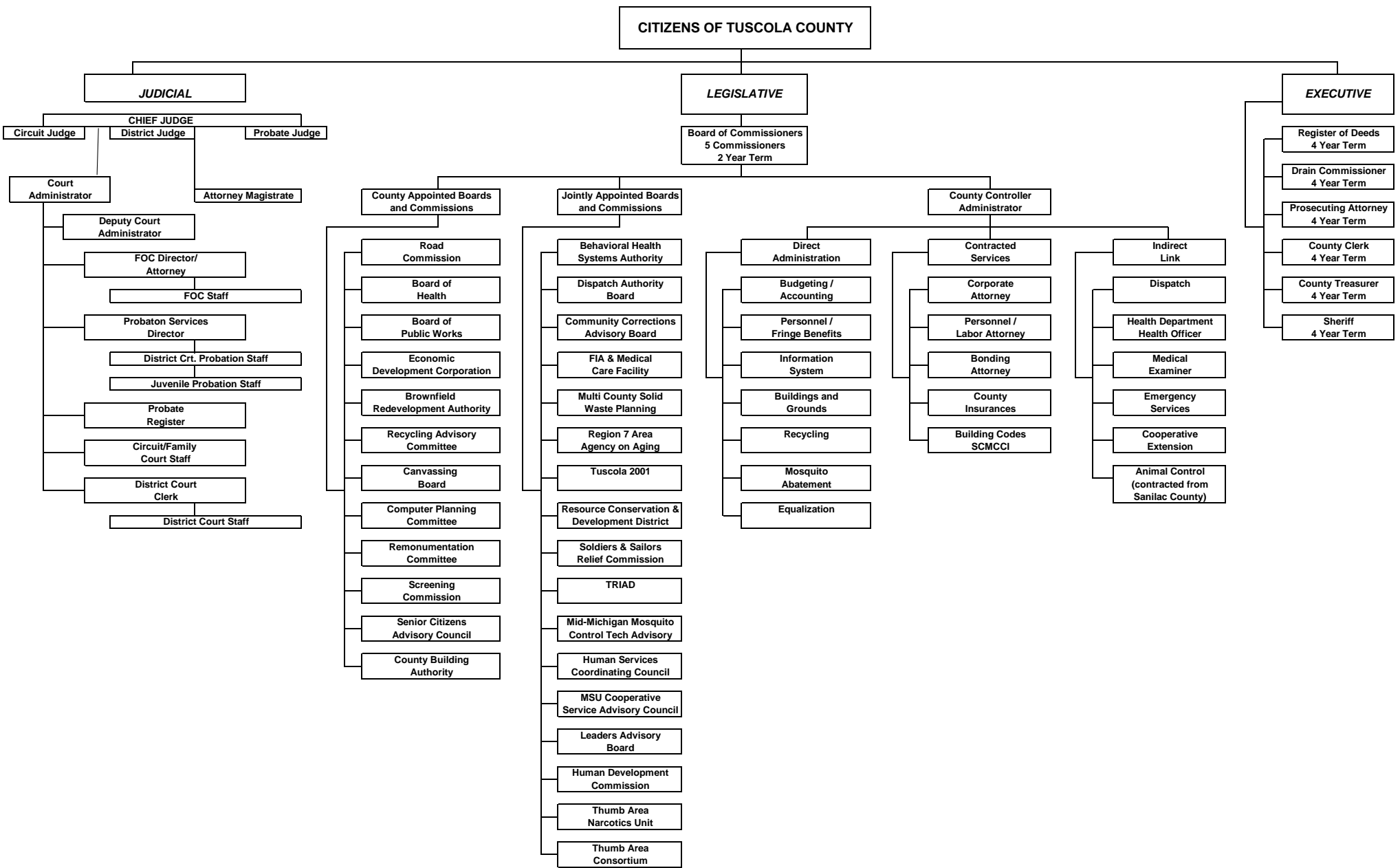
Patricia Donovan-Gray  
Jodi Fetting  
John Bishop  
Robert Mantey  
Amy Grace Gierhart  
Kim Glaspie  
Nancy Thane  
Mark Reese  
Leland Teschendorf

### **Appointed Officials**

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

Glen Skrent  
Adam Pavlik  
Sandy Nielsen  
Gretchen Tenbusch  
Mike Miller  
Eean Lee  
Walter Schlichting  
Sandy Erskine  
Denise Stacer  
Kim Green  
Joe Bixler  
Mike Miller











Government Finance Officers Association

**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, 2014**

Executive Director/CEO



## **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

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

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Tuscola County, Michigan

### 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, 2015, 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 principles 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 11% of assets and 14% of revenues of the governmental funds and 8% of assets and 16% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Community, a major enterprise fund which represents 57% of the assets and 94% of the revenues of the enterprise funds and 58% of assets and 93% 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 Community, 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 Community 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 audit 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, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter - Change in Accounting Principle**

As discussed in the notes to the financial statements, the County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, and Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Accordingly, beginning net position of governmental activities, business-type activities, and the Road Commission were restated. Our opinion is not modified with respect to this matter.

## **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 schedules for the pension and other post employment benefit plans, 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 and other auditors 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 nonmajor 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor 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 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 27, 2016, 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 County'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 27, 2016**

## 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, 2015. 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 \$29,649,308 (total net position). This is a decrease of (21.9%) from 2014 or (\$8,306,818). The decrease primarily results from reporting of pension liabilities as required by GASB 68. The business-type activities had a decrease in net assets of (\$1,760,181) and the governmental activities decreased by (\$6,546,637).
- Net investment in capital assets at the close of the 2015 fiscal year were \$16,427,170. This is an increase of 12.5% from 2014 or \$1,823,766. The governmental activities reflect an increase of \$374,121. The business-type activities increased from 2014 to 2015 by \$1,449,645
- The restricted portion of total net position was \$3,283,532. This is a 2014 to 2015 decrease of (\$491,533). The governmental activities increased by \$656,960 while the business-type activities decreased (\$1,148,493). The business-type decrease is due to final payment of the previous Medical Care Community debt services restrictions.
- Unrestricted net position at the end of 2015 was \$9,938,606. This is a decrease of (\$9,639,051) or (49.3%) from 2014. Again, this primarily results from required reporting of pension liabilities. Both governmental and business-type activities experienced decreases 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

- At the close of the current fiscal year, governmental funds reported combined ending fund balances of \$8,556,382. Much of this fund balance is nonspendable, restricted, committed or assigned and not available for general expenditure. The unassigned portion of this total governmental fund balance is \$798,936. All of the governmental funds unassigned fund balance is in the general fund. (Additional information on fund balances can be found on pages 4-6 in the basic financial statements)
- The total 2015 fund balance for the general fund was \$2,917,330 this is a small increase of \$154,741 or 5.6% from fiscal year 2014. Of this total \$798,936 is unassigned and available for spending while \$2,118,394 is nonspendable, restricted, committed or assigned.
- The Health Department is a major county fund. This fund experienced an increase in fund balance of \$783,656. In 2014 the fund balance was \$627,946 compared to \$1,411,602 for 2015. The increase is primarily a result of settlement with the Federal Share of Medicaid Full Cost Reimbursement Program. All of the Health Department fund balance is either nonspendable, restricted, committed or assigned.

## **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 Community 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 36 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, the Health Department Fund, the Road Patrol Fund, and Voted Mosquito Fund, each of which are considered to be major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, debt service funds, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The 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 100.

***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 Community 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 Community, Delinquent Tax Revolving Fund, Caro Sewer System, and Wisner Water District which are considered to be major funds of the County, and other enterprise funds that are considered non-major enterprise funds. The detail for the non-major enterprise funds can be found on pages 124-129. 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 130-132.

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 13-58 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 59-136 of this report.

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

The following tables show the County's net position for governmental and business-type activities, in addition to a comparison of 2014 and 2015 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 2015 fiscal year, the County is able to report positive net positions for the government as a whole including both governmental activities and business activities. However, total net position decreased by (\$8,306,818) or (21.9%) from \$37,956,126 in 2014 to \$29,649,308 in 2015. (The decrease primarily results from reporting of pension liabilities as required by GASB 68).

Government-wide revenues for 2015 were \$44,339,996 compared to expenditures of \$44,393,912. Thus, expenditures exceed revenues by \$53,916 or 0.2%. From 2014 to 2015, revenues increased from \$43,354,119 to \$44,339,996 which is \$985,877 or 2.3%. From 2014 to 2015, expenditures increased from \$42,035,090 to \$44,393,912 which is \$2,358,822 or 5.7%.

## Tuscola County Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Current and other assets	12,923,941	14,596,903	32,132,860	26,550,410	45,056,801	41,147,313
Capital assets, net	6,286,491	6,483,137	13,494,000	16,542,341	19,780,491	23,025,478
Total assets	<u>19,210,432</u>	<u>21,080,040</u>	<u>45,626,860</u>	<u>43,092,751</u>	<u>64,837,292</u>	<u>64,172,791</u>
Deferred outflows resources						
Related to pensions		2,019,855		1,015,897		3,035,752
Total deferred outflows		<u>2,019,855</u>		<u>1,015,897</u>		<u>3,035,752</u>
Long-term liabilities outstanding	1,376,301	1,513,533	1,192,847	1,394,438	2,569,148	2,907,971
Other liabilities	1,679,632	11,446,565	19,181,593	19,192,098	20,861,225	30,638,663
Total liabilities	<u>3,055,933</u>	<u>12,960,098</u>	<u>20,374,440</u>	<u>20,586,536</u>	<u>23,430,373</u>	<u>33,546,634</u>
Deferred Inflows of resources						
Taxes levied for a subsequent period	3,047,931	3,579,866	402,862	432,735	3,450,793	4,012,601
Total deferred inflows	<u>3,047,931</u>	<u>3,579,866</u>	<u>402,862</u>	<u>432,735</u>	<u>3,450,793</u>	<u>4,012,601</u>
Net Positions						
Net investment in capital assets	5,265,708	5,639,829	9,337,696	10,787,341	14,603,404	16,427,170
Restricted	1,195,900	1,852,860	2,579,165	1,430,672	3,775,065	3,283,532
Unrestricted	6,644,960	(932,758)	12,932,697	10,871,364	19,577,657	9,938,606
Total net position	<u>\$ 13,106,568</u>	<u>\$ 6,559,931</u>	<u>\$ 24,849,558</u>	<u>\$ 23,089,377</u>	<u>\$ 37,956,126</u>	<u>\$ 29,649,308</u>

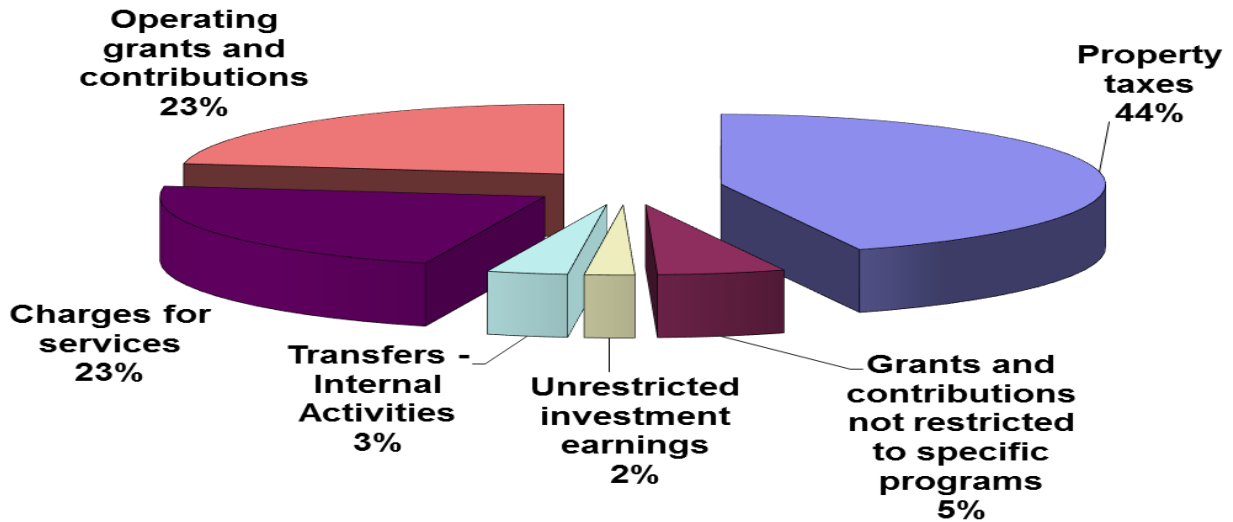
## Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
<b>Revenues:</b>						
Program revenue:						
Charges for services	4,962,482	5,098,491	18,734,454	20,182,027	23,696,936	25,280,518
Operating grants and contributions	4,532,922	5,146,885	-	-	4,532,922	5,146,885
Capital grants and contributions	-	-	400,446	304,173	400,446	304,173
General Revenue:						
Property Taxes	9,218,752	10,053,314	1,894,897	402,518	11,113,649	10,455,832
Grants and contributions not restricted to specific programs	1,165,279	1,219,055	-	-	1,165,279	1,219,055
Unrestricted investment earnings	481,646	479,580	51,914	55,512	533,560	535,092
Miscellaneous general revenues	-	-	-	-	-	-
Other Revenues	796,222	691,488	1,115,105	706,953	1,911,327	1,398,441
Total revenues	<u>21,157,303</u>	<u>22,688,813</u>	<u>22,196,816</u>	<u>21,651,183</u>	<u>43,354,119</u>	<u>44,339,996</u>
<b>Expenses:</b>						
Legislative	103,402	115,714	-	-	103,402	115,714
Judicial	3,262,153	3,298,138	-	-	3,262,153	3,298,138
General Government	6,345,529	6,701,612	-	-	6,345,529	6,701,612
Public Safety	5,652,616	6,579,971	-	-	5,652,616	6,580,722
Public Works	815,625	678,023	-	-	815,625	678,023
Health and Welfare	5,216,376	5,183,237	-	-	5,216,376	5,183,237
Culture and Recreation	9,023	8,634	-	-	9,023	8,634
Interest on debt	44,999	36,862	-	-	44,999	36,862
Medical Care Community			19,652,039	21,153,567	19,652,039	21,153,567
Delinquent property tax			832	1,494	832	1,494
Caro Sewer System			88,435	82,848	88,435	82,848
Caro Sewage (Refunding)			-	-	-	-
Mayville Storm Sewer			52,667	51,350	52,667	51,350
Richville Water System			4,828	4,470	4,828	4,470
Millington Sewer System			1,706	1,031	1,706	1,031
Denmark Sewer System			81,954	80,736	81,954	80,736
Denmark water extension			888	-	888	-
Wisner Water			296,161	83,738	296,161	83,738
Tax Foreclosure			405,857	332,487	405,857	332,487
Other			-	-	-	-
Total expenses	<u>21,449,723</u>	<u>22,602,191</u>	<u>20,585,367</u>	<u>21,791,721</u>	<u>42,035,090</u>	<u>44,393,912</u>
Change in net positions before transfers	(292,420)	86,622	1,611,449	(140,538)	1,319,029	(53,916)
Transfers - internal activities	<u>734,858</u>	<u>771,258</u>	<u>(708,253)</u>	<u>(715,776)</u>	<u>26,605</u>	<u>55,482</u>
Change in net positions	442,438	857,880	903,196	(856,314)	1,345,634	1,566
Net positions-beginning of year, as restated	<u>12,664,130</u>	<u>5,702,051</u>	<u>23,946,362</u>	<u>23,945,691</u>	<u>36,610,492</u>	<u>29,647,742</u>
Prior period adjustment	-	-	-	-	-	-
<b>Net positions-end of year</b>	<u>\$ 13,106,568</u>	<u>\$ 6,559,931</u>	<u>\$ 24,849,558</u>	<u>\$ 23,089,377</u>	<u>\$ 37,956,126</u>	<u>\$ 29,649,308</u>

**Governmental Activities.** Governmental activities net position decrease from 2014 to 2015 by (\$6,546,637) or (49.9%). In 2014 net position was \$13,106,568 compared to \$6,559,931 in 2015. Again, this is largely a result of pension reporting requirements of GASB 68. Major governmental activity funds are the general and health department funds and many special revenue millage and non-millage funds.

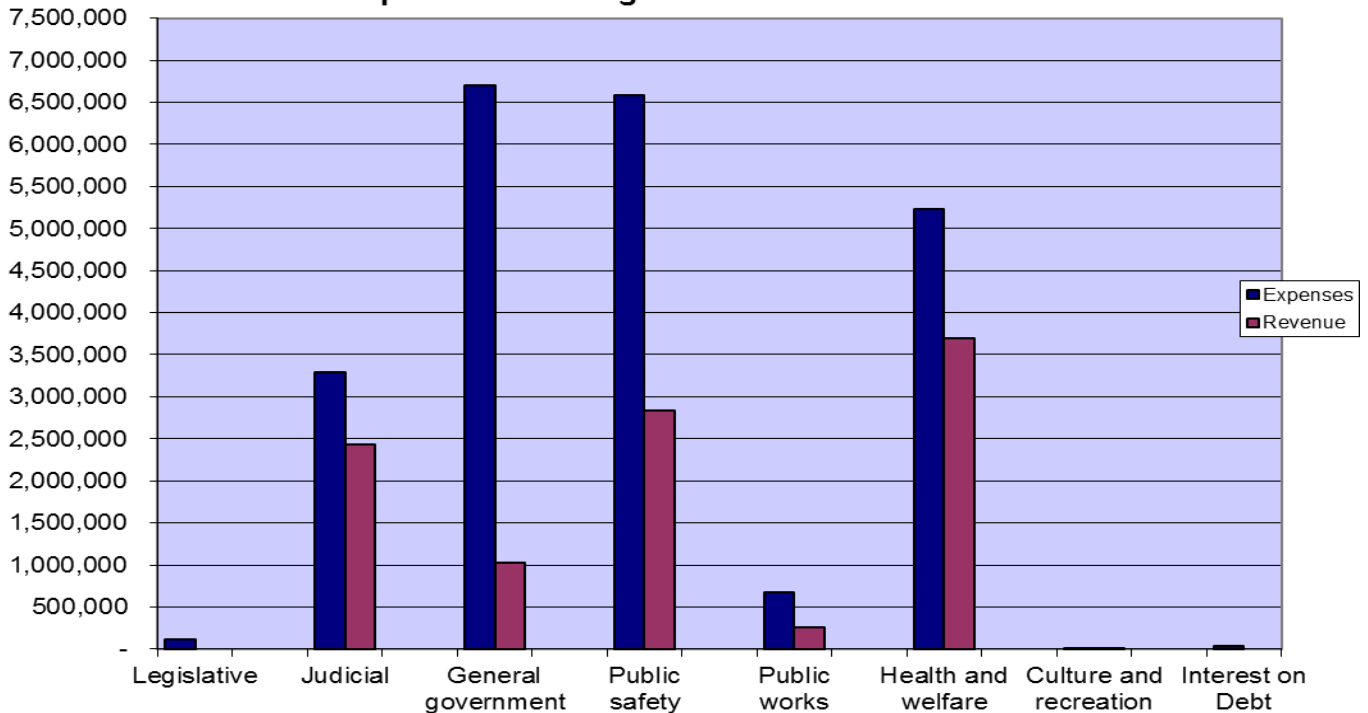
- Governmental activities revenue for 2015 was \$22,688,813 compared to expenditures of \$22,602,191. Thus, revenues exceed expenditure by \$86,622 or 0.2%. From 2014 to 2015, revenues increased from \$21,157,303 to \$22,688,813 (prior to transfers) which is \$1,531,510 or 7.2%. From 2014 to 2015, expenditures increased from \$21,449,723 to \$22,602,191 (prior to transfers) which is an increase of \$1,152,468 or 5.6%.
- The four major governmental activity funds include the general fund, health department fund, road patrol fund, and voted mosquito fund. There are also many special revenue funds that are classified in the governmental activities category.
- The major sources of revenue for governmental activities are property taxes followed by charges for services and operating grants and contributions (See pie chart below). Operating grants increased primarily as a result of settlement with the Federal Share of Medicaid Full Cost Reimbursement Program with the Health Department. Most major revenue categories experienced increases. A significant factor is additional revenue from wind turbine development. This has become one of the most important factors impacting county finances.
- Operating grant and contributions increased from \$4,532,922 in 2014 to \$5,146,885 in 2015. This is a \$613,963 or 13.6% increase driven by the Health Department Medicaid funds that were reimbursed by the federal government. Property taxes increased \$834,562 or 9.0% principally as a result of the construction of the Consumers Energy Wind Farm. Investment earnings showed minimal change. Other revenue decreased (\$104,734) or (13.2%).

## Revenues by Source - Governmental Activities



- The majority of expenditure increases occurred in the general government and public safety categories. The largest increase was in public safety at \$927,355 or 16.4% from \$5,652,616 in 2014 to \$6,579,971 in 2015. Some of the expenditure increase is a result of drug forfeiture funding and dispatch expenditures for capital purchases. General government increased from \$6,345,529 in 2014 to \$6,701,612 in 2015 which is \$356,083 or 5.6%.
- The statement of activities for program revenues for the governmental activities shows program revenue at \$10,245,376 and expenses at \$22,602,191. This makes program revenues short of covering governmental expenses by (\$12,356,815). The statement of activities can be found on pages 2-3.

### Expenses and Program Revenues - Governmental Activities

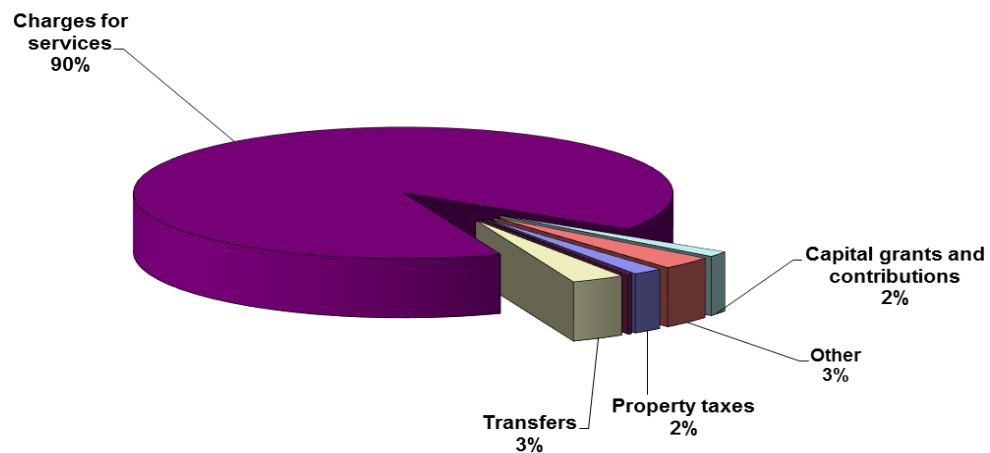


**Business-Type Activities.** Business-type activities decreased net position by (\$1,760,181) or (7.1%) from \$24,849,558 in 2014 to \$23,089,377 in 2015. Major business-type activities are Medical Care Community, Delinquent Tax Revolving Funds, Caro Sewer System, and Wisner Water project. The Medical Care Community accounts for 97% of all expenditures in this category. Additional information on major Enterprise funds can be found on pages 8-11. Other non-major business-type funds or enterprise funds are Mayville Storm Sewer, Richville Water System (refunded), Millington Sewer System, Denmark Sewer System, and the Tax Foreclosure Fund. Additional information on these non-major enterprise funds can be found on pages 124-129.

- Business-type activities revenue for 2015 were 21,651,183 compared to expenditures of \$21,791,721. Thus, expenditures exceed revenues by \$140,538 or 0.6%. From 2014 to 2015, revenues decreased from \$22,196,816 to \$21,651,183 (prior to transfers) resulting in a decrease of (\$545,633) or (2.5%). From 2014 to 2015, expenditures increased from \$20,585,367 to \$21,791,721 (prior to transfers) resulting in an increase of \$1,206,354 or 5.9%.
- Charges for services is the major source of revenue for business-type activities. This single source of revenue accounts for 90% of all business-type activities revenue (See pie chart below). Charges for services revenue increased by \$1,447,573 or 7.7%. The overall revenue decrease results primarily from the debt service levy for the Medical Care Community which was discontinued in 2015. Also, the “other” revenue category experience a substantial decrease.
- Delinquent property tax earnings increased from 2014 to 2015 by \$90,820 or 15.6%. Delinquent Tax Revolving Fund income before capital contributions and transfers were \$582,800 in 2014 compared to \$673,670 for 2015. These funds are transferred for general fund operations and/or capital improvements needs.

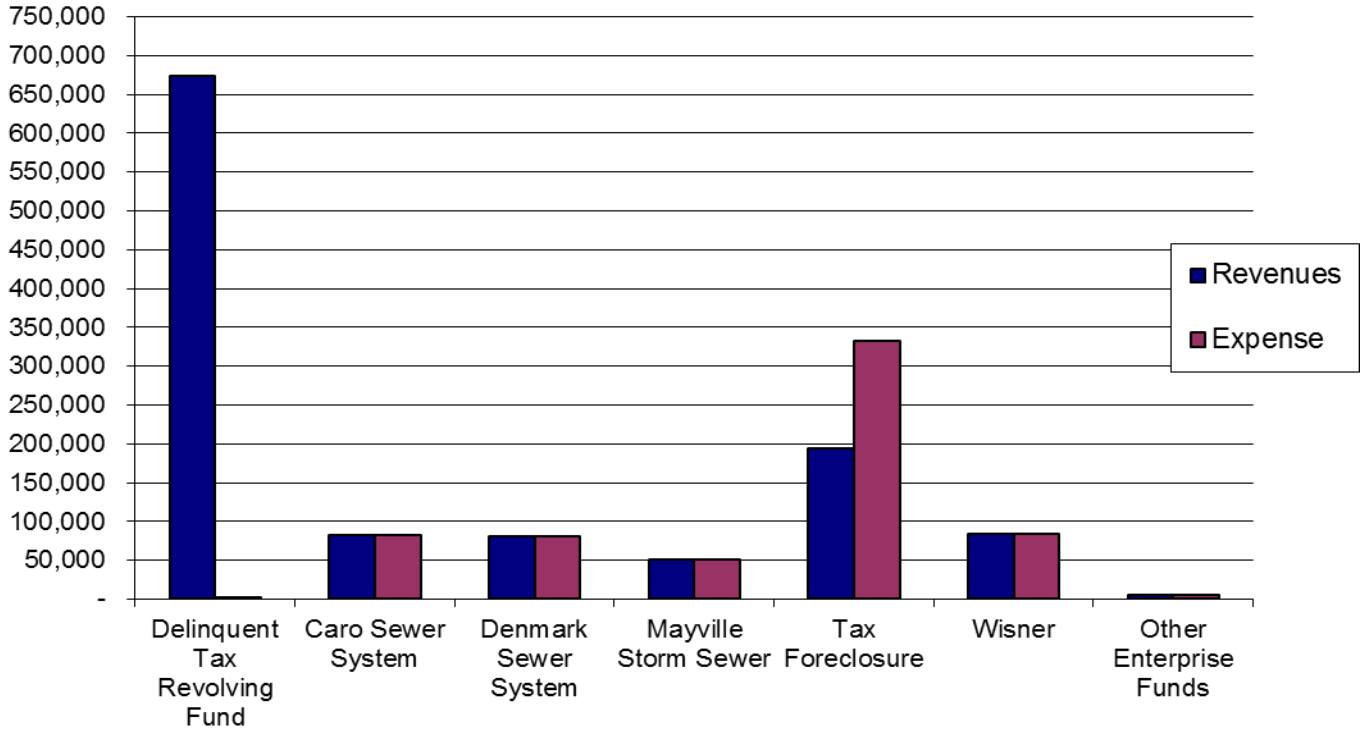
- Tax foreclosure fund had an increase of net position of \$127,902 from \$766,403 in 2014 to \$869,537 in 2015.
- The statement of activities for program revenues for the business-type activities are revenues of \$20,486,200 and expenses at \$21,791,721. Business-type activities program revenue falls short in covering expenses by (\$1,305,521). The statement of activities can be found on pages 2-3.

### **Revenues by Source - Business-type Activities**

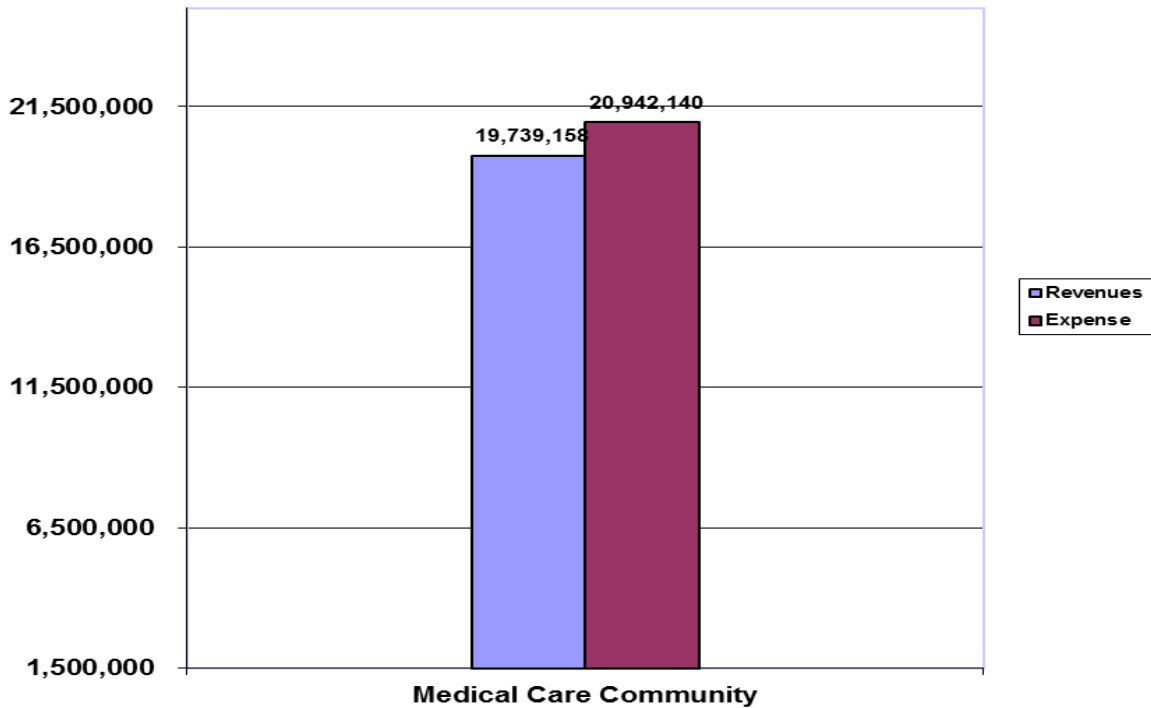




**Expense and Program Revenues - Business-type Activities**



**Expense and Program Revenue Business-type Medical Care Community**



- The Medical Care Community is the largest single county operation. Operating revenue for 2015 was \$19,739,158 and operating expenses were \$20,942,140. The year-end net position was \$16,542,473 which was a decrease from the previous year of \$982,542. The major source of revenue to the Medical Care Community is charges for services. Some of these service charges can be changed at the discretion of the Department of Health and Human Services Board.

## **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.

At the end of the 2015 fiscal year, the County's governmental funds reported combined ending fund balances of \$8,556,382. This total fund balance is further classified according to the Government Accounting Standards Board - Statement 54 as follows:

- **Non-spendable** includes funds that legally or contractually are required to be maintained intact. Non-spendable designations for 2015 include: Inventory, prepaid expenditures, flexible spending and advances to component units. The non-spendable portion of the total fund balance for governmental funds was \$459,879 or 5.4% of the total.

Of the total non-spendable fund balance, \$410,000 is an advance to a component unit. The advance is from the general fund to the revolving drain fund. The revolving drain fund provides cash flow for drainage projects. Repayment to the revolving drain fund is made when drainage assessment revenue is received. In 2016, another \$100,000 advance was made for increasing cash flow needs of the revolving drain fund.

- **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: Cost based reimbursement, capital projects, cemetery, debt service and special revenue funds. The restricted portion of the total fund balance for governmental funds was \$4,476,386 or 52.32% of the total.

The major share of restricted fund balance is for cost based reimbursement at the Health Department \$922,454, capital projects \$1,846,035 and special revenue funds \$1,701,072. Special revenue funds with larger restricted fund balance include: Road Patrol, Friend of the Court, Dispatch, Recycling, Probate Child Care and Department of Health and Human Services Child Care. There are 32 special revenue funds many of which have restricted fund balances.

- **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, exchange club donation, Can Council, building improvements, visioning program and county resident hospital program. The committed portion of the total fund balance for governmental funds was \$421,335 or 4.9% of the total.

The largest committed fund balance amounts are retirement contributions and compensated absences at the Health Department.

- **Assigned for subsequent year expenditures** 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 \$1,313,900 for contingency reserve and \$449,327 for wind revenue reserve.

All assigned funds apply to the general fund. The contingency reserve of \$1,313,900 was established by Board of Commissioner 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 wind revenue reserve is in place in case wind development companies prevail on wind turbine assessment appeals they made to the Michigan Tax Tribunal and the county has to repay these funds.

- **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 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 \$798,936 or 9.3% of the total.

**Proprietary Funds.** The County's proprietary funds provide the same type of information that can be found in the government wide financial statements, but in more detail. Proprietary funds include the Medical Care Community, Delinquent Tax Revolving, Caro Sewer System and Wisner Water District along with other smaller Enterprise funds.

Unrestricted net assets at the end of the year amounted to \$23,089,377. The Medical Care Community Fund was \$16,542,473 the Delinquent Tax Revolving Fund ended at \$5,677,367. All other unrestricted net positions of the non-major enterprise funds are \$869,537.

### **General Fund Budgetary Highlights**

The original budget (excluding transfers) was \$11,118,100 and was amended over the fiscal year to \$11,100,718. There were several significant department budget amendments during the year but the overall budget change of \$17,382 was minimal at 0.2%.

Actual expenditures were \$701,967 or 6.3% less than the amended budget. Factors contributing to actual expenditures finishing the year below budget expectations include: delays in refilling vacant positions resulting in underspent wage line-items, lower jury costs, reduced computer contractual costs, lower prisoner medical costs, lower building code costs and insurance costs considerably below budget expectations.

**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, 2015, amounted to \$23,025,478 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets increased by \$3,244,987 or 16.4% from \$19,780,491 in 2014 to \$23,025,478 in 2015. The majority of this change is for building construction/improvements and equipment purchases.

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

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2015	2015	2015
Land	376,186	-	376,186
Construction in Progress	551,054	-	551,054
Land Improvements	-	1,821,598	1,821,598
Buildings	2,351,334	9,214,983	11,566,317
Improvements	1,461,116	-	1,461,116
Vehicles	511,379	-	511,379
Equipment	1,232,068	5,505,760	6,737,828
Bond Fees	-	-	-
Total	<u>\$ 6,483,137</u>	<u>\$ 16,542,341</u>	<u>\$ 23,025,478</u>

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

**Primary Government and Business-Type Activity Long-Term Debt.** At the end of the current fiscal year, the County had a total debt outstanding of \$18,807,975. This is a decrease from 2014 when total long term debt was \$20,861,225. Debt is being retired for purchase of a county building, compensated absences, Medical Care Community Small House facilities, refunded bonds and sewer/water projects.

The County maintained its bond rating of AA-. This bond rating is a tremendous vote of confidence in the financial management of Tuscola County. The county has shown the independent bond rating agencies that it is capable of “living within its means” and making the difficult decisions necessary to maintain financial stability.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total taxable valuation.

Additional information on the County’s long-term debt can be found in Note 3 F on pages 32-35 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 2016 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2015 was 7.8%, which is a decrease from the 2014 unemployment rate of 8.5%. The 2015 county average unemployment rate is higher than both the State at 5.4% and the national at 5.7%.
- Over several years the state is transitioning to paying full state revenue sharing after many years of reductions. This transitioning continued from 2014 to 2015 when state revenue sharing was increased from \$945,806 to \$1,095,464. This an increase of \$149,658.
- The county maintains a general fund contingency reserve \$1,313,900. County policy is to maintain a reserve of 10% of current year budgeted expenditures. This reserve is for unexpected emergencies. When unassigned fund balance of \$1,035,936 is included total reserves are \$2,349,836 which is approximately 18% of 2016 budgeted general fund expenditures.
- Reserves are also maintained in the general fund and special millage funds in case the dispute with wind development companies is lost and funds have to be repaid to companies who appealed their assessments. At the end of 2014, \$150,000 was reserved in the general fund with an additional of \$237,000 to be reserved for 2015. Funds are also reserved in the eight special purpose millage funds. The 2016 reserve amounts will need to be increased with the recent appeal filed for the by Consumers Energy for their wind farm.
- County officials will have to use careful financial planning and management to prevent from having a level of dependency on wind turbines that cannot be sustained long-term. The amount of revenue received from wind turbines declines with time. Unless there are more wind projects, the total amount of wind revenue received will decline each year until after about 12 years it remains constant at only 30% of the original amount.
- A favorable factor in 2015 was for the first time in many years a sufficient transfer was able to be made from the general fund to the capital improvement of \$649,448. The County has not been able to consistently transfer funds to the capital improvements fund on an annual basis to meet the capital improvement needs.
- Health care cost are showing a modest increase for 2016 of approximately 5%. We are hopeful this cost can be maintained in the future.
- In March of 2016 the County changed from a defined benefit plan to a defined contribution plan pension plan for new hires. Also, approximately \$7 million in bonds were issued to fund unfunded pension liability. This change is estimated to save the county approximately \$4 million dollars over a 20 year period. Without these changes actuaries projected that the gap between pension system assets and liabilities was projected to significantly increase.

### **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, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 7,843,177	\$ 3,802,793	\$ 11,645,970	\$ 2,442,687	\$ 2,534,386	\$ 4,977,073
Investments	-	1,300,165	1,300,165		3,749,100	3,749,100
Receivables	5,453,682	16,555,531	22,009,213	4,847,261	5,089,166	9,936,427
Advance to component units	410,000		410,000			-
Internal balances	695,431	(695,431)	-			-
Prepaid items and other assets	38,425	190,623	229,048	266,000		266,000
Inventory	32,967		32,967	417,027		417,027
Restricted cash	123,221	4,116,873	4,240,094			-
Restricted investments		1,279,856	1,279,856			-
Capital assets, net:						
Assets not being depreciated	927,240	-	927,240	33,510,237	-	33,510,237
Assets being depreciated	5,555,897	16,542,341	22,098,238	56,256,579	15,939,835	72,196,414
<b>Total Assets</b>	<b>21,080,040</b>	<b>43,092,751</b>	<b>64,172,791</b>	<b>97,739,791</b>	<b>27,312,487</b>	<b>125,052,278</b>
<b>Deferred outflows of resources</b>						
Related to pensions	2,019,855	1,015,897	3,035,752	362,780	-	362,780
<b>Total deferred outflows of resources</b>	<b>2,019,855</b>	<b>1,015,897</b>	<b>3,035,752</b>	<b>362,780</b>	<b>-</b>	<b>362,780</b>
<b>Liabilities</b>						
Accounts payable	946,251	908,344	1,854,595	604,155	119,075	723,230
Accrued liabilities	534,316	481,900	1,016,216	82,240	21,939	104,179
Advance from primary government			-		410,000	410,000
Unearned revenue	32,966	4,194	37,160		-	-
Noncurrent liabilities:						
Net pension liability	10,015,013	1,815,675	11,830,688	2,789,230		2,789,230
Due within one year	239,321	1,874,631	2,113,952	44,280	891,627	935,907
Due in more than one year	1,192,231	15,501,792	16,694,023	3,440,916	4,426,469	7,867,385
<b>Total Liabilities</b>	<b>12,960,098</b>	<b>20,586,536</b>	<b>33,546,634</b>	<b>6,960,821</b>	<b>5,869,110</b>	<b>12,829,931</b>
<b>Deferred inflows of resources</b>						
Taxes levied for a subsequent period	3,579,866	432,735	4,012,601	-	-	-
Related to pensions				12,159		12,159
<b>Total deferred inflows of resources</b>	<b>3,579,866</b>	<b>432,735</b>	<b>4,012,601</b>	<b>12,159</b>	<b>-</b>	<b>12,159</b>
<b>Net Position</b>						
Net investment in capital assets	5,639,829	10,787,341	16,427,170	89,766,816	10,621,739	100,388,555
Restricted for:						
Debt service		1,430,672	1,430,672	-	2,473,935	2,473,935
Capital projects	1,846,035		1,846,035	-	3,280,476	3,280,476
Expendable - cemetery	6,825	-	6,825	-	-	-
Road construction				2,046,956		2,046,956
Unrestricted	(932,758)	10,871,364	9,938,606	(684,181)	5,067,227	4,383,046
<b>Total Net Position</b>	<b>\$ 6,559,931</b>	<b>\$ 23,089,377</b>	<b>\$ 29,649,308</b>	<b>\$ 91,129,591</b>	<b>\$ 21,443,377</b>	<b>\$ 112,572,968</b>

See notes to financial statements.



TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

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	\$ 115,714				\$ - \$ (115,714)
Judicial	3,298,138		\$ 1,224,277	\$ 1,206,663	(867,198)
General government	6,703,119	\$ (1,507)	874,213	151,018	(5,676,381)
Public safety	6,579,971		2,121,943	718,542	(3,739,486)
Public works	678,023		252,391		(425,632)
Health and welfare	5,183,237		620,213	3,070,662	(1,492,362)
Culture and recreation	8,634		5,454		(3,180)
Interest on debt	36,862				(36,862)
Total governmental activities	22,603,698	(1,507)	5,098,491	5,146,885	(12,356,815)
Business-type activities:					
Medical Care Community	21,152,060	1,507	19,314,786		(1,838,781)
Delinquent property tax	1,494		673,670		672,176
Caro sewer system	82,848		-	82,848	-
Mayville storm sewer	51,350		-	51,350	-
Richville water system	4,470		-	4,470	-
Millington sewer system	1,031		-	1,031	-
Denmark sewer system	80,736		-	80,736	-
Wisner water district	83,738		-	83,738	-
Tax foreclosure	332,487		193,571		(138,916)
Total business-type activities	21,790,214	1,507	20,182,027	-	304,173 (1,305,521)
Total Primary Government	\$ 44,393,912	\$ -	\$ 25,280,518	\$ 5,146,885	\$ 304,173 \$ (13,662,336)
<b>Component Units</b>					
Road commission	\$ 10,073,683		\$ 1,035,507	\$ 14,998,686	\$ 5,960,510
Drain commission	1,402,310			\$ 883,004	(519,306)
Total Component Units	\$ 11,475,993	\$ -	\$ 1,035,507	\$ 14,998,686	\$ 883,004 \$ 5,441,204

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

<u>Functions / Programs</u>	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Total</u>
Changes in net position						
Net revenue (expense)	\$ (12,356,815)	\$ (1,305,521)	\$ (13,662,336)	\$ 5,960,510	\$ (519,306)	\$ 5,441,204
General revenues:						
Property taxes	10,053,314	402,518	10,455,832			-
Grants and contributions not restricted to specific programs	1,219,055		1,219,055			-
Unrestricted investment earnings	479,580	55,512	535,092	16,586	22,498	39,084
Other revenue	691,488	706,953	1,398,441	(37,687)		(37,687)
Transfers - internal activities	771,258	(715,776)	55,482		-	-
Total general revenues and transfers	13,214,695	449,207	13,663,902	(21,101)	22,498	1,397
Changes in net position	857,880	(856,314)	1,566	5,939,409	(496,808)	5,442,601
Net position, beginning of year, restated	5,702,051	23,945,691	29,647,742	85,190,182	21,940,185	107,130,367
Net position, end of year	\$ 6,559,931	\$ 23,089,377	\$ 29,649,308	\$ 91,129,591	\$ 21,443,377	\$ 112,572,968

See notes to financial statements.

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-15</u>	<u>Road Patrol</u>	<u>Voted Mosquito</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 1,382,419	\$ 1,417,676	\$ 304,258	\$ 473,694	\$ 3,557,243	\$ 7,135,290
Investments	-		-	-	-	-
Receivables:						
Taxes receivable	550,007		1,571,013	1,102,503	906,350	4,129,873
Taxes receivable - delinquent	23,413		19,920	11,882	5,939	61,154
Accounts receivable	240,775	76,678	28	50	526,693	844,224
Due from other funds	884,059		5,513	717	197,968	1,088,257
Due from state	21,619	31,986	-	-	248,994	302,599
Due from other governmental units	2,422	64,487	-	-	4,231	71,140
Prepaid expenditures	7,494		-	-	-	12,174
Inventory	-	32,967				32,967
Advances to component unit	410,000					410,000
Restricted cash and cash equivalents	123,221					123,221
<b>Total Assets</b>	<b>\$ 3,645,429</b>	<b>\$ 1,628,474</b>	<b>\$ 1,900,732</b>	<b>\$ 1,588,846</b>	<b>\$ 5,447,418</b>	<b>\$ 14,210,899</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 252,278	\$ 71,345	\$ 9,007	\$ 293,847	\$ 276,382	\$ 902,859
Accrued liabilities	145,743	112,561	40,112	3,565	70,197	372,178
Due to other governments	-		-	-	43,128	43,128
Due to other funds	-		852	538	354,311	355,701
Deposits payable	246		-	-	-	246
Unearned revenue		32,966			-	32,966
<b>Total Liabilities</b>	<b>398,267</b>	<b>216,872</b>	<b>49,971</b>	<b>297,950</b>	<b>744,018</b>	<b>1,707,078</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	329,832	-	19,920	11,882	5,939	367,573
Taxes levied for a subsequent period	-	-	1,571,013	1,102,503	906,350	3,579,866
<b>Total deferred inflows of resources</b>	<b>329,832</b>	<b>-</b>	<b>1,590,933</b>	<b>1,114,385</b>	<b>912,289</b>	<b>3,947,439</b>
<b>Fund Balance</b>						
Nonspendable for:						
Inventory	-	32,967				32,967
Prepaid expenditures	7,494	4,680			-	12,174
Flexible spending		4,738				4,738
Advances to component units	410,000					410,000
Restricted for:						
Cost based reimbursement		922,454				922,454
Capital projects					1,846,035	1,846,035
Cemetery					6,825	6,825
Special revenue funds		30,428	218,087	16,413	1,436,144	1,701,072
Committed for:						
Compensated absences		170,239				170,239
Retirement contribution		237,885				237,885
Imprest cash		460				460
Exchange club donation		581				581
Can Council		592				592
Building improvements		6,149				6,149
Vision program		429				429
County resident hospital program					5,000	5,000
Assigned for:						
Subsequent year expenditures			11,929	139,177	485,513	636,619
Contingency reserve	1,313,900					1,313,900
Wind revenue reserve	387,000		29,812	20,921	11,594	449,327
Unassigned	798,936					798,936
<b>Total Fund Balance</b>	<b>2,917,330</b>	<b>1,411,602</b>	<b>259,828</b>	<b>176,511</b>	<b>3,791,111</b>	<b>8,556,382</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 3,645,429</b>	<b>\$ 1,628,474</b>	<b>\$ 1,900,732</b>	<b>\$ 1,588,846</b>	<b>\$ 5,447,418</b>	<b>\$ 14,210,899</b>

See notes to financial statements.

**TUSCOLA COUNTY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 8,556,382</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	15,715,243
Subtract: accumulated depreciation	(9,232,106)
Because the focus of governmental funds is on short-term financing, some assets and deferred outflows will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Add: unavailable property taxes	367,573
Add: related to pensions	2,019,855
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	582,498
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	(843,308)
Subtract: accrued interest payable	(2,949)
Subtract: compensated absences	(588,244)
Subtract: net pension liability	<u>(10,015,013)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 6,559,931</u></b>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015

	General	Health Department 9-30-15	Road Patrol	Voted Mosquito	Other Governmental Funds	Total
Revenues						
Taxes	\$ 7,009,795	\$ -	\$ 1,457,204	\$ 1,022,183	\$ 566,286	\$ 10,055,468
Licenses and permits	461,092	151,852				612,944
Intergovernmental						
Federal	122,571	2,531,767	14,862	-	813,985	3,483,185
State	1,789,739		4,480	-	1,266,574	3,060,793
Local	-		-	-	541,459	541,459
Charges for services	1,869,757	408,927	10,245	-	1,392,713	3,681,642
Fines and forfeits	49,880		-	-	34,528	84,408
Interest and rents	460,118		3,947	5,358	10,157	479,580
Reimbursements and refunds	625,255		10,011	50	107,579	742,895
Other		12,814	9,070	-	58,930	80,814
Total Revenues	<u>12,388,207</u>	<u>3,105,360</u>	<u>1,509,819</u>	<u>1,027,591</u>	<u>4,792,211</u>	<u>22,823,188</u>
Expenditures						
Current:						
Legislative	111,400					111,400
Judicial	2,296,002				933,198	3,229,200
General government	3,918,132			931,934	694,765	5,544,831
Public safety	2,729,172		1,425,596		2,271,654	6,426,422
Public works	680,315					680,315
Health and welfare	462,476	2,748,958			1,702,143	4,913,577
Culture and recreation					8,634	8,634
Other	201,254					201,254
Capital outlay			59,196	548,342	461,299	1,068,837
Debt service - principal					165,000	165,000
Debt service - interest					39,156	39,156
Total Expenditures	<u>10,398,751</u>	<u>2,748,958</u>	<u>1,484,792</u>	<u>1,480,276</u>	<u>6,275,849</u>	<u>22,388,626</u>
Revenues over (under) expenditures	<u>1,989,456</u>	<u>356,402</u>	<u>25,027</u>	<u>(452,685)</u>	<u>(1,483,638)</u>	<u>434,562</u>
Other Financing Sources (uses)						
Transfer in	717,994	427,254	-	-	2,258,099	3,403,347
Transfer out	(2,552,709)	-	-	(12,500)	(66,880)	(2,632,089)
Total Other Financing Sources (uses)	<u>(1,834,715)</u>	<u>427,254</u>	<u>-</u>	<u>(12,500)</u>	<u>2,191,219</u>	<u>771,258</u>
Net change in fund balances	154,741	783,656	25,027	(465,185)	707,581	1,205,820
Fund balance, beginning of year	<u>2,762,589</u>	<u>627,946</u>	<u>234,801</u>	<u>641,696</u>	<u>3,083,530</u>	<u>7,350,562</u>
Fund balance, end of year	<u>\$ 2,917,330</u>	<u>\$ 1,411,602</u>	<u>\$ 259,828</u>	<u>\$ 176,511</u>	<u>\$ 3,791,111</u>	<u>\$ 8,556,382</u>

See notes to 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, 2015**

**Net Change In Fund Balances - Total Governmental Funds** \$ 1,205,820

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	487,753
Add: construction-in-progress	526,554
Subtract: depreciation expense	(627,312)

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: change in unavailable property taxes receivable	(2,154)
Subtract: decrease in long-term receivables	(132,221)

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	178,221
Add: decrease in accrued interest payable	2,294
Subtract: amortization of bond discount	(746)

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	70,605
Subtract: loss on the disposal of capital assets	(190,349)

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	(69,944)
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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 the governmental funds.

Subtract: pension related items	(590,641)
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**Change In Net Position Of Governmental Activities** **\$ 857,880**

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2015

	Enterprise Funds					Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 2,890,865	\$ -	\$ -	\$ -	\$ 911,928	\$ 3,802,793	\$ 707,887
Investments	1,300,165	-	-	-	-	1,300,165	-
Receivables:							
Taxes receivable - delinquent	432,735	2,391,817	-	-	-	2,824,552	-
Accounts receivable, net	2,253,993	-	-	5,000	-	2,258,993	44,692
Due from other funds	-	-	-	-	345	345	-
Due from other governmental units	-	111,189	-	-	-	111,189	-
Contracts receivable - current	-	-	370,362	92,821	172,500	635,683	-
Prepaid expenses	190,623	-	-	-	-	190,623	26,251
Restricted cash	1,461,663	2,655,210	-	-	-	4,116,873	-
Restricted investments	-	1,279,856	-	-	-	1,279,856	-
<b>Total current assets</b>	<b>8,530,044</b>	<b>6,438,072</b>	<b>370,362</b>	<b>97,821</b>	<b>1,084,773</b>	<b>16,521,072</b>	<b>778,830</b>
Noncurrent assets:							
Contracts receivable, net of current portion	-	-	4,662,114	2,970,000	3,093,000	10,725,114	-
Capital assets, being depreciated	16,542,341	-	-	-	-	16,542,341	-
<b>Total noncurrent assets</b>	<b>16,542,341</b>	<b>-</b>	<b>4,662,114</b>	<b>2,970,000</b>	<b>3,093,000</b>	<b>27,267,455</b>	<b>-</b>
<b>Total assets</b>	<b>25,072,385</b>	<b>6,438,072</b>	<b>5,032,476</b>	<b>3,067,821</b>	<b>4,177,773</b>	<b>43,788,527</b>	<b>778,830</b>
<b>Deferred outflows of resources</b>							
Related to pensions	1,008,151	-	-	-	7,746	1,015,897	-
<b>Total deferred outflows of resources</b>	<b>1,008,151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,746</b>	<b>1,015,897</b>	<b>-</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	832,039	64,929	-	5,000	6,376	908,344	18
Accrued and other liabilities	175,376	-	20,362	27,821	47,187	270,746	159,189
Due to other funds	-	695,776	-	-	-	695,776	37,125
Patient trust fund	30,991	-	-	-	-	30,991	-
Deposits payable	180,163	-	-	-	-	180,163	-
Unearned revenue	4,194	-	-	-	-	4,194	-
Compensated absences - current	34,631	-	-	-	-	34,631	-
Bonds payable, current	1,290,000	-	350,000	65,000	135,000	1,840,000	-
<b>Total current liabilities</b>	<b>2,547,394</b>	<b>760,705</b>	<b>370,362</b>	<b>97,821</b>	<b>188,563</b>	<b>3,964,845</b>	<b>196,332</b>
Noncurrent liabilities:							
Compensated absences - net of current	311,678	-	-	-	-	311,678	-
Net pension liability	1,781,256	-	-	-	34,419	1,815,675	-
Bonds payable, net of current portion	4,465,000	-	4,662,114	2,970,000	3,093,000	15,190,114	-
<b>Total long-term liabilities</b>	<b>6,557,934</b>	<b>-</b>	<b>4,662,114</b>	<b>2,970,000</b>	<b>3,127,419</b>	<b>17,317,467</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,105,328</b>	<b>760,705</b>	<b>5,032,476</b>	<b>3,067,821</b>	<b>3,315,982</b>	<b>21,282,312</b>	<b>196,332</b>
<b>Deferred inflows of resources</b>							
Taxes levied for a subsequent period	432,735	-	-	-	-	432,735	-
<b>Net position</b>							
Net investment in capital assets	10,787,341	-	-	-	-	10,787,341	-
Restricted for:							
Debt service	1,430,672	-	-	-	-	1,430,672	-
Unrestricted	4,324,460	5,677,367	-	-	869,537	10,871,364	582,498
<b>Total net position</b>	<b>\$ 16,542,473</b>	<b>\$ 5,677,367</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 869,537</b>	<b>\$ 23,089,377</b>	<b>\$ 582,498</b>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds					Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Operating revenue							
Charges for services	\$ 19,314,786	\$ 673,670	\$ -	\$ -	\$ 193,571	\$ 20,182,027	\$ 2,433,403
Other operating revenue	424,372	-	-	-	282,581	706,953	-
Total operating revenue	19,739,158	673,670	-	-	476,152	20,888,980	2,433,403
Operating expenses							
Operation and maintenance	20,048,564	1,494	-	-	-	20,050,058	2,503,347
Administration		-	-	-	332,487	332,487	-
Depreciation	893,576	-	-	-	-	893,576	-
Total operating expenses	20,942,140	1,494	-	-	332,487	21,276,121	2,503,347
Operating income (loss)	(1,202,982)	672,176	-	-	143,665	(387,141)	(69,944)
Nonoperating revenue (expenses)							
Property taxes	402,518	-	-	-	-	402,518	-
Interest and rent	29,349	21,926	-	-	4,237	55,512	-
Loss on sale of capital assets	(6,781)	-	-	-	-	(6,781)	-
Interest expense and fiscal charges	(204,646)	-	(82,848)	(83,738)	(137,587)	(508,819)	-
Total nonoperating revenue (expenses)	220,440	21,926	(82,848)	(83,738)	(133,350)	(57,570)	-
Income (loss) before capital contributions and transfers	(982,542)	694,102	(82,848)	(83,738)	10,315	(444,711)	(69,944)
Capital contributions	-	-	82,848	83,738	137,587	304,173	-
Transfers							
Transfers out	-	(695,776)	-	-	(20,000)	(715,776)	-
Changes in net position	(982,542)	(1,674)	-	-	127,902	(856,314)	(69,944)
Net position, beginning of year, restated	17,525,015	5,679,041	-	-	741,635	23,945,691	652,442
Net position, end of year	\$ 16,542,473	\$ 5,677,367	\$ -	\$ -	\$ 869,537	\$ 23,089,377	\$ 582,498

See notes to financial statements.



TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds					Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Cash flows from operating activities							
Cash received from customers	\$ 19,926,907	\$ 744,466	\$ -	\$ 57,096	\$ 193,571	\$ 20,922,040	\$ 2,422,226
Cash received from interfund services provided	-	-	-	-	(85)	(85)	9,994
Cash payments to suppliers for goods and services	(6,034,140)	44,432	-	(58,554)	(318,234)	(6,366,496)	(2,577,620)
Cash payments to employees for services	(13,935,259)	-	-	-	-	(13,935,259)	-
Other operating revenue	-	-	-	-	282,581	282,581	-
Net cash provided by operating activities	(42,492)	788,898	-	(1,458)	157,833	902,781	(145,400)
Cash flows from noncapital financing activities							
Property taxes	402,518	-	-	-	-	402,518	-
Transfers out	-	(695,776)	-	-	(20,000)	(715,776)	-
Net cash provided (used) by noncapital financing activities	402,518	(695,776)	-	-	(20,000)	(313,258)	-
Cash flows from capital and related financing activities							
Contributions from local units	-	-	427,848	144,288	260,587	832,723	-
Principal paid on long-term debt	(1,265,000)	-	(345,000)	(60,000)	(123,000)	(1,793,000)	-
Interest paid on long-term debt	(207,119)	-	(82,848)	(83,738)	(137,587)	(511,292)	-
Purchases and construction of capital assets	(3,948,698)	-	-	-	-	(3,948,698)	-
Net cash provided (used) by capital and related financing activities	(5,420,817)	-	-	550	-	(5,420,267)	-
Cash flows from investing activities							
Interest and rent	29,349	21,926	-	-	4,237	55,512	-
Sale (purchase) of investments	89,511	4,307	-	-	-	93,818	-
Net cash provided (used) by investing activities	118,860	26,233	-	-	4,237	149,330	-
Net increase in cash and cash equivalents	(4,941,931)	119,355	-	(908)	142,070	(4,681,414)	(145,400)
Cash and cash equivalents, beginning of year	9,294,459	2,535,855	-	908	769,858	12,601,080	853,287
Cash and cash equivalents, end of year	\$ 4,352,528	\$ 2,655,210	\$ -	\$ -	\$ 911,928	\$ 7,919,666	\$ 707,887
Statement of net position classification of cash and cash equivalents							
Cash and cash equivalents	\$ 2,890,865	-	-	-	\$ 911,928	\$ 3,802,793	\$ 707,887
Restricted cash	1,461,663	\$ 2,655,210	-	-	-	4,116,873	-
	\$ 4,352,528	\$ 2,655,210	\$ -	\$ -	\$ 911,928	\$ 7,919,666	\$ 707,887

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONCLUDED)  
 YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds					Governmental	
	Medical Care Community	Delinquent Tax Revolving Fund	Caro 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	\$ (1,202,982)	\$ 672,176	\$ -	\$ -	\$ 143,665	\$ (387,141)	\$ (69,944)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	893,576					893,576	
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	46,364	29,979		57,096	-	133,439	(11,177)
Due from other funds					(85)	(85)	244
Due from other governmental units		40,817	(1,402)		1,014	40,429	
Prepaid expenses	(148,007)					(148,007)	(26,251)
Accounts payable	127,527	8,403		(58,004)	2,661	80,587	9,750
Accrued and other liabilities	(36,192)		1,402	(550)	8,673	(26,667)	(47,800)
Due to other funds		37,523				37,523	(222)
Unearned revenue	(57)					(57)	
Patient trust funds	(667)					(667)	
Deposits payable	153,672					153,672	
Compensated absences	(12,170)					(12,170)	
Change in net pension liability and deferred amounts	136,444				1,905	138,349	
Net cash provided by operating activities by operating activities	<u>\$ (42,492)</u>	<u>\$ 788,898</u>	<u>\$ -</u>	<u>\$ (1,458)</u>	<u>\$ 157,833</u>	<u>\$ 902,781</u>	<u>\$ (145,400)</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,208,541
Total assets	<u>\$ 1,208,541</u>
Liabilities	
Accrued liabilities	\$ 400,237
Due to other governmental units	763,812
Undistributed receipts	<u>44,492</u>
Total liabilities	<u>\$ 1,208,541</u>

See notes to financial statements.

## NOTES TO 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.

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

**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-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 *road patrol fund* accounts for revenues received from a County millage. This is the only county wide 24 hour police service.

The *voted mosquito fund* accounts for revenues received from a County millage. This 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.

The County reports the following major proprietary funds:

The *Medical Care Community fund* accounts for the operations of the Tuscola County Medical Care Community. 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 *Wisner water district fund* accounts for the water district in Wisner County. The construction project is funded by loans and grants from the USDA.

Additionally, the County reports the following fund types:

*Internal service funds* account for the workers compensation, health insurance and retirement services provided to other departments or agencies of the government on a cost reimbursement basis.

*Agency funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

The *Permanent fund* accounts 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 Community 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, Deferred Outflows/Inflows of Resources, and Net Position or Equity:**

**1. Cash, Cash Equivalents, 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 fund 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 Cash and Investments**

Restricted cash and investments are assets that have been set aside for future purposes in the Medical Care Community and the Delinquent Tax Revolving Fund, as well as the General Fund’s MMRMA deposits.

**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.

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.

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

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year no interest expense was 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is the pension contributions reported in the government-wide statement of net position. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end. The amount is amortized in the plan year in which it applies.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. Also, another item is future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2015 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2015, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2015 levy is reported as deferred inflows of resources at year-end.

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

**7. Defined Benefit Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**8. 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.

**9. 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 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 expenses in the year which they are incurred.

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.

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**11. Net Position Flow Assumptions**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**12. Fund Balance Flow Assumptions**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**13. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a resolution of the County’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the County that can, by adoption of a board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. By resolution of the Board of Commissioners, the Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. In addition, by resolution of the Board of Commissioners, authority to assign fund balance has been designated to the Chief Financial Officer or his/her designee subject to the approval of the Tuscola County Commission. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

The purpose of the fund balance policy for the General Fund is to establish a level of reserve within the General Fund to preserve fiscal stability. The level of Fund Balance prescribed within this policy is designed to ensure adequate cash flow for operations and adequate reserves for contingency and emergency purposes. The authority to establish Fund Balance levels is with the Tuscola County Board of Commissioners. The Board of Commissioners and Controller/Administrator shall be responsible for the implementation of this policy. The General Fund shall maintain a minimum unassigned fund balance of approximately 10% of the most current Board approved General Fund Budget.

**14. Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**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>Nonmajor Special Revenue Funds</b>			
Recycling	\$ 319,995	\$ 325,505	\$ 5,510
Local correction officer training	\$ 17,000	\$ 17,624	\$ 624
Forfeiture sheriff/prosecutor	\$ 119,000	\$ 119,621	\$ 621
Michigan justice training	\$ 7,500	\$ 8,793	\$ 1,293
Soldiers relief	\$ 32,000	\$ 34,890	\$ 2,890
Voted veterans	\$ 9,349	\$ 39,038	\$ 29,689
GIS	\$ 50,000	\$ 56,823	\$ 6,823

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:	<b><u>Carrying Amount</u></b>
Primary Government:	
Cash and cash equivalents	\$ 11,645,970
Investments	1,300,165
Restricted cash	4,240,094
Restricted investments	1,279,856
Component Units:	
Cash and cash equivalents	4,977,073
Investments	3,749,100
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,208,541
<b>Total</b>	<b><u><u>\$ 28,400,799</u></u></b>

Notes to Financial Statements	
Deposits	\$ 22,065,678
Investments	6,329,121
Cash on hand	6,000
<b>Total</b>	<b><u><u>\$ 28,400,799</u></u></b>

See Note 1D#4 for additional information on restricted cash and investments and Note 4C for details of the County's deposits with MMRMA..

**Deposits and investments**

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

	<b><u>Carrying Amount</u></b> <b><u>(Fair Value)</u></b>	<b><u>Maturity Less</u></b> <b><u>1 Year</u></b>	<b><u>Maturity</u></b> <b><u>1-5 Years</u></b>	<b><u>Credit Rating</u></b>
Investments:				
Michigan Class Accounts	\$ 4,544,093	\$ 4,544,093	-	n/a
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	384,280		\$ 384,280	n/a
Commercial Paper	994,890	994,890	-	A1
CDs classified as investments	<u>405,858</u>	<u>405,858</u>	-	n/a
<b>Total</b>	<b><u><u>\$6,329,121</u></u></b>	<b><u><u>\$5,944,841</u></u></b>	<b><u><u>\$ 384,280</u></u></b>	

**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 \$19,267,178 of the County's bank balance of \$21,262,996 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	\$ 4,191,027	\$ 2,824,552	\$ 2,081,089
Accounts, net	888,916	2,258,993	76,835
Special Assessments			
Due within one year			666,837
Due after one year			4,422,329
Intergovernmental			
Due within one year	373,739	746,872	2,689,337
Due after one year		10,725,114	
<b>Total</b>	<u>\$ 5,453,682</u>	<u>\$ 16,555,531</u>	<u>\$ 9,936,427</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, unearned revenues consisted of \$32,966 of grant draw downs prior to meeting eligibility requirements.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in governmental activities were as follows:

	<u>Taxes Levied for Subsequent Period</u>	<u>Unavailable</u>	<u>Total</u>
<b>Governmental Activities</b>			
Property taxes receivable	\$ 3,579,866	\$ 367,573	\$ 3,947,439
<b>Business-Type Activities</b>			
Property taxes receivable	432,735		432,735
<b>Total</b>	<u>\$ 4,012,601</u>	<u>\$ 367,573</u>	<u>\$ 4,380,174</u>

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

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2015, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions &amp; Adjustments</u>	<u>Disposals &amp; Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 535,646	\$ -	\$ (159,460)	\$ 376,186
Construction in progress	24,500	526,554		551,054
Total capital assets not being depreciated:	<u>560,146</u>	<u>526,554</u>	<u>(159,460)</u>	<u>927,240</u>
Capital assets being depreciated:				
Buildings	6,973,261			6,973,261
Improvements	2,983,682	47,035		3,030,717
Equipment	3,993,086	245,795	(952,966)	3,285,915
Vehicles	1,450,275	194,923	(147,088)	1,498,110
Total capital assets being depreciated:	<u>15,400,304</u>	<u>487,753</u>	<u>(1,100,054)</u>	<u>14,788,003</u>
Less accumulated depreciation:				
Buildings	(4,425,624)	(196,303)		(4,621,927)
Improvements	(1,415,333)	(154,268)		(1,569,601)
Equipment	(2,864,381)	(133,431)	943,965	(2,053,847)
Vehicles	(968,621)	(143,310)	125,200	(986,731)
Total accumulated depreciation	<u>(9,673,959)</u>	<u>(627,312)</u>	<u>1,069,165</u>	<u>(9,232,106)</u>
Total capital assets being depreciated, net	<u>5,726,345</u>	<u>(139,559)</u>	<u>(30,889)</u>	<u>5,555,897</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 6,286,491</u></u>	<u><u>\$ 386,995</u></u>	<u><u>\$ (190,349)</u></u>	<u><u>\$ 6,483,137</u></u>

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

	<b>Beginning Balance</b>	<b>Additions &amp; Adjustments</b>	<b>Disposals &amp; Adjustments</b>	<b>Ending Balance</b>
<b><u>Business-Type Activities</u></b>				
Capital assets not being depreciated:				
Construction in progress	\$ 3,033,190	\$ 3,543,366	\$ (6,576,556)	\$ -
Capital assets being depreciated:				
Land improvements	1,308,287	1,222,872		2,531,159
Buildings	11,149,591	3,076,524		14,226,115
Equipment	7,862,948	2,682,492	(44,321)	10,501,119
Total capital assets being depreciated	20,320,826	6,981,888	(44,321)	27,258,393
Less accumulated depreciation:				
Land improvements	(624,441)	(85,120)		(709,561)
Buildings	(4,666,470)	(344,662)		(5,011,132)
Equipment	(4,569,105)	(463,794)	37,540	(4,995,359)
Total accumulated depreciation	(9,860,016)	(893,576)	37,540	(10,716,052)
Total capital assets being depreciated, net	10,460,810	6,088,312	(6,781)	16,542,341
<b>Business-type activities capital assets, net</b>	<b>\$ 13,494,000</b>	<b>\$ 9,631,678</b>	<b>\$ (6,583,337)</b>	<b>\$ 16,542,341</b>

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

**Governmental activities:**

Judicial	\$ 4,500
General government	268,711
Public safety	237,717
Health and welfare	116,384

Total depreciation expense - governmental activities \$627,312

Business-type activities:

Total depreciation expense - Medical Care Community	<u>\$893,576</u>
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**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Discretely presented component units**

Activity for the Drain Commission for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals &amp; Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 100,454	\$ -	\$ (100,454)	\$ -
Capital assets being depreciated:				
Infrastructure	20,128,844	226,527	-	20,355,371
Less accumulated depreciation:				
Infrastructure	(4,008,429)	(407,107)	-	(4,415,536)
Total capital assets being depreciated, net	16,120,415	(180,580)	-	15,939,835
<b>Drain commission capital assets, net</b>	<u>\$ 16,220,869</u>	<u>\$ (180,580)</u>	<u>\$ (100,454)</u>	<u>\$ 15,939,835</u>

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

Activity for the Road Commission for the year ended December 31, 2015, 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	32,988,781	227,238	-	33,216,019
Total capital assets not being depreciated:	<u>33,282,999</u>	<u>227,238</u>	<u>-</u>	<u>33,510,237</u>
Capital assets being depreciated:				
Infrastructure	93,507,485	9,283,895	(5,793,742)	96,997,638
Buildings	2,101,650	9,170		2,110,820
Equipment	5,789,082	310,196	(31,850)	6,067,428
Depletable assets	282,717			282,717
Total capital assets being depreciated:	<u>101,680,934</u>	<u>9,603,261</u>	<u>(5,825,592)</u>	<u>105,458,603</u>
Less accumulated depreciation:				
Infrastructure	(44,816,115)	(4,322,101)	5,793,742	(43,344,474)
Buildings	(549,740)	(58,350)		(608,090)
Equipment	(4,975,992)	(255,318)	28,775	(5,202,535)
Depletable assets	(46,183)	(742)		(46,925)
Total accumulated depreciation	<u>(50,388,030)</u>	<u>(4,636,511)</u>	<u>5,822,517</u>	<u>(49,202,024)</u>
Total capital assets being depreciated, net	<u>51,292,904</u>	<u>4,966,750</u>	<u>(3,075)</u>	<u>56,256,579</u>
<b>Road commission capital assets, net</b>	<u><u>\$ 84,575,903</u></u>	<u><u>\$ 5,193,988</u></u>	<u><u>\$ (3,075)</u></u>	<u><u>\$ 89,766,816</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>
	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds	
General Fund	\$ 151,158	\$ 695,776	\$ 37,125	\$ 884,059
Road Patrol	5,513			5,513
Voted Mosquito	717			717
Nonmajor Governmental Funds	197,968			197,968
Nonmajor Enterprise Funds	345			345
<b>Total</b>	<b>\$ 355,701</b>	<b>\$ 695,776</b>	<b>\$ 37,125</b>	<b>\$ 1,088,602</b>

The balance of \$695,776 due to the General Fund from the Delinquent Tax Revolving Fund resulted from net income of the Delinquent Tax Revolving Fund due, but not yet transferred to the General Fund.

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

**Advances to/from component units:**

	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
General	\$410,000	
Drain Commission	-	\$410,000
<b>Total</b>	<b><u>\$410,000</u></b>	<b><u>\$410,000</u></b>

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

<b>Transfers From</b>	<b>Transfers To</b>			<b>Total</b>
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 371,772	\$ 2,180,937	\$ 2,552,709
Voted Mosquito			12,500	12,500
Nonmajor Governmental Funds	\$ 2,218		64,662	66,880
Delinquent Tax Revolving Fund	695,776			695,776
Nonmajor Enterprise Funds	20,000			20,000
	<u>717,994</u>	<u>371,772</u>	<u>2,258,099</u>	<u>3,347,865</u>
Reconciling item		<u>55,482</u>		<u>55,482</u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2015. 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 was extended in 2015 and expires December 31, 2020. The County received lease revenue in the amount of \$488,904. The future minimum lease payments for the remainder of the lease are as follows:

<b>Year Ending December 31</b>	<b>Revenue</b>
2016	\$ 321,950
2017	321,950
2018	327,507
2019	355,291
2020	355,291
2021-2025	1,735,370
2026-2028	<u>1,098,426</u>
<b>Total</b>	<u><u>\$ 4,515,785</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, 2015, 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	\$ 130,000	\$ -	\$ (130,000)	\$ -	\$ -
Capital Improvement Bonds					
Series 2011	890,000		(35,000)	855,000	40,000
Bond discount	(12,438)		746	(11,692)	
Equipment loan	13,221		(13,221)	-	-
Compensated absences	658,849	631,950	(702,555)	588,244	199,321
<b>Governmental activities long-term liabilities</b>	<b><u>\$ 1,679,632</u></b>	<b><u>\$ 631,950</u></b>	<b><u>\$ (880,030)</u></b>	<b><u>\$ 1,431,552</u></b>	<b><u>\$ 239,321</u></b>
<b>Business-type activities</b>					
Refunding bonds	\$ 2,420,000	\$ -	\$ (1,100,000)	\$ 1,320,000	\$ 1,120,000
Medical Care - Small House	4,600,000		(165,000)	4,435,000	170,000
General obligation bonds:					
Mayville Storm Sewer	1,036,000		(27,000)	1,009,000	28,000
Millington Sanitary Sewer	20,000		(15,000)	5,000	5,000
Richville Water System	330,000		(50,000)	280,000	70,000
Caro Sewer System	5,357,114		(345,000)	5,012,114	350,000
USDA loans:					
Denmark Sewer System	1,965,000		(31,000)	1,934,000	32,000
Wisner Water System	3,095,000		(60,000)	3,035,000	65,000
Compensated absences	358,479	896,584	(908,754)	346,309	34,631
<b>Business-type activities long-term liabilities</b>	<b><u>\$ 19,181,593</u></b>	<b><u>\$ 896,584</u></b>	<b><u>\$ (2,701,754)</u></b>	<b><u>\$ 17,376,423</u></b>	<b><u>\$ 1,874,631</u></b>

Leases where the County acts as the Lessee can be seen in Note 4F for additional information.



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

**Advance Refunding**

During 2011, the Medical Care Community 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. The balance of the defeased debt outstanding at December 31, 2015, was \$2,325,000.

**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, 2015, \$215,000 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>					
Equipment note payable	\$ 178,926	\$ -	\$ (44,415)	\$ 134,511	\$ 44,280
Compensated absences	54,943		(7,616)	47,327	-
Net OPEB obligation	3,007,561	295,797		3,303,358	-
<b>Total Road Commission</b>	<u>\$ 3,241,430</u>	<u>\$ 295,797</u>	<u>\$ (52,031)</u>	<u>\$ 3,485,196</u>	<u>\$ 44,280</u>
<b>Drain Commission</b>					
General obligation bonds:					
Moore Drain	\$ 2,100,000		\$ (175,000)	\$ 1,925,000	\$ 175,000
Bach and Branches Drain	1,050,000		(150,000)	900,000	150,000
Alder Creek Drain	100,000		(100,000)	-	-
Northwest Drain	1,750,000		(350,000)	1,400,000	350,000
Reese Drain	95,329		(47,666)	47,663	47,663
Armbruster Intercounty Drain	157,569		(15,757)	141,812	15,757
Pigeon River Intercounty Drain	186,457		(13,456)	173,001	14,417
Loans Payable	584,290	\$ 285,120	(138,790)	730,620	138,790
<b>Total Drain Commission</b>	<u>\$ 6,023,645</u>	<u>\$ 285,120</u>	<u>\$ (990,669)</u>	<u>\$ 5,318,096</u>	<u>\$ 891,627</u>

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

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 bonds and Denmark Sewer and Wisner Water loans 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%	\$ 855,000
Business-type activities	7.2 - 8.7%	\$17,030,114

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

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

<u>Year Ending</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>
2016	\$ 40,000	\$ 34,838	\$ 1,840,000	\$ 466,325
2017	40,000	33,688	933,000	429,167
2018	40,000	32,488	756,000	408,367
2019	40,000	31,267	779,000	390,174
2020	45,000	29,905	726,000	371,310
2021-2025	255,000	122,265	6,302,000	1,392,955
2026-2030	320,000	58,504	2,196,114	752,814
2031-2035	75,000	1,838	1,067,000	535,068
2036-2040	-	-	889,000	340,303
2041-2045	-	-	901,000	190,963
2046-2050	-	-	537,000	54,450
2051-2052	-	-	104,000	3,273
	<u>855,000</u>	<u>344,793</u>	<u>17,030,114</u>	<u>5,335,169</u>
Bond discount	(11,692)			
Compensated Absences	<u>588,244</u>		<u>346,309</u>	
Total	<u>\$ 1,431,552</u>	<u>\$ 344,793</u>	<u>\$ 17,376,423</u>	<u>\$ 5,335,169</u>

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

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.

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amount</u></b>
Governmental activities	3.00% - 6.50%	\$5,318,096

<b><u>December 31</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2016	\$ 891,627	\$ 194,801
2017	843,963	161,121
2018	823,213	128,311
2019	728,173	96,410
2020	378,173	58,228
2021-2025	1,255,113	187,121
2026-2030	268,834	29,771
2031-2035	65,000	15,400
2036-2040	64,000	5,650
<b>Total</b>	<b><u><u>\$ 5,318,096</u></u></b>	<b><u><u>\$ 876,813</u></u></b>

Road Commission. The long term note payable currently outstanding is as follows:

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amount</u></b>
Governmental activities	2.00%	\$134,511

<b><u>December 31</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2016	\$ 44,280	\$ 2,710
2017	45,165	1,825
2018	45,066	1,924
<b>Total</b>	<b><u><u>\$ 134,511</u></u></b>	<b><u><u>\$ 6,459</u></u></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 positions designations as of December 31, 2015:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 199,321
Designated for property tax settlements	3,000,000
Tax Foreclosure Fund	
Designated for maintenance of acquired properties	100,000
Designated for cost of lawsuits related to foreclosure	100,000
Designated for delinquent tax fund reimbursement	<u>250,000</u>
Total	<u>\$3,649,321</u>

**NOTE 4 – OTHER INFORMATION:**

**A. Defined Benefit Pension Plans**

**General County Plan**

***General Information about the Pension Plan***

*Plan Description.* The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.0% to 2.5%. Normal retirement age is 60 with early retirement options including 25 years of service and out and ages 50 to 55 with 15 to 25 years of service, depending on division/bargaining unit. Member contributions range from 4.7% to 6.7%. The MERS plan is closed to all new hires.

*Employees covered by benefit terms.* As of the most recent valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>149</u>
<b>Total membership</b>	<b>298</b>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 0% to 26.49% based on annual payroll for open divisions.

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

*Net Pension Liability.* The County's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2014.

*Actuarial assumptions.* The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015, 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>	<b>Expected Money-Weighted Rate of Return</b>
Global Equity	57.50%	5.02%	2.89%
Global Fixed Income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying Strategies	10.00%	6.56%	0.64%
	100.0%		
Inflation			3.50%
Administrative expenses netted above			0.25%
Investment rate of return			8.25%

*Discount rate.* The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Changes in Net Pension Liability**

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2014	\$ 30,113,246	\$ 24,302,334	\$ 5,810,912
Changes for the year:			
Service cost	640,091		640,091
Interest	2,359,153		2,359,153
Employer contributions		810,207	(810,207)
Employee contributions		340,531	(340,531)
Net investment income		(359,078)	359,078
Benefit payments, including employee refunds	(1,887,760)	(1,887,760)	-
Administrative expense		(52,822)	52,822
Other changes	3,552		3,552
Net changes	<u>1,115,036</u>	<u>(1,148,922)</u>	<u>2,263,958</u>
Balances at December 31, 2015	<u>\$ 31,228,282</u>	<u>\$ 23,153,412</u>	<u>\$ 8,074,870</u>

*Sensitivity of the Net Pension Liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	<b>1% Decrease 7.25%</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase 9.25%</b>
Net Pension Liability at 12/31/15	\$ 11,503,064	\$ 8,074,870	\$ 5,163,017

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2015, the County recognized pension expense of \$1,256,828. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments \$ 1,817,337

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2016	\$ 454,334
2017	454,334
2018	454,334
2019	<u>454,335</u>
Total	<u>\$ 1,817,337</u>

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

**Major Fund - Medical Care Community Plan**

***General Information about the Pension Plan***

*Plan Description.* The Medical Care Community participates in the Municipal Employees Retirement System (MERS) of Michigan, a defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multiplier of 1.5%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 55 with 25 years of service. Member contributions range from 3% to 5%.

*Employees covered by benefit terms.* At the December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	23
Active employees	302
<b>Total membership</b>	<b>406</b>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 2.38% of annual payroll for open divisions.

*Net Pension Liability.* The employer's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2014.

*Actuarial assumptions.* The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015, 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>	<b>Expected Money-Weighted Rate of Return</b>
Global Equity	57.50%	5.02%	2.89%
Global Fixed Income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying Strategies	10.00%	6.56%	0.64%
	<u>100.0%</u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.25%</u>

*Discount rate.* The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2014	\$ 13,472,877	\$ 12,836,216	\$ 636,661
Changes for the year:			
Service cost	657,495		657,495
Interest	1,105,285		1,105,285
Employer contributions		451,869	(451,869)
Employee contributions		500,078	(500,078)
Net investment income		(196,455)	196,455
Benefit payments, including employee refunds	(808,461)	(808,461)	-
Administrative expense		(28,430)	28,430
Other changes	108,877		108,877
Net changes	<u>1,063,196</u>	<u>(81,399)</u>	<u>1,144,595</u>
Balances at December 31, 2015	<u>\$ 14,536,073</u>	<u>\$ 12,754,817</u>	<u>\$ 1,781,256</u>

*Sensitivity of the Net Pension Liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.



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

	1% Decrease 7.25%	Current Discount Rate (8.25%)	1% Increase 9.25%
Net Pension Liability at 12/31/15	\$ 3,678,916	\$ 1,781,256	\$ 221,630

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended December 31, 2015, the Medical Care Community recognized pension expense of \$588,313. The Medical Care Community reported deferred outflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	<u>\$ 1,008,151</u>
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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 252,038
2017	252,038
2018	252,038
2019	252,037
Total	\$ 1,008,151

*Payable to the Pension Plan.* At December 31, 2015, the Medical Care Community reported a payable of \$28,510 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**Major Fund - Health Department Plan**

***General Information about the Pension Plan***

*Plan Description.* The Health Department's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Health Department participates in the Municipal Employees Retirement System (MERS) of Michigan, 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 the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Benefits Provided.* The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. Retirement benefits are calculated as 2.25% of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 years, with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 8 years. Employees are eligible for non-duty disability benefits after 8 years of service and for duty-related disability benefits upon hire.

Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85% of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date of 2.5%. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of Health.

*Employees covered by benefit terms.* At the December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	0
Active employees	26
<b>Total membership</b>	<b>54</b>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended September 30, 2015, the Health Department's actuarially determined contributions rate was 18.38% October 2014 through December 2014, 19.27% January 2015 through March 2015 and a flat rate for the remainder of the year for all employees. Health Department employees are required to contribute 3% of the first \$4,200 of annual payroll and 5% of portions over \$4,200.

*Net Pension Liability.* The net pension liability reported at September 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

*Actuarial assumptions.* The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015, 2016, respectively) (additional projected salary increases of 0% to 13% per year, depending on age, attributable to seniority/merit)
Investment rate of return	8.0%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**TUSCOLA COUNTY**  
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

*Projected Cash Flows.* Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Discount rate.* The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at December 31, 2013	\$ 8,928,981	\$ 7,124,897	\$ 1,804,084
Changes for the year:			
Service cost	153,469		153,469
Interest	725,814		725,814
Employer contributions		218,688	(218,688)
Employee contributions		57,344	(57,344)
Net investment income		449,277	(449,277)
Benefit payments, including employee refunds	(415,952)	(415,952)	-
Administrative expense		(16,504)	16,504
Other changes			-
Net changes	<u>463,331</u>	<u>292,853</u>	<u>170,478</u>
Balances at December 31, 2014	<u>\$ 9,392,312</u>	<u>\$ 7,417,750</u>	<u>\$ 1,974,562</u>

*Sensitivity of the Net Pension Liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>7.25%</b>	<b>Rate (8.25%)</b>	<b>9.25%</b>
Net Pension Liability at 12/31/15	\$ 1,992,789	\$ 1,974,562	\$ 1,959,027

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

*Pension Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

During the year the Health Department recognized pension expense of \$283,507. At year end, the Health Department reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 26,415
Employer contributions to the plan subsequent to the measurement date	183,849
Total	<b>\$ 210,264</b>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2016	\$ 6,604
2017	6,604
2018	6,604
2019	6,603
Total	<b>\$ 26,415</b>

The amount reported as deferred outflows of resources related to employer contributions to the plan made subsequent to the measurement date \$183,849 will impact the net pension liability in fiscal year 2015/2016, as opposed to being amortized to pension expense over a period of years.

A reconciliation of net pension liability and deferred outflows of resources as shown in the basic financial statements is as follows:

	<b>Net Pension Liability</b>	<b>Deferred Outflows of Resources</b>
Governmental activities		
General County	\$ 8,040,451	\$ 1,809,591
Health Department	1,974,562	210,264
Total governmental activities	<b>\$ 10,015,013</b>	<b>\$ 2,019,855</b>
Business-type activities		
General County	\$ 34,419	\$ 7,746
Medical Care Community	1,781,256	1,008,151
Total business-type activities	<b>\$ 1,815,675</b>	<b>\$ 1,015,897</b>

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

**Component Unit - Road Commission Plan**

**Municipal Employees Retirement System of Michigan**

*Plan Description.* The Road Commission's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 1.3% to 2.0%. Normal retirement age is 60 with early retirement options including 25 years of service and out and ages 50 to 55 with 15 to 25 years of service, depending on division/bargaining unit. Member contributions range from 5.0% to 5.43%.

*Employees covered by benefit terms.* At the most recent valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	1
Active employees	22
<b>Total membership</b>	43

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 2.16% to 18.53% based on annual payroll for open divisions.

*Net Pension Liability.* The employer's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2014.

*Actuarial assumptions.* The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (1%,2% and 3% for calendar years 2014, 2015, 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study that was performed as of December 31, 2014.

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

*Discount rate.* The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability***

The components of the change in the net pension liability are summarized as follows:

	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a) - (b)</u>
Balances at December 31, 2014	\$ 5,580,331	\$ 3,677,362	\$ 1,902,969
Changes for the year:			
Service cost	97,076		97,076
Interest	448,822		448,822
Employer contributions		143,621	(143,621)
Employee contributions		44,739	(44,739)
Net investment income		(53,796)	53,796
Benefit payments, including employee refunds	(377,193)	(377,193)	-
Administrative expense		(7,889)	7,889
Other changes	6,982		6,982
Net changes	<u>175,687</u>	<u>(250,518)</u>	<u>426,205</u>
Balances at December 31, 2015	<u>\$ 5,756,018</u>	<u>\$ 3,426,844</u>	<u>\$ 2,329,174</u>

*Sensitivity of the Net Pension Liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

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

	1% Decrease 7.25%	Current Discount Rate (8.25%)	1% Increase 9.25%
Net Pension Liability at 12/31/15	\$ 2,879,420	\$ 2,329,174	\$ 1,854,152

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended December 31, 2015 the Road Commission recognized pension expense of \$297,733. The Road Commission reported deferred outflows and inflows of resources related to pensions from the following sources

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	<u>\$ 272,093</u>
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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 68,023
2017	68,023
2018	68,023
2019	68,024
Total	\$ 272,093

**Component Unit - Road Commission Plan**

**Massachusetts Mutual Plan**

*Plan Description.* The Road Commission administers the Pension Plan for Employees of Tuscola County Road Commission - a single-employer defined benefit pension plan that provides pension for participants as defined by the plan document. Management of the plan is the responsibility of the Finance Director and Benefit Services Director. The Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information and that report may be obtained by writing to the Tuscola County Road Commission, 1733 Mertz Road, Caro, MI 48723.

*Benefits Provided.* For active participants in the plan: \$7.35 multiplied by years of benefit service.

*Employees covered by benefit terms.* At the March 31st 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	3
Active employees	38
<b>Total membership</b>	<b>41</b>

*Contributions.* The Pension Plan for Employees of Tuscola County Road Commission was established and is being funded under the authority of Tuscola County Road Commission. The plan's funding policy is that employees will contribute a fixed hourly rate specified in the plan document, and the employer will contribute any remaining required amounts as determined by an annual actuarial valuation. The current rate of employee contribution is \$0.03 for each straight time hour worked during each month. The plan also calls for Tuscola County Road Commission to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long term contracts for contributions to the plan. The plan has no legally required reserves.

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

*Net Pension Liability.* The net pension liability was valued and measured as of March 31, 2015.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of March 31, 2015 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Investment rate of return	5.00%

The mortality tables used were the IRS 2015 1.430(h) sex-distinct Mortality Tables for annuitants and non-annuitants.

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of March 31, 2015 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income General Investment Contract	100.0%	5.00%

The sum of target allocations times its long term expected rates is 5.00%.  
The long-term expected rate of return is 5.00%.

*Discount rate.* The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Last year's discount rate was 5.00%.

**Changes in Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at March 31, 2014	\$ 607,719	\$ 149,179	\$ 458,540
Changes for the year:			
Service cost	17,727		17,727
Experience (gains)/losses	(13,482)		(13,482)
Change in actuarial assumptions	1,165		1,165
Interest	30,767		30,767
Employer contributions		25,086	(25,086)
Employee contributions		2,775	(2,775)
Net investment income		7,521	(7,521)
Benefit payments, including employee refunds	(20,182)	(20,182)	-
Administrative expense		(721)	721
Other changes			-
Net changes	<u>15,995</u>	<u>14,479</u>	<u>1,516</u>
Balances at March 31, 2015	<u>\$ 623,714</u>	<u>\$ 163,658</u>	<u>\$ 460,056</u>



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

*Sensitivity of the Net Pension Liability to changes in the discount rate.* The following presents the net pension liability (NPL) of the Road Commission, calculated using the discount rate of 5.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point higher (6.00%) or lower (4.00%) than the current rate:

	<b>1% Decrease</b> <b>7.25%</b>	<b>Current Discount</b> <b>Rate (8.25%)</b>	<b>1% Increase</b> <b>9.25%</b>
Net Pension Liability at 12/31/15	\$ 552,492	\$ 460,056	\$ 381,980

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended March 31, 2015 the Road Commission recognized pension expense of \$. The Road Commission reported deferred outflows and inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of</b> <b>Resources</b>	<b>Deferred (Inflows) of</b> <b>Resources</b>
Contributions subsequent to valuation date	\$89,547	
Experience gains/losses		\$(12,159)
Changes of assumptions	1,051	
Net difference between projected and actual earnings on pension plan investments	89	
	\$90,687	\$(12,159)

\$89,547 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ (1,187)
2017	(1,187)
2018	(1,187)
2019	(1,186)
2020	(1,209)
Thereafter	(5,063)
Total	\$ (11,019)

At December 31, 2015, the above described pension amounts were reported in the Road Commission's governmental activities as follows:

	Net pension liability	Deferred outflows of resources-related to pensions	Deferred inflows of resources-related to pensions
MERS	\$ 2,329,174	\$ 272,093	\$ -
Pension Plan	460,056	90,687	12,159
Total	\$ 2,789,230	\$ 362,780	\$ 12,159

**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 45 active members and 34 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 \$384,484 for the year ending December 31, 2015.

**Funding Progress**

For the year beginning January 1, 2014, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2015. 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	\$ 659,307
Interest on net OPEB	210,529
Adjustments to ARC	(189,555)
Amounts contributed:	
Payments of current premiums	(384,484)
Increase in net OPEB obligation	295,797
OPEB obligation, beginning of year	<u>3,007,561</u>
OPEB obligation, end of year	<u>\$3,303,358</u>

**Three-Year Trend Information**

<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net OPEB</b>
<b>Ending</b>	<b>OPEB Cost</b>	<b>Contributed</b>	<b>Obligation</b>
12/31/13	\$ 922,144	34%	\$2,707,936
12/31/14	\$ 694,470	57%	\$3,007,561
12/31/15	\$ 680,281	57%	\$3,303,358

**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, 2015	\$ -
Actuarial value of assets	NONE
Actuarial value of liability	8,937,161
Unfunded AAL	8,937,161
Funded ratio	0%
Annual covered payroll (12/31/15)	2,248,405
Ratio of UAAL to covered payroll	397%

**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, 2015 actuarial valuation, the entry age normal actuarial method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% 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, 2015 was 24 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, 2015, 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, 2015, the balance of the County's member retention fund was \$123,221.

Changes in the estimated claims liability are as follows:

	<u>2014</u>	<u>2015</u>
Unpaid claims, beginning of year	\$ 49,811	\$ 121,309
Claims dismissed		
Incurred claims	87,432	26,998
Claim payments	<u>(15,934)</u>	<u>(111,126)</u>
Unpaid claims, end of year	<u>\$ 121,309</u>	<u>\$ 37,181</u>

**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 Community 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. There are no outstanding claims at the end of 2015.

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

	<u>2014</u>	<u>2015</u>
Unpaid Claims, beginning of year	\$ 127	\$ 173
Incurred Claims (including IBNR)	278	158
Claims Paid	<u>(232)</u>	<u>(331)</u>
Unpaid Claims	<u>\$ 173</u>	<u>\$ -</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 Community, 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 no outstanding claims at the end of 2015. 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:

	<b><u>2014</u></b>	<b><u>2015</u></b>
Unpaid Claims, beginning of year	\$ 366,934	\$ 206,989
Incurred Claims (including IBNR)	2,006,542	2,337,861
Claims Paid	<u>(2,166,487)</u>	<u>(2,385,661)</u>
Unpaid Claims	<b><u>\$ 206,989</u></b>	<b><u>\$ 159,189</u></b>

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

**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 2015 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 2015 ad valorem tax is levied and collectible by December 1, 2015, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

The taxable value of real and personal property for the December 1, 2014, levy totaled \$1,611,447,606. The taxable value of real and personal property for the July 1, 2015, levy totaled \$1,730,939,880. The tax levy for fiscal year 2015 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
Veterans	.1700 mills
Medical Care Community	.2500 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2015 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).

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

**E. 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.

**F. LEASES**

Operating Lease as Lessee

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, 2015, was \$87,676. 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, one operating lease agreements for copiers with total monthly payments of \$543 and a telephone operating lease for \$284 per month.

The Health Department has an operating lease agreement for a postage meter lease was signed on June 12, 2014 with quarterly payments of approximately \$495 through June of 2019. The amount expensed under the lease for the 2015 fiscal year was \$1,980. Future minimum payments are as follows: \$1,980 for fiscal years 2016, 2017, 2018 and \$1,484 for fiscal year 2019.

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>
2016	\$235,617
2017	176,814
2018	99,672
2019	<u>56,940</u>
Total	<u>\$ 864,304</u>

**G. NEW ACCOUNTING STANDARDS**

For the year ended December 31, 2015, the County implemented the following new pronouncements:

GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary: GASB statement No. 68 requires governments that participates in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net position liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.



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

GASB statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	<b>Governmental Activities</b>
Net position as previously stated January 1, 2015	\$ 13,106,568
Adjustment for adoption of GASB Statements 68 & 71	(7,404,517)
Net position as restated January 1, 2015	\$ 5,702,051
<b>Business-type Activities</b>	
Net position as previously stated January 1, 2015	\$ 24,849,558
Adjustment for adoption of GASB Statements 68 & 71	(903,867)
Net position as restated January 1, 2015	\$ 23,945,691
<b>Road Commission</b>	
Net position as previously stated January 1, 2015	\$ 87,457,226
Adjustment for adoption of GASB Statements 68 & 71	(2,267,044)
Net position as restated January 1, 2015	\$ 85,190,182

**H. UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, was issued by the GASB in February 2015 and will be effective for the Library's 2016 year end. The Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-back security. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued by the GASB in June 2015 and will be effective for the County's 2018 fiscal year. The Statement requires governments that participate in defined benefit and other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the postemployment benefits liabilities and expense.

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

Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, was issued by the GASB in August 2015 and will be effective for the County's 2016 year end. The Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements in the footnotes of the financial statements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This Statement will improve the user's ability on how tax abatements affect the reporting unit's financial positions and results of operations, including their ability to raise resources in the future.

**I. MICHIGAN RENEWABLE ENERGY COLLABORATIVE**

Tuscola County along with various other townships and counties are part of the Michigan Renewable Energy Collaborative (MREC). Certain wind energy companies are contesting the assessed taxable value of the wind turbines. If the wind companies are successful in their claim then local governments would have to return tax dollars to these companies. The MREC was formed to fight the legal challenge and share legal costs related to the wind turbine tax value determinations. Nextera and Consumers Energy have made tax appeals to the Michigan Tax Tribunal in several townships where they have wind turbines. Due to the inconclusive nature, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any.

**J. SUBSEQUENT EVENT**

On April 1, 2016, Tuscola County issued pension obligation bonds, series 2015 in the amount of \$6,980,000 for the purpose of providing funds for the County's unfunded pension benefits for public employee retirees who have the adequate vesting and service benefit level requirements.



## REQUIRED SUPPLEMENTARY INFORMATION



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 6,788,573	\$ 6,791,262	\$ 7,000,794	\$ 209,532
Payment in lieu of taxes	9,000	9,000	4,219	(4,781)
Trailer park taxes	3,700	3,700	4,782	1,082
Total taxes	<u>6,801,273</u>	<u>6,803,962</u>	<u>7,009,795</u>	<u>205,833</u>
Licenses and permits				
Marriage licenses	1,900	1,900	1,760	(140)
Building code licenses	450,000	370,000	252,391	(117,609)
Dog licenses	145,000	128,000	173,502	45,502
Unified court licenses	18,000	15,000	12,047	(2,953)
Other	41,978	32,105	21,392	(10,713)
Total licenses and permits	<u>656,878</u>	<u>547,005</u>	<u>461,092</u>	<u>(85,913)</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	60,000	68,000	71,966	3,966
Marine safety	12,000	12,000	10,793	(1,207)
Civil defense	30,000	39,000	32,079	(6,921)
Thumb narcotics	-	-	7,733	7,733
State				
Judges	241,307	241,307	240,643	(664)
State payment courts	215,000	223,000	234,148	11,148
Secondary road patrol	91,379	91,379	90,293	(1,086)
SSI incentive	10,000	10,000	5,600	(4,400)
Hotel liquor tax	195,000	220,000	123,591	(96,409)
State revenue sharing	1,097,391	1,097,391	1,095,464	(1,927)
Cigarette tax	2,000	-	-	-
Total intergovernmental - federal/state/local	<u>1,954,077</u>	<u>2,002,077</u>	<u>1,912,310</u>	<u>(89,767)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 240,010	\$ 230,010	\$ 271,076	\$ 41,066
District court - probation	236,000	234,000	231,953	(2,047)
County clerk costs	230,000	213,000	213,848	848
Friend of the court costs	27,000	27,000	18,711	(8,289)
Bond costs	2,500	2,500	3,363	863
District court				
Screening assessment	21,000	21,000	24,452	3,452
Probate court	34,000	34,000	32,479	(1,521)
Civil	135,000	155,000	152,528	(2,472)
Warrant fees	24,000	24,000	23,395	(605)
Friend of the court	6,000	6,000	4,879	(1,121)
Court	600	600	1,102	502
Other	2,100	2,100	1,628	(472)
Circuit court				
Court	21,200	18,200	23,049	4,849
Searches and motion fees	18,000	18,000	14,598	(3,402)
Jury, entry and forensic fees	20,000	19,000	19,748	748
Other	100	100	18	(82)
Family division				
Admin fees	52,000	42,000	37,982	(4,018)
Collection fees	1,000	1,000	61	(939)
County clerk				
Dba/co-partnership	4,500	4,500	4,030	(470)
Certified	32,000	32,000	36,545	4,545
Copies	9,000	9,000	6,906	(2,094)
Other	21,675	21,675	16,530	(5,145)
Equalization	50	50	-	(50)
Register of deeds				
Transfer	102,000	106,000	114,926	8,926
Recordings	130,000	125,000	122,099	(2,901)
Copies	60,000	63,000	70,198	7,198
Other	4,032	4,032	915	(3,117)
County treasurer	107,000	114,000	72,432	(41,568)
Animal shelter	2,300	2,300	3,332	1,032
Sheriff	13,150	17,500	10,440	(7,060)
Jail	206,000	287,800	302,185	14,385
Other	475	475	720	245
Sheriff				
Canteen	12,000	13,000	14,668	1,668
Auction	5,000	5,000	-	(5,000)
Animal shelter	200	200	70	(130)
Other	6,550	14,150	14,945	795
Film	5,000	5,000	3,946	(1,054)
<b>Total charges for services</b>	<u>1,791,442</u>	<u>1,872,192</u>	<u>1,869,757</u>	<u>(2,435)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 6,000	\$ 10,020	\$ 19,404	\$ 9,384
Ordinance fines and warrant fees	25,000	22,000	19,821	(2,179)
County treasurer	7,000	7,000	10,655	3,655
Trust and agency	-	-	-	-
Total fines and forfeits	<u>38,000</u>	<u>39,020</u>	<u>49,880</u>	<u>10,860</u>
Interest and rents				
Interest	85,000	64,000	58,275	(5,725)
Rentals	<u>405,152</u>	<u>406,652</u>	<u>401,843</u>	<u>(4,809)</u>
Total interest and rent	<u>490,152</u>	<u>470,652</u>	<u>460,118</u>	<u>(10,534)</u>
Other revenue				
Reimbursements and refunds	<u>589,459</u>	<u>642,039</u>	<u>625,255</u>	<u>(16,784)</u>
Total revenues	<u>12,321,281</u>	<u>12,376,947</u>	<u>12,388,207</u>	<u>11,260</u>



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 74,074	\$ 84,402	\$ 84,513	\$ 111
Supplies, printing and postage	3,000	3,000	535	(2,465)
Memberships and subscription	11,000	11,000	10,767	(233)
Travel	11,000	11,000	7,536	(3,464)
Advertising	800	800	1,865	1,065
Telephone	2,200	2,200	2,485	285
Employee training	5,926	5,926	3,699	(2,227)
Total legislative	<u>108,000</u>	<u>118,328</u>	<u>111,400</u>	<u>(6,928)</u>
Judicial				
Unified Court				
Salaries and fringes	1,597,446	1,597,446	1,565,277	(32,169)
Supplies, printing and postage	62,980	64,375	58,391	(5,984)
Contracted services	92,994	84,100	78,274	(5,826)
Court appointed counsel	463,760	463,760	464,281	521
Court appointed appeal of right	18,000	18,000	23,130	5,130
Steno transcript	8,000	8,000	4,623	(3,377)
Steno appeal transcript	11,000	11,000	10,970	(30)
Jury fees, meals and travel	54,000	52,605	33,998	(18,607)
Memberships and subscriptions	5,000	5,000	4,005	(995)
Visiting judge	25,000	25,000	23,509	(1,491)
Travel	7,000	7,000	5,849	(1,151)
Telephone	3,420	3,420	3,171	(249)
Repairs and maintenance	1,500	1,500	53	(1,447)
Employee training	5,600	5,600	861	(4,739)
Books	4,300	4,300	3,128	(1,172)
Total unified court	<u>2,360,000</u>	<u>2,351,106</u>	<u>2,279,520</u>	<u>(71,586)</u>
Jury commission				
Salaries and fringes	1,615	1,749	1,749	-
Supplies, printing and postage	3,550	3,823	3,503	(320)
Travel	435	549	549	-
Total jury commission	<u>5,600</u>	<u>6,121</u>	<u>5,801</u>	<u>(320)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 4,000	\$ 4,000	\$ 2,642	\$ (1,358)
Utilities	10,000	10,000	8,039	(1,961)
Total adult probation	<u>14,000</u>	<u>14,000</u>	<u>10,681</u>	<u>(3,319)</u>
Total judicial	<u>2,379,600</u>	<u>2,371,227</u>	<u>2,296,002</u>	<u>(75,225)</u>
General government				
Elections				
Salaries and fringes	1,020	1,127	415	(712)
Supplies, printing and postage	29,730	56,750	56,689	(61)
Travel	250	250	74	(176)
Total elections	<u>31,000</u>	<u>58,127</u>	<u>57,178</u>	<u>(949)</u>
Legal	<u>80,000</u>	<u>80,000</u>	<u>64,592</u>	<u>(15,408)</u>
County clerk				
Salaries and fringes	410,507	410,507	399,445	(11,062)
Supplies, printing and postage	22,599	14,099	12,930	(1,169)
Memberships and subscription	900	900	569	(331)
Employee training	1,500	1,500	1,552	52
Travel	350	350	262	(88)
Total county clerk	<u>435,856</u>	<u>427,356</u>	<u>414,758</u>	<u>(12,598)</u>
Controller				
Salaries and fringes	310,233	310,133	301,103	(9,030)
Supplies, printing and postage	2,905	3,005	3,795	790
Memberships and subscription	900	900	785	(115)
Travel	462	462	181	(281)
Employee training	2,500	2,500	254	(2,246)
Total controller	<u>317,000</u>	<u>317,000</u>	<u>306,118</u>	<u>(10,882)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 228,389	\$ 229,878	\$ 231,447	\$ 1,569
Supplies, printing and postage	1,436	1,436	1,490	54
Memberships and subscription	1,500	1,500	1,005	(495)
Travel	2,702	2,962	2,560	(402)
Employee training	1,200	1,200	385	(815)
	<u>235,227</u>	<u>236,976</u>	<u>236,887</u>	<u>(89)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	504,072	510,072	504,144	(5,928)
Supplies, printing and postage	8,668	8,668	10,874	2,206
Contracted services	-	-	258	258
Steno transcript	300	300	825	525
Steno appeal transcript	500	500	-	(500)
Memberships and subscription	3,500	3,500	3,921	421
Travel	400	400	704	304
Employee training	500	500	-	(500)
Books	4,060	4,060	6,545	2,485
	<u>522,000</u>	<u>528,000</u>	<u>527,271</u>	<u>(729)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	161,533	150,533	145,497	(5,036)
Supplies, printing and postage	1,267	1,267	1,158	(109)
Contracted services	200	200	-	(200)
	<u>163,000</u>	<u>152,000</u>	<u>146,655</u>	<u>(5,345)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	247,130	252,130	251,739	(391)
Supplies, printing and postage	5,770	6,270	6,349	79
Employee training	800	800	471	(329)
Memberships and subscription	300	300	410	110
Travel	-	-	491	491
	<u>254,000</u>	<u>259,500</u>	<u>259,460</u>	<u>(40)</u>
Total register of deeds				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 279,946	\$ 274,946	\$ 271,544	\$ (3,402)
Supplies, printing and postage	47,262	42,262	38,652	(3,610)
Memberships and subscription	200	200	150	(50)
Travel	350	350	227	(123)
Employee training	550	550	550	-
<b>Total treasurer</b>	<u>328,308</u>	<u>318,308</u>	<u>311,123</u>	<u>(7,185)</u>
Cooperative extension				
Supplies, printing and postage	3,000	3,000	3,000	-
Contractual services	137,153	137,153	137,153	-
<b>Total cooperative extension</b>	<u>140,153</u>	<u>140,153</u>	<u>140,153</u>	<u>-</u>
Computer operations				
Salaries and fringes	135,231	135,231	141,191	5,960
Supplies, printing and postage	1,029	1,029	1,576	547
Memberships and subscription	200	200	183	(17)
Employee training	2,000	2,000	484	(1,516)
Computer service contract	165,615	203,009	205,616	2,607
Computer repairs and maintenance	11,000	11,000	10,850	(150)
Computer contractual	109,500	109,500	84,696	(24,804)
<b>Total computer operations</b>	<u>424,575</u>	<u>461,969</u>	<u>444,596</u>	<u>(17,373)</u>
Building and grounds				
Salaries and fringes	334,679	334,679	339,475	4,796
Supplies, printing and postage	13,700	13,700	13,187	(513)
Uniforms and accessories	2,500	2,500	2,016	(484)
Gas, oil and grease	9,000	9,000	13,914	4,914
Janitorial supplies	21,000	21,100	20,331	(769)
Telephone	63,600	63,600	57,340	(6,260)
Utilities	255,000	242,740	233,871	(8,869)
Repairs and maintenance	127,091	130,391	116,024	(14,367)
Grounds care and maintenance	3,379	3,379	8,052	4,673
<b>Total building and grounds</b>	<u>829,949</u>	<u>821,089</u>	<u>804,210</u>	<u>(16,879)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 189,845	\$ 194,245	\$ 194,297	\$ 52
Supplies, printing and postage	5,200	5,200	5,317	117
Memberships and subscription	700	700	605	(95)
Travel	2,000	2,000	1,397	(603)
Employee training	3,000	3,000	3,515	515
	<u>200,745</u>	<u>205,145</u>	<u>205,131</u>	<u>(14)</u>
Total drain commission	<u>200,745</u>	<u>205,145</u>	<u>205,131</u>	<u>(14)</u>
Total general government	<u>3,961,813</u>	<u>4,005,623</u>	<u>3,918,132</u>	<u>(87,491)</u>
Public safety				
Courthouse security				
Salaries and fringes	149,612	124,612	114,229	(10,383)
Supplies, printing and postage	1,040	5,140	4,899	(241)
Laundry - employees	348	348	245	(103)
	<u>151,000</u>	<u>130,100</u>	<u>119,373</u>	<u>(10,727)</u>
Total courthouse security	<u>151,000</u>	<u>130,100</u>	<u>119,373</u>	<u>(10,727)</u>
Sheriff's department				
Salaries and fringes	1,603,441	1,623,441	1,620,855	(2,586)
Supplies, printing and postage	8,000	8,000	7,057	(943)
Vehicle operating supplies	1,000	1,000	548	(452)
Kitchen supplies	250	250	187	(63)
Clothing and bedding	8,000	10,000	10,364	364
Uniforms and accessories	8,500	10,000	9,609	(391)
Gas, oil and grease	10,000	10,000	6,790	(3,210)
Drugs and prescriptions	30,000	30,000	23,074	(6,926)
Janitorial supplies	9,800	9,800	7,917	(1,883)
Contractual services	15,000	15,000	7,560	(7,440)
Memberships and subscription	1,000	1,000	840	(160)
Laundry - employees	4,300	4,300	1,783	(2,517)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 281,772	\$ 283,925	\$ 275,997	\$ (7,928)
Health services	275,200	95,200	141,902	46,702
Telephone	14,000	14,000	9,805	(4,195)
Travel	750	750	897	147
Advertising (help bids)	50	50	-	(50)
Insurance and bonds	19,587	19,587	14,957	(4,630)
Repairs and maintenance	15,000	40,200	26,408	(13,792)
Equipment rental	3,000	4,300	4,320	20
Investigations	350	350	330	(20)
Employee training	2,000	2,000	1,304	(696)
<b>Total sheriff's department</b>	<u>2,311,000</u>	<u>2,183,153</u>	<u>2,172,504</u>	<u>(10,649)</u>
County weighmaster				
Salaries and fringes	76,281	76,281	76,032	(249)
Insurance	2,268	2,268	1,881	(387)
Laundry	451	451	-	(451)
<b>Total county weighmaster</b>	<u>79,000</u>	<u>79,000</u>	<u>77,913</u>	<u>(1,087)</u>
Marine safety				
Salaries and fringes	4,754	4,754	6,562	1,808
Supplies, printing and postage	140	140	772	632
Gas, oil and grease	800	800	634	(166)
Equipment maintenance and supplies	300	300	39	(261)
Insurance	1,506	1,506	889	(617)
Repairs and maintenance	1,200	1,200	-	(1,200)
Rentals	3,100	3,100	1,900	(1,200)
Employee training	200	200	-	(200)
<b>Total marine safety</b>	<u>12,000</u>	<u>12,000</u>	<u>10,796</u>	<u>(1,204)</u>
Secondary road patrol				
Salaries and fringes	81,652	81,652	71,542	(10,110)
Gas, oil and grease	5,707	5,707	3,357	(2,350)
Laundry	250	250	227	(23)
Liability and blanket bond	3,000	3,000	2,137	(863)
Equipment	770	770	9,614	8,844
<b>Total secondary road patrol</b>	<u>91,379</u>	<u>91,379</u>	<u>86,877</u>	<u>(4,502)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 23,963	\$ 23,963	\$ 17,448	\$ (6,515)
Planning commission				
Salaries and fringes	3,678	3,678	1,971	(1,707)
Supplies, printing and postage	650	650	15	(635)
Employee training	650	650	-	(650)
Travel	1,150	1,150	1,199	49
Total planning commission	<u>6,128</u>	<u>6,128</u>	<u>3,185</u>	<u>(2,943)</u>
Emergency services				
Salaries and fringes	82,963	81,963	82,328	365
Supplies, printing and postage	800	3,200	2,943	(257)
Uniforms and accessories	500	500	481	(19)
Gas, oil and grease	3,000	3,000	1,395	(1,605)
Memberships and subscription	150	150	148	(2)
Telephone	1,480	1,480	1,103	(377)
Travel	250	250	256	6
Vehicle insurance	660	660	444	(216)
Repairs and maintenance	2,247	2,247	4,070	1,823
Employee training	1,500	1,500	1,492	(8)
Total emergency services	<u>93,550</u>	<u>94,950</u>	<u>94,660</u>	<u>(290)</u>
Animal shelter				
Contractual services	138,500	138,500	138,431	(69)
Supplies, printing and postage	2,000	2,000	-	(2,000)
Gas, oil and grease	13,000	13,000	7,303	(5,697)
Telephone	500	500	682	182
Total animal shelter	<u>154,000</u>	<u>154,000</u>	<u>146,416</u>	<u>(7,584)</u>
Total public safety	<u>2,922,020</u>	<u>2,774,673</u>	<u>2,729,172</u>	<u>(45,501)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 450,000	\$ 370,000	\$ 252,391	\$ (117,609)
Department of public works	3,000	3,000	972	(2,028)
Drains at large	426,952	426,952	426,952	-
Total public works	879,952	799,952	680,315	(119,637)
Health and welfare				
Substance abuse	97,500	110,000	61,796	(48,204)
Medical examiner				
Supplies, printing and postage	1,807	1,807	2,398	591
Body transport	3,000	3,000	1,861	(1,139)
Autopsies	23,000	23,000	23,436	436
Employee training	1,000	1,000	95	(905)
Contractual services	32,193	32,193	25,677	(6,516)
Total medical examiner	61,000	61,000	53,467	(7,533)
Veterans' burial	14,000	14,000	3,900	(10,100)
Airport zoning board	1,000	1,000	70	(930)
Economic development	50,000	55,000	55,000	-
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	2,538	-	-	-
Total health and welfare	514,281	529,243	462,476	(66,767)
Other				
Insurance and bonds	120,000	120,000	77,051	(42,949)
Vacation and sick pay	70,000	70,000	51,112	(18,888)
Tax refunds and rebates	28,000	22,554	17,708	(4,846)
Appropriations	4,000	4,118	8,403	4,285
Audit	37,000	37,000	35,900	(1,100)
Accounting services	11,000	11,000	11,080	80
Contingency	82,434	237,000	-	-
Total other	352,434	501,672	201,254	(63,418)
Total expenditures	11,118,100	11,100,718	10,398,751	(701,967)

(Continued)



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2015**

	<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	778,501	750,000	695,776	(54,224)
Principal exemption	1,218	1,218	1,218	-
Tax foreclosure	20,000	20,000	20,000	-
Total transfers in	<u>800,719</u>	<u>772,218</u>	<u>717,994</u>	<u>(54,224)</u>
Transfers out				
Friend of the court	(282,970)	(282,970)	(282,970)	-
Health department	(325,772)	(325,772)	(325,772)	-
Veterans counsel	(46,000)	(71,152)	(80,500)	9,348
Equipment/capital improvement	(443,825)	(939,948)	(939,948)	-
State survey grant	-	(113)	(113)	-
Child care - department of human services	(300,000)	(300,000)	(300,000)	-
Parks and recreation	(2,500)	(3,550)	(3,550)	-
Community corrections	(22,292)	(25,292)	(25,292)	-
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(475,000)	(475,000)	(475,000)	-
Purdy building debt	(71,541)	(71,564)	(71,564)	-
Homeland Security	-	(7,000)	(7,000)	-
Soldiers' relief	(25,000)	(32,000)	(32,000)	-
Total transfers out	<u>(2,003,900)</u>	<u>(2,543,361)</u>	<u>(2,552,709)</u>	<u>9,348</u>
Total other financing sources (uses)	<u>(1,203,181)</u>	<u>(1,771,143)</u>	<u>(1,834,715)</u>	<u>(63,572)</u>
Net change in fund balance	-	(494,914)	154,741	649,655
Fund balance, beginning of year	<u>2,762,589</u>	<u>2,762,589</u>	<u>2,762,589</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,762,589</u>	<u>\$ 2,267,675</u>	<u>\$ 2,917,330</u>	<u>\$ 649,655</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HEALTH DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 144,374	\$ 142,475	\$ 151,852	\$ 9,377
Intergovernmental				
Federal/state	1,682,184	1,792,437	2,531,767	739,330
Charges for services	432,032	420,999	408,927	(12,072)
General contributions	1,116	1,116	2,070	954
Other	1,109	2,554	10,744	8,190
	<u>2,260,815</u>	<u>2,359,581</u>	<u>3,105,360</u>	<u>745,779</u>
Total revenues				
Expenditures				
Current				
Health and welfare	<u>2,675,033</u>	<u>2,791,913</u>	<u>2,748,958</u>	<u>(42,955)</u>
Revenues (under) expenditures	(414,218)	(432,332)	356,402	788,734
Other financing sources				
Transfer in	<u>414,218</u>	<u>426,122</u>	<u>427,254</u>	<u>1,132</u>
Total other financing sources	<u>414,218</u>	<u>426,122</u>	<u>427,254</u>	<u>1,132</u>
Net change in fund balance	-	(6,210)	783,656	789,866
Fund balance, beginning of year	<u>627,946</u>	<u>627,946</u>	<u>627,946</u>	<u>-</u>
Fund balance, end of year	<u>\$ 627,946</u>	<u>\$ 621,736</u>	<u>\$ 1,411,602</u>	<u>\$ 789,866</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
ROAD PATROL  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,457,875	\$ 1,457,875	\$ 1,457,204	\$ (671)
Intergovernmental				
Federal	-	15,000	14,862	(138)
State	-	4,560	4,480	(80)
Local	-	-	-	-
Charges for services	9,000	10,300	10,245	(55)
Fines and forfeits	-	-	-	-
Interest and rent	3,000	3,000	3,947	947
Reimbursements and refunds	5,100	10,700	10,011	(689)
Other	300	9,520	9,070	(450)
Total revenues	<u>1,475,275</u>	<u>1,510,955</u>	<u>1,509,819</u>	<u>(1,136)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,514,679	1,542,454	1,425,596	(116,858)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	<u>69,000</u>	<u>70,000</u>	<u>59,196</u>	<u>(10,804)</u>
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>1,583,679</u>	<u>1,612,454</u>	<u>1,484,792</u>	<u>(127,662)</u>
Revenues over (under) expenditures	<u>(108,404)</u>	<u>(101,499)</u>	<u>25,027</u>	<u>126,526</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(108,404)	(101,499)	25,027	126,526
Fund balance, beginning of year	<u>234,801</u>	<u>234,801</u>	<u>234,801</u>	<u>-</u>
Fund balance, end of year	<u>\$ 126,397</u>	<u>\$ 133,302</u>	<u>\$ 259,828</u>	<u>\$ 126,526</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
VOTED MOSQUITO  
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,023,104	\$ 1,023,104	\$ 1,022,183	\$ (921)
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	5,000	5,000	5,358	358
Reimbursements and refunds	-	-	50	50
Other	-	-	-	-
Total revenues	<u>1,028,104</u>	<u>1,028,104</u>	<u>1,027,591</u>	<u>(513)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	922,060	962,899	931,934	(30,965)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	<u>505,600</u>	<u>605,318</u>	<u>548,342</u>	<u>(56,976)</u>
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>1,427,660</u>	<u>1,568,217</u>	<u>1,480,276</u>	<u>(87,941)</u>
Revenues over (under) expenditures	<u>(399,556)</u>	<u>(540,113)</u>	<u>(452,685)</u>	<u>87,428</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	<u>(12,500)</u>	<u>(12,500)</u>	<u>(12,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,500)</u>	<u>(12,500)</u>	<u>(12,500)</u>	<u>-</u>
Net change in fund balance	(412,056)	(552,613)	(465,185)	87,428
Fund balance, beginning of year	<u>641,696</u>	<u>641,696</u>	<u>641,696</u>	<u>-</u>
Fund balance, end of year	<u>\$ 229,640</u>	<u>\$ 89,083</u>	<u>\$ 176,511</u>	<u>\$ 87,428</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2015**

	<b>2015</b>
Total pension liability	
Service Cost	\$ 640,091
Interest	2,359,153
Changes of benefit terms	-
Difference between expected and actual expense	-
Changes in assumptions	-
Benefit payments including employee refunds	(1,887,760)
Other	3,552
Net change in total pension liability	1,115,036
Total pension liability - beginning	30,113,246
Total pension liability - ending	\$ 31,228,282
Plan fiduciary net position	
Contributions - employer	\$ 810,207
Contributions - member	340,531
Net investment income (loss)	(359,078)
Benefits payments, including employee refunds	(1,887,760)
Administrative expense	(52,822)
Other	-
Net change in fiduciary net position	(1,148,922)
Plan fiduciary net position - beginning	24,302,334
Plan fiduciary net position - ending	23,153,412
Net pension liability - ending	\$ 8,074,870
Fiduciary net position as a percentage of the total pension liability	74.14%
Covered-employee payroll	\$ 6,216,270
Net pension liability as a percentage of covered-employee payroll	130%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
Actuarially determined contributions	\$ 810,207
Contribution in relation to the actuarially determined contribution	810,207
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	 \$ 6,216,670
 Contribution as a percentage of covered-employee payroll	 13%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	24 years
Asset valuation method	10 year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	50% Male/50% Female blend of the 1994 Group Annuity Mortality Table

**TUSCOLA COUNTY MEDICAL CARE COMMUNITY**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2015**

	<b>2015</b>
Total pension liability	
Service Cost	\$ 657,495
Interest	1,105,285
Changes of benefit terms	-
Difference between expected and actual expense	-
Changes in assumptions	-
Benefit payments including employee refunds	(808,461)
Other	108,877
Net change in total pension liability	1,063,196
Total pension liability - beginning	13,472,877
Total pension liability - ending	\$ 14,536,073
Plan fiduciary net position	
Contributions - employer	\$ 451,869
Contributions - member	500,078
Net investment income (loss)	(196,455)
Benefits payments, including employee refunds	(808,461)
Administrative expense	(28,430)
Other	-
Net change in fiduciary net position	(81,399)
Plan fiduciary net position - beginning	12,836,216
Plan fiduciary net position - ending	12,754,817
Net pension liability - ending	\$ 1,781,256
Fiduciary net position as a percentage of the total pension liability	87.70%
Covered-employee payroll	\$ 9,620,946
Net pension liability as a percentage of covered-employee payroll	18.5%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

**TUSCOLA COUNTY MEDICAL CARE COMMUNITY**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
Actuarially determined contributions	\$ 451,869
Contribution in relation to the actuarially determined contribution	451,869
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	 \$ 10,638,444
 Contribution as a percentage of covered-employee payroll	 4%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	24 years
Asset valuation method	10 year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	50% Male/50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10 year set forward rate,



**TUSCOLA COUNTY HEALTH DEPARTMENT**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDED SEPTEMBER 30, 2015**

	<b>2015</b>
Total pension liability	
Service Cost	\$ 153,469
Interest	725,814
Changes of benefit terms	-
Difference between expected and actual expense	-
Changes in assumptions	-
Benefit payments including employee refunds	(415,952)
Net change in total pension liability	463,331
Total pension liability - beginning	8,928,981
Total pension liability - ending	\$ 9,392,312
Plan fiduciary net position	
Contributions - employer	\$ 218,688
Contributions - member	57,344
Net investment income (loss)	449,277
Benefits payments, including employee refunds	(415,952)
Administrative expense	(16,504)
Other	-
Net change in fiduciary net position	292,853
Plan fiduciary net position - beginning	7,124,897
Plan fiduciary net position - ending	7,417,750
Net pension liability - ending	\$ 1,974,562
Fiduciary net position as a percentage of the total pension liability	78.98%
Covered-employee payroll	\$ 1,186,002
Net pension liability as a percentage of covered-employee payroll	166%

Note: GASB Statement No. 68 was implemented for the year ended September 30, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.



**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDED DECEMBER 31, 2015**

	<b>2015</b>
Total pension liability	
Service Cost	\$ 97,076
Interest	448,822
Changes of benefit terms	-
Difference between expected and actual expense	-
Changes in assumptions	-
Benefit payments including employee refunds	(377,193)
Other	6,982
Net change in total pension liability	175,687
Total pension liability - beginning	5,580,331
Total pension liability - ending	\$ 5,756,018
Plan fiduciary net position	
Contributions - employer	\$ 143,621
Contributions - member	44,739
Net investment income (loss)	(53,796)
Benefits payments, including employee refunds	(377,193)
Administrative expense	(7,889)
Other	-
Net change in fiduciary net position	(250,518)
Plan fiduciary net position - beginning	3,677,362
Plan fiduciary net position - ending	3,426,844
Net pension liability - ending	\$ 2,329,174
Fiduciary net position as a percentage of the total pension liability	59.53%
Covered-employee payroll	\$ 891,693
Net pension liability as a percentage of covered-employee payroll	261%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
Actuarially determined contributions	\$ 143,621
Contribution in relation to the actuarially determined contribution	143,621
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	\$ 891,693
 Contribution as a percentage of covered-employee payroll	16%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	24 years
Asset valuation method	10 year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	50% Male/50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10 year set forward rate,

**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
 MASSACHUSETTS MUTUAL PLAN  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 LAST 10 FISCAL YEARS ENDED MARCH 31, 2015**

	<b>2015</b>
Total pension liability	
Service Cost	\$ 17,727
Interest	30,767
Changes of benefit terms	-
Difference between expected and actual experience	(13,482)
Changes in assumptions	1,165
Benefit payments including employee refunds	(20,182)
Other	-
Net change in total pension liability	15,995
Total pension liability - beginning	607,719
Total pension liability - ending	\$ 623,714
Plan fiduciary net position	
Contributions - employer	\$ 25,086
Contributions - member	2,775
Net investment income (loss)	7,521
Benefits payments, including employee refunds	(20,182)
Administrative expense	(721)
Other	-
Net change in fiduciary net position	14,479
Plan fiduciary net position - beginning	149,179
Plan fiduciary net position - ending	163,658
Net pension liability - ending	\$ 460,056
Fiduciary net position as a percentage of the total pension liability	26.24%
Covered-employee payroll	\$ 1,900,055
Net pension liability as a percentage of covered-employee payroll	24%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2006 through 2014 is not available. Additional years will be presented on this schedule on a prospective basis.

**TUSCOLA COUNTY ROAD COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION  
 MASSACHUSETTS MUTUAL PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
Actuarially determined contributions	\$ 89,547
Contribution in relation to the actuarially determined contribution	89,547
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	 \$ 1,762,985
 Contribution as a percentage of covered-employee payroll	 5%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Required Supplementary Information

Valuation date	March 31, 2015
Actuarial cost method	Entry age normal cost
Asset valuation method	Market value of assets
Retirement age	Earlier of age 63 with 10 years of service or age 70
Interest rates:	
Funding	5% per year
Employee contribution accounts	\$0.03 per straight time hour worked during each month
Pre-retirement mortality	IRS 2014 Non-annuitant table per 1.430(h) (sex distinct)
Post-retirement mortality	IRS 2014 Annuitant table per 1.430(h) (sex distinct)
Turnover rates	Crocker-Sarason-Straight T-1
Disability rates	1998 Social Security Disabled Worker Incidence Rates



# **NONMAJOR GOVERNMENTAL FUNDS**

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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS:

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

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

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

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

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

Regional DWI Court Grant (224) The Regional DWI Court fund finances the Thumb Regional Sobriety Court (TRSC), which is financed by a grant from the State Court Administrative Office (SCAO). The Thumb Regional Sobriety Court is part of a SCAO initiative to extend sobriety treatment programs to rural areas of the state by forming regional programs on a multi-county basis. TRSC provides services to defendants in Tuscola, Huron and Sanilac counties who are convicted of a qualifying drunk driving offense and who are admitted to the program.

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

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

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

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.

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.

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.

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.

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.

GIS (geographic information system) (258) Tuscola County implemented this valuable technology in 2014. These funds will be primarily be used to expedite the digital parcel map creation.

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.

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

Hazardous Mitigation Grant Program (262) (HMGP) This fund was set up to update the County's Master Hazardous Mitigation Plan.

CPL (Concealed Pistol Licensing) (263) Effective June 2, 2012 PA3 of 2012 requires the establishment of a Concealed Pistol Licensing fund for the deposit of fees collected for the county clerk under this Act.

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.

Department of Human Services Board (290) The General Fund of the County appropriates funds to cover the cost of board administration and adult hospitalization not covered under other programs.

Probate 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.

**SPECIAL REVENUE FUNDS: (continued)**

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 Veterans (295) A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides services for the Veterans of Tuscola County.

Voted Senior Citizens (297) A millage passed by the voters of Tuscola County that 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**

Equipment (244)

Capital Improvements Fund (483)

### **PERMANENT FUNDS:**

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



## ADDITIONAL SUPPLEMENTARY INFORMATION

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,697,377	\$ 1,853,041	\$ 6,825	\$ 3,557,243
Taxes receivable	906,350	-	-	906,350
Taxes receivable - delinquent	5,939	-	-	5,939
Accounts receivable	521,815	4,878	-	526,693
Due from other funds	197,968	-	-	197,968
Due from federal	4,231	-	-	4,231
Due from state	248,994	-	-	248,994
	<b>\$ 3,582,674</b>	<b>\$ 1,857,919</b>	<b>\$ 6,825</b>	<b>\$ 5,447,418</b>
<b>Total assets</b>	<b>\$ 3,582,674</b>	<b>\$ 1,857,919</b>	<b>\$ 6,825</b>	<b>\$ 5,447,418</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 276,144	\$ 238	\$ -	\$ 276,382
Accrued liabilities	70,197	-	-	70,197
Due to other governments	43,128	-	-	43,128
Due to other funds	354,311	-	-	354,311
	743,780	238	-	744,018
<b>Total liabilities</b>	<b>743,780</b>	<b>238</b>	<b>-</b>	<b>744,018</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	5,939	-	-	5,939
Taxes levied for a subsequent period	906,350	-	-	906,350
	912,289	-	-	912,289
<b>Total deferred inflows of resources</b>	<b>912,289</b>	<b>-</b>	<b>-</b>	<b>912,289</b>
<b>Fund balance</b>				
<b>Restricted for:</b>				
Capital projects	-	1,846,035	-	1,846,035
Cemetery	-	-	6,825	6,825
Special revenue funds	1,436,144	-	-	1,436,144
<b>Committed for:</b>				
County resident hospital program	5,000	-	-	5,000
<b>Assigned for:</b>				
Subsequent year expenditures	473,867	11,646	-	485,513
Wind tax	11,594	-	-	11,594
	1,926,605	1,857,681	6,825	3,791,111
<b>Total fund balance</b>	<b>1,926,605</b>	<b>1,857,681</b>	<b>6,825</b>	<b>3,791,111</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 3,582,674</b>	<b>\$ 1,857,919</b>	<b>\$ 6,825</b>	<b>\$ 5,447,418</b>



TUSCOLA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds	Debt Service Fund - State Police Post Building	Debt Service Purdy Building	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues						
Taxes	\$ 566,286	\$ -	\$ -	\$ -	\$ -	\$ 566,286
Intergovernmental						
Federal	813,985	-	-	-	-	813,985
State	1,162,496	104,078	-	-	-	1,266,574
Local	541,459	-	-	-	-	541,459
Charges for services	1,392,713	-	-	-	-	1,392,713
Fines and forfeits	34,528	-	-	-	-	34,528
Interest and rent	6,033	15	11	4,064	34	10,157
Reimbursements and refunds	101,605	-	-	5,974	-	107,579
Other	58,930	-	-	-	-	58,930
<b>Total revenues</b>	<b>4,678,035</b>	<b>104,093</b>	<b>11</b>	<b>10,038</b>	<b>34</b>	<b>4,792,211</b>
Expenditures						
Current						
Judicial	933,198	-	-	-	-	933,198
General government	694,015	-	750	-	-	694,765
Public safety	2,271,654	-	-	-	-	2,271,654
Health and welfare	1,702,143	-	-	-	-	1,702,143
Culture and recreation	8,601	-	-	-	33	8,634
Capital outlay	231,656	-	-	229,643	-	461,299
Debt service - principal	-	130,000	35,000	-	-	165,000
Debt service - interest	-	3,331	35,825	-	-	39,156
<b>Total expenditures</b>	<b>5,841,267</b>	<b>133,331</b>	<b>71,575</b>	<b>229,643</b>	<b>33</b>	<b>6,275,849</b>
Revenues over (under) expenditures	(1,163,232)	(29,238)	(71,564)	(219,605)	1	(1,483,638)
Other financing sources (uses)						
Transfer in	1,229,849	29,238	71,564	927,448	-	2,258,099
Transfer out	(27,642)	-	-	(39,238)	-	(66,880)
<b>Total other financing sources (uses)</b>	<b>1,202,207</b>	<b>29,238</b>	<b>71,564</b>	<b>888,210</b>	<b>-</b>	<b>2,191,219</b>
Net change in fund balance	38,975	-	-	668,605	1	707,581
Fund balance, beginning of year	1,887,630	-	-	1,189,076	6,824	3,083,530
Fund balance, end of year	<u>\$ 1,926,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,857,681</u>	<u>\$ 6,825</u>	<u>\$ 3,791,111</u>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015**

	<b>Friend of the the Court Act 294</b>	<b>Parks and Recreation</b>	<b>Local Government Police Contract</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 202,705	\$ 710	\$ -
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	43,587	-	16,530
Due from other funds	3,820	-	-
Due from federal	-	-	-
Due from state	55,365	-	-
	<b>\$ 305,477</b>	<b>\$ 710</b>	<b>\$ 16,530</b>
<b>Total assets</b>	<b>\$ 305,477</b>	<b>\$ 710</b>	<b>\$ 16,530</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 16,858	\$ 299	\$ 290
Accrued liabilities	9,549	-	4,286
Due to other governments	-	-	-
Due to other funds	17	-	11,954
	<b>26,424</b>	<b>299</b>	<b>16,530</b>
<b>Total liabilities</b>	<b>26,424</b>	<b>299</b>	<b>16,530</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
Taxes levied for a subsequent period	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>			
Restricted	231,954	411	-
Committed	-	-	-
Assigned	-	-	-
Subsequent year expenditures	47,099	-	-
Wind tax	-	-	-
	<b>279,053</b>	<b>411</b>	<b>-</b>
<b>Total fund balance</b>	<b>279,053</b>	<b>411</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 305,477</b>	<b>\$ 710</b>	<b>\$ 16,530</b>

<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>Hazard Mitigation Grant Program</u>
\$ 49,353	\$ 251,303	\$ -	\$ 382,197	\$ -	\$ -
-	-	-	261,836	-	-
-	-	-	1,913	-	-
-	318,765	8,511	13,572	13,708	-
-	3,077	-	404	-	-
-	-	-	-	-	4,231
-	-	-	-	-	-
<u>\$ 49,353</u>	<u>\$ 573,145</u>	<u>\$ 8,511</u>	<u>\$ 659,922</u>	<u>\$ 13,708</u>	<u>\$ 4,231</u>
\$ -	\$ 74,922	\$ 371	\$ 4,013	\$ 276	\$ -
-	36,786	3,017	5,573	4,609	-
-	-	-	-	-	-
-	289	5,123	228	8,823	3,609
-	111,997	8,511	9,814	13,708	3,609
-	-	-	1,913	-	-
-	-	-	261,836	-	-
-	-	-	263,749	-	-
49,353	227,688	-	381,390	-	622
-	-	-	-	-	-
-	233,460	-	-	-	-
-	-	-	4,969	-	-
<u>49,353</u>	<u>461,148</u>	<u>-</u>	<u>386,359</u>	<u>-</u>	<u>622</u>
<u>\$ 49,353</u>	<u>\$ 573,145</u>	<u>\$ 8,511</u>	<u>\$ 659,922</u>	<u>\$ 13,708</u>	<u>\$ 4,231</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015**

	<b>Victim Services</b>	<b>Voted Veterans</b>	<b>CPL</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 19,673	\$ 14,274
Taxes receivable	-	295,400	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	20,030	-	-
Prepaid expenditures	-	-	-
Due from other funds	-	-	-
Due from federal	-	-	-
Due from state	-	-	-
<b>Total assets</b>	<b>\$ 20,030</b>	<b>\$ 315,073</b>	<b>\$ 14,274</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 123	\$ 14,622	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to other funds	19,613	-	-
Total liabilities	19,736	14,622	-
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
Taxes levied for a subsequent period	-	295,400	-
Total deferred inflows of resources	-	295,400	-
<b>Fund balance</b>			
Restricted	-	5,051	14,274
Committed	-	-	-
Assigned	-	-	-
Subsequent year expenditures	294	-	-
Wind tax	-	-	-
Total fund balance	294	5,051	14,274
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 20,030</b>	<b>\$ 315,073</b>	<b>\$ 14,274</b>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
\$ 32,307	\$ 77,795	\$ -	\$ 69,799	\$ -	\$ 29,518	\$ 13,786
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,069	40,612	9,321
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,433	-	-	42,772	-
<u>\$ 32,307</u>	<u>\$ 77,795</u>	<u>\$ 5,433</u>	<u>\$ 69,799</u>	<u>\$ 8,069</u>	<u>\$ 112,902</u>	<u>\$ 23,107</u>
\$ -	\$ -	\$ 108	\$ 400	\$ 61	\$ 6,465	\$ -
-	-	-	-	692	2,308	-
-	-	-	-	-	-	-
-	-	4,990	-	7,316	90,875	-
-	-	5,098	400	8,069	99,648	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32,307	76,477	335	69,399	-	-	23,107
-	-	-	-	-	-	-
-	1,318	-	-	-	13,254	-
-	-	-	-	-	-	-
<u>32,307</u>	<u>77,795</u>	<u>335</u>	<u>69,399</u>	<u>-</u>	<u>13,254</u>	<u>23,107</u>
<u>\$ 32,307</u>	<u>\$ 77,795</u>	<u>\$ 5,433</u>	<u>\$ 69,799</u>	<u>\$ 8,069</u>	<u>\$ 112,902</u>	<u>\$ 23,107</u>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015**

	<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	\$ 1,301	\$ 40,429	\$ -	\$ 57,315	\$ 16,184
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	-	29,110	-	-
Due from other funds	-	-	(830)	-	-
Due from federal	-	-	-	-	-
Due from state	1,710	-	-	-	-
<b>Total assets</b>	<b>\$ 3,011</b>	<b>\$ 40,429</b>	<b>\$ 28,280</b>	<b>\$ 57,315</b>	<b>\$ 16,184</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 105	\$ -	\$ 13,375	\$ 971	\$ 531
Accrued liabilities	1,617	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	522	10,256	-	-
<b>Total liabilities</b>	<b>1,722</b>	<b>522</b>	<b>23,631</b>	<b>971</b>	<b>531</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Restricted	1,289	35,907	4,649	56,344	15,653
Committed - county resident hospital program	-	-	-	-	-
Assigned	-	-	-	-	-
Subsequent year expenditures	-	4,000	-	-	-
Wind tax	-	-	-	-	-
<b>Total fund balance</b>	<b>1,289</b>	<b>39,907</b>	<b>4,649</b>	<b>56,344</b>	<b>15,653</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 3,011</b>	<b>\$ 40,429</b>	<b>\$ 28,280</b>	<b>\$ 57,315</b>	<b>\$ 16,184</b>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services Board</u>	<u>Probate Child Care</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ 5,710	\$ 30,977	\$ 34,853	\$ 303,558	\$ 45,897	\$ 17,733
-	-	-	-	349,114	-
-	-	-	-	4,026	-
-	-	-	-	-	-
-	190,523	-	974	-	-
-	-	-	-	-	-
-	-	-	143,714	-	-
<u>\$ 5,710</u>	<u>\$ 221,500</u>	<u>\$ 34,853</u>	<u>\$ 448,246</u>	<u>\$ 399,037</u>	<u>\$ 17,733</u>
\$ -	\$ 106,792	\$ -	\$ 27,046	\$ 8,516	\$ -
-	-	-	1,706	54	-
-	-	-	43,128	-	-
-	-	-	190,523	173	-
-	106,792	-	262,403	8,743	-
-	-	-	-	4,026	-
-	-	-	-	349,114	-
-	-	-	-	353,140	-
4,010	65,024	25,278	76,683	21,206	17,733
-	-	5,000	-	-	-
1,700	49,684	4,575	109,160	9,323	-
-	-	-	-	6,625	-
<u>5,710</u>	<u>114,708</u>	<u>34,853</u>	<u>185,843</u>	<u>37,154</u>	<u>17,733</u>
<u>\$ 5,710</u>	<u>\$ 221,500</u>	<u>\$ 34,853</u>	<u>\$ 448,246</u>	<u>\$ 399,037</u>	<u>\$ 17,733</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2015**

	<b>Totals</b>
<b><u>ASSETS</u></b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,697,377
Taxes receivable	906,350
Taxes receivable - delinquent	5,939
Accounts receivable	521,815
Due from other funds	197,968
Due from federal	4,231
Due from state	248,994
	248,994
<b>Total assets</b>	<b>\$ 3,582,674</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 276,144
Accrued liabilities	70,197
Due to other governments	43,128
Due to other funds	354,311
	354,311
<b>Total liabilities</b>	<b>743,780</b>
<b>Deferred inflows of resources</b>	
Unavailable revenue - property taxes	5,939
Taxes levied for a subsequent period	906,350
	906,350
<b>Total deferred inflows of resources</b>	<b>912,289</b>
<b>Fund balance</b>	
Restricted	1,436,144
Committed	5,000
Assigned	
Subsequent year expenditures	473,867
Wind tax	11,594
	11,594
<b>Total fund balance</b>	<b>1,926,605</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 3,582,674</b>





**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>	<u>Friend of the the Court Act 294</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	570,168
State	-	-	49,926
Local	-	146,012	-
Charges for services	5,454	-	87,898
Fines and forfeits	-	-	-
Interest and rent	-	-	692
Reimbursements and refunds	-	-	-
Other	-	-	5,337
	<u>5,454</u>	<u>146,012</u>	<u>714,021</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	922,749
General government	-	-	-
Public safety	-	146,012	-
Health and welfare	-	-	-
Culture and recreation	8,601	-	-
Capital outlay	-	-	69
	<u>8,601</u>	<u>146,012</u>	<u>922,818</u>
Total expenditures			
Revenues over (under) expenditures	<u>(3,147)</u>	<u>-</u>	<u>(208,797)</u>
Other financing sources (uses)			
Transfer in	3,550	-	282,970
Transfer out	-	-	-
	<u>3,550</u>	<u>-</u>	<u>282,970</u>
Total other financing sources (uses)			
Net change in fund balance	403	-	74,173
Fund balance, beginning of year	<u>8</u>	<u>-</u>	<u>204,880</u>
Fund balance, end of year	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ 279,053</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>Voted Veterans</u>	<u>Hazard Mitigation Grant Program</u>
\$ -	\$ -	\$ -	\$ 242,660	\$ -	\$ -	\$ -
-	-	-	-	-	-	16,923
-	204,821	-	43,707	-	10,000	-
-	-	82,241	-	140,673	-	-
5,129	1,109,805	-	56,825	-	-	-
-	-	-	-	-	-	-
-	1,081	-	2,397	-	13	-
7,761	7,685	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,890</u>	<u>1,323,392</u>	<u>82,241</u>	<u>345,589</u>	<u>140,673</u>	<u>10,013</u>	<u>16,923</u>
4,147	-	-	-	-	-	-
-	-	-	302,930	-	29,690	-
-	1,274,592	82,241	-	140,673	-	23,301
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	40,663	-	22,575	-	9,348	-
<u>4,147</u>	<u>1,315,255</u>	<u>82,241</u>	<u>325,505</u>	<u>140,673</u>	<u>39,038</u>	<u>23,301</u>
<u>8,743</u>	<u>8,137</u>	<u>-</u>	<u>20,084</u>	<u>-</u>	<u>(29,025)</u>	<u>(6,378)</u>
-	-	-	-	-	34,500	7,000
-	(12,500)	-	(12,500)	-	(424)	-
-	(12,500)	-	(12,500)	-	34,076	7,000
8,743	(4,363)	-	7,584	-	5,051	622
40,610	465,511	-	378,775	-	-	-
<u>\$ 49,353</u>	<u>\$ 461,148</u>	<u>\$ -</u>	<u>\$ 386,359</u>	<u>\$ -</u>	<u>\$ 5,051</u>	<u>\$ 622</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Victim Services</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	-
State	79,494	189,797	-
Local	-	-	-
Charges for services	-	-	28,891
Fines and forfeits	-	-	-
Interest and rent	-	-	39
Reimbursements and refunds	-	-	-
Other	-	-	-
Total revenues	<u>79,494</u>	<u>189,797</u>	<u>28,930</u>
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	79,532	184,926	56,823
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>79,532</u>	<u>184,926</u>	<u>56,823</u>
Revenues over (under) expenditures	<u>(38)</u>	<u>4,871</u>	<u>(27,893)</u>
Other financing sources (uses)			
Transfer in	-	-	50,000
Transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(38)	4,871	22,107
Fund balance, beginning of year	<u>332</u>	<u>8,383</u>	<u>1,000</u>
Fund balance, end of year	<u>\$ 294</u>	<u>\$ 13,254</u>	<u>\$ 23,107</u>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>	<u>CPL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,359	-	-	66,062	-	-	-
16,701	-	74,251	770	-	-	-
-	160,774	-	-	-	11,759	-
-	-	-	-	-	-	14,274
-	-	-	-	-	-	-
-	369	-	-	667	-	-
-	-	-	-	-	-	-
-	-	-	-	50,866	-	-
<u>23,060</u>	<u>161,143</u>	<u>74,251</u>	<u>66,832</u>	<u>51,533</u>	<u>11,759</u>	<u>14,274</u>
-	-	-	-	-	-	-
6,359	138,779	74,364	-	141,893	-	-
-	-	-	66,503	-	11,759	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,359</u>	<u>138,779</u>	<u>74,364</u>	<u>66,503</u>	<u>141,893</u>	<u>11,759</u>	<u>-</u>
16,701	22,364	(113)	329	(90,360)	-	14,274
-	-	113	-	-	-	-
-	(1,218)	-	-	-	-	-
-	(1,218)	113	-	-	-	-
16,701	21,146	-	329	(90,360)	-	14,274
15,606	56,649	-	6	159,759	-	-
<u>\$ 32,307</u>	<u>\$ 77,795</u>	<u>\$ -</u>	<u>\$ 335</u>	<u>\$ 69,399</u>	<u>\$ -</u>	<u>\$ 14,274</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<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	-	-	154,473	-	-
State	21,779	-	-	-	-
Local	-	-	-	-	-
Charges for services	12,296	12,707	-	-	-
Fines and forfeits	-	-	-	28,028	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	311	-	-
Total revenues	<u>34,075</u>	<u>12,707</u>	<u>154,784</u>	<u>28,028</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,302
General government	-	-	-	-	-
Public safety	58,120	17,624	1,134	119,621	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	159,001	-	-
Total expenditures	<u>58,120</u>	<u>17,624</u>	<u>160,135</u>	<u>119,621</u>	<u>6,302</u>
Revenues over (under) expenditures	<u>(24,045)</u>	<u>(4,917)</u>	<u>(5,351)</u>	<u>(91,593)</u>	<u>198</u>
Other financing sources (uses)					
Transfer in	25,292	-	10,000	-	-
Transfer out	-	-	-	-	-
Total other financing sources (uses)	<u>25,292</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,247	(4,917)	4,649	(91,593)	198
Fund balance, beginning of year	<u>42</u>	<u>44,824</u>	<u>-</u>	<u>147,937</u>	<u>15,455</u>
Fund balance, end of year	<u>\$ 1,289</u>	<u>\$ 39,907</u>	<u>\$ 4,649</u>	<u>\$ 56,344</u>	<u>\$ 15,653</u>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services Board</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,626	\$ -
-	-	-	-	-	-	-
4,787	316,511	-	149,952	-	-	-
-	-	-	-	-	-	-
-	31,050	-	28,384	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	775	-
-	2,726	-	83,433	-	-	-
1	-	-	-	2,415	-	-
<u>4,788</u>	<u>350,287</u>	<u>-</u>	<u>261,769</u>	<u>2,415</u>	<u>324,401</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,793	-	-	-	-	-	-
-	664,216	7,497	673,137	34,890	321,035	1,368
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,793</u>	<u>664,216</u>	<u>7,497</u>	<u>673,137</u>	<u>34,890</u>	<u>321,035</u>	<u>1,368</u>
(4,005)	(313,929)	(7,497)	(411,368)	(32,475)	3,366	(1,368)
-	300,000	9,000	475,000	32,424	-	-
-	-	-	-	-	-	(1,000)
-	300,000	9,000	475,000	32,424	-	(1,000)
(4,005)	(13,929)	1,503	63,632	(51)	3,366	(2,368)
<u>9,715</u>	<u>128,637</u>	<u>33,350</u>	<u>122,211</u>	<u>51</u>	<u>33,788</u>	<u>20,101</u>
<u>\$ 5,710</u>	<u>\$ 114,708</u>	<u>\$ 34,853</u>	<u>\$ 185,843</u>	<u>\$ -</u>	<u>\$ 37,154</u>	<u>\$ 17,733</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<b>Totals</b>
Revenues	
Taxes	\$ 566,286
Intergovernmental	
Federal	813,985
State	1,162,496
Local	541,459
Charges for services	1,392,713
Fines and forfeits	34,528
Interest and rent	6,033
Reimbursements and refunds	101,605
Other	58,930
Total revenues	4,678,035
Expenditures	
Current	
Judicial	933,198
General government	694,015
Public safety	2,271,654
Health and welfare	1,702,143
Culture and recreation	8,601
Capital outlay	231,656
Total expenditures	5,841,267
Revenues over (under) expenditures	(1,163,232)
Other financing sources (uses)	
Transfer in	1,229,849
Transfer out	(27,642)
Total other financing sources (uses)	1,202,207
Net change in fund balance	38,975
Fund balance, beginning of year	1,887,630
Fund balance, end of year	\$ 1,926,605





**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<b>Friend of the Court Act 294</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	589,319	589,319	570,168	(19,151)
State	2,500	2,500	49,926	47,426
Local	-	-	-	-
Charges for services	85,200	85,200	87,898	2,698
Fines and forfeits	-	-	-	-
Interest and rent	-	-	692	692
Reimbursements and refunds	-	-	-	-
Other	5,400	5,400	5,337	(63)
<b>Total revenues</b>	<b>682,419</b>	<b>682,419</b>	<b>714,021</b>	<b>31,602</b>
Expenditures				
Current				
Judicial	948,228	951,228	922,749	(28,479)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	5,000	2,000	69	(1,931)
<b>Total expenditures</b>	<b>953,228</b>	<b>953,228</b>	<b>922,818</b>	<b>(30,410)</b>
<b>Revenues over (under) expenditures</b>	<b>(270,809)</b>	<b>(270,809)</b>	<b>(208,797)</b>	<b>62,012</b>
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>
<b>Net change in fund balance</b>	<b>12,161</b>	<b>12,161</b>	<b>74,173</b>	<b>62,012</b>
<b>Fund balance, beginning of year</b>	<b>204,880</b>	<b>204,880</b>	<b>204,880</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 217,041</b>	<b>\$ 217,041</b>	<b>\$ 279,053</b>	<b>\$ 62,012</b>

Parks and Recreation				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	161,587	161,587	146,012	(15,575)
4,200	5,505	5,454	(51)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,200</u>	<u>5,505</u>	<u>5,454</u>	<u>(51)</u>	<u>161,587</u>	<u>161,587</u>	<u>146,012</u>	<u>(15,575)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	161,587	161,587	146,012	(15,575)
-	-	-	-	-	-	-	-
7,870	8,585	8,601	16	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,870</u>	<u>8,585</u>	<u>8,601</u>	<u>16</u>	<u>161,587</u>	<u>161,587</u>	<u>146,012</u>	<u>(15,575)</u>
<u>(3,670)</u>	<u>(3,080)</u>	<u>(3,147)</u>	<u>(67)</u>	-	-	-	-
2,500	3,550	3,550	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,500</u>	<u>3,550</u>	<u>3,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,170)	470	403	(67)	-	-	-	-
8	8	8	-	-	-	-	-
<u>\$ (1,162)</u>	<u>\$ 478</u>	<u>\$ 411</u>	<u>\$ (67)</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, 2015**

	<b>CPL Fund</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	-	13,000	14,274	1,274
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>13,000</b>	<b>14,274</b>	<b>1,274</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>13,000</b>	<b>14,274</b>	<b>1,274</b>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>13,000</b>	<b>14,274</b>	<b>1,274</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 13,000</b>	<b>\$ 14,274</b>	<b>\$ 1,274</b>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	204,500	204,500	204,821	321
-	-	-	-	-	-	-	-
5,000	5,000	5,129	129	1,110,500	1,110,500	1,109,805	(695)
-	-	-	-	-	-	-	-
-	-	-	-	700	700	1,081	381
6,000	6,000	7,761	1,761	2,688,526	2,688,526	7,685	(2,680,841)
-	-	-	-	-	-	-	-
<u>11,000</u>	<u>11,000</u>	<u>12,890</u>	<u>1,890</u>	<u>4,004,226</u>	<u>4,004,226</u>	<u>1,323,392</u>	<u>(2,680,834)</u>
8,000	8,000	4,147	(3,853)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,007,735	4,007,735	1,274,592	(2,733,143)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	115,000	115,000	40,663	(74,337)
<u>8,000</u>	<u>8,000</u>	<u>4,147</u>	<u>(3,853)</u>	<u>4,122,735</u>	<u>4,122,735</u>	<u>1,315,255</u>	<u>(2,807,480)</u>
<u>3,000</u>	<u>3,000</u>	<u>8,743</u>	<u>5,743</u>	<u>(118,509)</u>	<u>(118,509)</u>	<u>8,137</u>	<u>126,646</u>
-	-	-	-	-	-	-	-
-	-	-	-	(12,500)	(12,500)	(12,500)	-
-	-	-	-	(12,500)	(12,500)	(12,500)	-
3,000	3,000	8,743	5,743	(131,009)	(131,009)	(4,363)	126,646
40,610	40,610	40,610	-	465,511	465,511	465,511	-
<u>\$ 43,610</u>	<u>\$ 43,610</u>	<u>\$ 49,353</u>	<u>\$ 5,743</u>	<u>\$ 334,502</u>	<u>\$ 334,502</u>	<u>\$ 461,148</u>	<u>\$ 126,646</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, 2015**

	<u>Vassar Township Police Contract</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	88,690	88,690	82,241	(6,449)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>88,690</u>	<u>88,690</u>	<u>82,241</u>	<u>(6,449)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	88,690	88,690	82,241	(6,449)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>88,690</u>	<u>88,690</u>	<u>82,241</u>	<u>(6,449)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 242,978	\$ 242,978	\$ 242,660	\$ (318)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	21,611	43,707	22,096	-	-	-	-
63,710	82,710	56,825	(25,885)	167,899	167,899	140,673	(27,226)
-	-	-	-	-	-	-	-
2,010	2,010	2,397	387	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>308,698</u>	<u>349,309</u>	<u>345,589</u>	<u>(3,720)</u>	<u>167,899</u>	<u>167,899</u>	<u>140,673</u>	<u>(27,226)</u>
-	-	-	-	-	-	-	-
278,515	297,283	302,930	5,647	-	-	-	-
-	-	-	-	167,899	167,899	140,673	(27,226)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,500	22,712	22,575	(137)	-	-	-	-
<u>291,015</u>	<u>319,995</u>	<u>325,505</u>	<u>5,510</u>	<u>167,899</u>	<u>167,899</u>	<u>140,673</u>	<u>(27,226)</u>
17,683	29,314	20,084	(9,230)	-	-	-	-
-	-	-	-	-	-	-	-
(12,500)	(12,500)	(12,500)	-	-	-	-	-
(12,500)	(12,500)	(12,500)	-	-	-	-	-
5,183	16,814	7,584	(9,230)	-	-	-	-
<u>378,775</u>	<u>378,775</u>	<u>378,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 383,958</u>	<u>\$ 395,589</u>	<u>\$ 386,359</u>	<u>\$ (9,230)</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, 2015**

	<u>Hazard Mitigation Grant Program</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	16,923	16,923	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	16,923	16,923	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	23,923	23,301	(622)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	23,923	23,301	(622)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	(7,000)	(6,378)	622
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfer in	-	7,000	7,000	-
Transfer out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	7,000	7,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	622	622
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ 622</u>



Victim Services				Voted Veterans			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	79,494	79,494	-	10,000	10,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	13	13
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	79,494	79,494	-	10,000	10,013	13
-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,690	29,690
79,750	79,750	79,532	(218)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,349	9,348	(1)
79,750	79,750	79,532	(218)	-	9,349	39,038	29,689
(79,750)	(79,750)	(38)	79,712	-	651	(29,025)	(29,676)
-	-	-	-	-	34,500	34,500	-
-	-	-	-	-	(35,151)	(424)	34,727
-	-	-	-	-	(651)	34,076	34,727
(79,750)	(79,750)	(38)	79,712	-	-	5,051	5,051
332	332	332	-	-	-	-	-
<u>\$ (79,418)</u>	<u>\$ (79,418)</u>	<u>\$ 294</u>	<u>\$ 79,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,051</u>	<u>\$ 5,051</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, 2015**

	<b>CDBG Housing Grant</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	125,000	125,000	6,359	(118,641)
State	-	-	16,701	16,701
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>125,000</b>	<b>125,000</b>	<b>23,060</b>	<b>(101,940)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	125,000	125,000	6,359	(118,641)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>125,000</b>	<b>125,000</b>	<b>6,359</b>	<b>(118,641)</b>
Revenues over (under) expenditures	-	-	16,701	16,701
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	-	-	16,701	16,701
Fund balance, beginning of year	15,606	15,606	15,606	-
Fund balance, end of year	<u>\$ 15,606</u>	<u>\$ 15,606</u>	<u>\$ 32,307</u>	<u>\$ 16,701</u>

Principal Residence Exemption				State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	80,827	74,251	74,251	-
44,500	144,500	160,774	16,274	-	-	-	-
-	-	-	-	-	-	-	-
-	-	369	369	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>44,500</u>	<u>144,500</u>	<u>161,143</u>	<u>16,643</u>	<u>80,827</u>	<u>74,251</u>	<u>74,251</u>	<u>-</u>
-	-	-	-	-	-	-	-
40,000	140,000	138,779	(1,221)	80,827	74,364	74,364	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,000</u>	<u>140,000</u>	<u>138,779</u>	<u>(1,221)</u>	<u>80,827</u>	<u>74,364</u>	<u>74,364</u>	<u>-</u>
<u>4,500</u>	<u>4,500</u>	<u>22,364</u>	<u>17,864</u>	<u>-</u>	<u>(113)</u>	<u>(113)</u>	<u>-</u>
-	-	-	-	-	113	113	-
<u>(1,218)</u>	<u>(1,218)</u>	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,218)</u>	<u>(1,218)</u>	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>	<u>-</u>
3,282	3,282	21,146	17,864	-	-	-	-
<u>56,649</u>	<u>56,649</u>	<u>56,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 59,931</u>	<u>\$ 59,931</u>	<u>\$ 77,795</u>	<u>\$ 17,864</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, 2015**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	71,400	71,400	66,062	(5,338)
State	-	-	770	770
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>71,400</b>	<b>71,400</b>	<b>66,832</b>	<b>(4,568)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	71,400	71,400	66,503	(4,897)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>71,400</b>	<b>71,400</b>	<b>66,503</b>	<b>(4,897)</b>
Revenues over (under) expenditures	-	-	329	329
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	329	329
Fund balance, beginning of year	6	6	6	-
Fund balance, end of year	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 335</u>	<u>\$ 329</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	34,629	34,629	11,759	(22,870)
-	-	-	-	-	-	-	-
500	500	667	167	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	50,866	866	-	-	-	-
50,500	50,500	51,533	1,033	34,629	34,629	11,759	(22,870)
-	-	-	-	-	-	-	-
32,100	147,100	141,893	(5,207)	-	-	-	-
-	-	-	-	34,629	34,629	11,759	(22,870)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,000	8,000	-	(8,000)	-	-	-	-
40,100	155,100	141,893	(13,207)	34,629	34,629	11,759	(22,870)
10,400	(104,600)	(90,360)	14,240	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,400	(104,600)	(90,360)	14,240	-	-	-	-
159,759	159,759	159,759	-	-	-	-	-
\$ 170,159	\$ 55,159	\$ 69,399	\$ 14,240	\$ -	\$ -	\$ -	\$ -

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Community Corrections Services</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	32,120	32,120	21,779	(10,341)
Local	-	-	-	-
Charges for services	4,500	4,500	12,296	7,796
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>36,620</u>	<u>36,620</u>	<u>34,075</u>	<u>(2,545)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	58,746	61,746	58,120	(3,626)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>58,746</u>	<u>61,746</u>	<u>58,120</u>	<u>(3,626)</u>
Revenues over (under) expenditures	<u>(22,126)</u>	<u>(25,126)</u>	<u>(24,045)</u>	<u>1,081</u>
Other financing sources (uses)				
Transfer in	22,292	25,292	25,292	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>22,292</u>	<u>25,292</u>	<u>25,292</u>	<u>-</u>
Net change in fund balance	166	166	1,247	1,081
Fund balance, beginning of year	42	42	42	-
Fund balance, end of year	<u>\$ 208</u>	<u>\$ 208</u>	<u>\$ 1,289</u>	<u>\$ 1,081</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	75,000	149,829	154,473	4,644
-	-	-	-	-	-	-	-
12,000	12,000	12,707	707	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	311	311	-
<u>12,000</u>	<u>12,000</u>	<u>12,707</u>	<u>707</u>	<u>75,000</u>	<u>150,140</u>	<u>154,784</u>	<u>4,644</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,000	17,000	17,624	624	1,000	3,271	1,134	(2,137)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	74,000	156,869	159,001	2,132
<u>17,000</u>	<u>17,000</u>	<u>17,624</u>	<u>624</u>	<u>75,000</u>	<u>160,140</u>	<u>160,135</u>	<u>(5)</u>
<u>(5,000)</u>	<u>(5,000)</u>	<u>(4,917)</u>	<u>83</u>	<u>-</u>	<u>(10,000)</u>	<u>(5,351)</u>	<u>4,649</u>
-	-	-	-	-	10,000	10,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	10,000	10,000	-
(5,000)	(5,000)	(4,917)	83	-	-	4,649	4,649
<u>44,824</u>	<u>44,824</u>	<u>44,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 39,824</u>	<u>\$ 39,824</u>	<u>\$ 39,907</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,649</u>	<u>\$ 4,649</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, 2015**

	<b>Forfeiture Sheriff/Prosecutor</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	20,000	27,000	28,028	1,028
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>20,000</b>	<b>27,000</b>	<b>28,028</b>	<b>1,028</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	20,213	119,000	119,621	621
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>20,213</b>	<b>119,000</b>	<b>119,621</b>	<b>621</b>
Revenues over (under) expenditures	(213)	(92,000)	(91,593)	407
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	(213)	(92,000)	(91,593)	407
Fund balance, beginning of year	147,937	147,937	147,937	-
Fund balance, end of year	<u>\$ 147,724</u>	<u>\$ 55,937</u>	<u>\$ 56,344</u>	<u>\$ 407</u>



Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	4,000	5,000	4,787	(213)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	1
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>4,000</u>	<u>5,000</u>	<u>4,788</u>	<u>(212)</u>
6,500	6,500	6,302	(198)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,500	7,500	8,793	1,293
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,302</u>	<u>(198)</u>	<u>6,500</u>	<u>7,500</u>	<u>8,793</u>	<u>1,293</u>
-	-	198	198	(2,500)	(2,500)	(4,005)	(1,505)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	198	198	(2,500)	(2,500)	(4,005)	(1,505)
<u>15,455</u>	<u>15,455</u>	<u>15,455</u>	<u>-</u>	<u>9,715</u>	<u>9,715</u>	<u>9,715</u>	<u>-</u>
<u>\$ 15,455</u>	<u>\$ 15,455</u>	<u>\$ 15,653</u>	<u>\$ 198</u>	<u>\$ 7,215</u>	<u>\$ 7,215</u>	<u>\$ 5,710</u>	<u>\$ (1,505)</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, 2015**

	<b>Child Care DHS</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	385,286	385,286	316,511	(68,775)
Local	-	-	-	-
Charges for services	28,000	28,000	31,050	3,050
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	2,726	2,726
Other	-	-	-	-
<b>Total revenues</b>	<b>413,286</b>	<b>413,286</b>	<b>350,287</b>	<b>(62,999)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	769,572	769,572	664,216	(105,356)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>769,572</b>	<b>769,572</b>	<b>664,216</b>	<b>(105,356)</b>
Revenues over (under) expenditures	(356,286)	(356,286)	(313,929)	42,357
Other financing sources (uses)				
Transfer in	300,000	300,000	300,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>
Net change in fund balance	(56,286)	(56,286)	(13,929)	42,357
Fund balance, beginning of year	128,637	128,637	128,637	-
Fund balance, end of year	<u>\$ 72,351</u>	<u>\$ 72,351</u>	<u>\$ 114,708</u>	<u>\$ 42,357</u>

Department of Human Services Board				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	203,317	203,317	149,952	(53,365)
-	-	-	-	-	-	-	-
-	-	-	-	23,000	23,000	28,384	5,384
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	123,551	123,551	83,433	(40,118)
-	-	-	-	-	-	-	-
-	-	-	-	<u>349,868</u>	<u>349,868</u>	<u>261,769</u>	<u>(88,099)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,575	13,575	7,497	(6,078)	991,205	946,205	673,137	(273,068)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>13,575</u>	<u>13,575</u>	<u>7,497</u>	<u>(6,078)</u>	<u>991,205</u>	<u>946,205</u>	<u>673,137</u>	<u>(273,068)</u>
<u>(13,575)</u>	<u>(13,575)</u>	<u>(7,497)</u>	<u>6,078</u>	<u>(641,337)</u>	<u>(596,337)</u>	<u>(411,368)</u>	<u>184,969</u>
9,000	9,000	9,000	-	475,000	475,000	475,000	-
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
(4,575)	(4,575)	1,503	6,078	(166,337)	(121,337)	63,632	184,969
<u>33,350</u>	<u>33,350</u>	<u>33,350</u>	<u>-</u>	<u>122,211</u>	<u>122,211</u>	<u>122,211</u>	<u>-</u>
<u>\$ 28,775</u>	<u>\$ 28,775</u>	<u>\$ 34,853</u>	<u>\$ 6,078</u>	<u>\$ (44,126)</u>	<u>\$ 874</u>	<u>\$ 185,843</u>	<u>\$ 184,969</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, 2015**

	<b>Soldiers Relief</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	2,415	2,415
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2,415</b>	<b>2,415</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	25,000	32,000	34,890	2,890
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>25,000</b>	<b>32,000</b>	<b>34,890</b>	<b>2,890</b>
Revenues over (under) expenditures	(25,000)	(32,000)	(32,475)	(475)
Other financing sources (uses)				
Transfer in	25,000	32,000	32,424	424
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>25,000</b>	<b>32,000</b>	<b>32,424</b>	<b>424</b>
Net change in fund balance	-	-	(51)	(51)
Fund balance, beginning of year	51	51	51	-
Fund balance, end of year	<u>\$ 51</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ (51)</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 323,972	\$ 323,972	\$ 323,626	\$ (346)
-	-	-	-	-	-	-	-
25,000	25,000	-	(25,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	700	700	775	75
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>324,672</u>	<u>324,672</u>	<u>324,401</u>	<u>(271)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,000	24,000	1,368	(22,632)	288,819	331,251	321,035	(10,216)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>24,000</u>	<u>24,000</u>	<u>1,368</u>	<u>(22,632)</u>	<u>288,819</u>	<u>331,251</u>	<u>321,035</u>	<u>(10,216)</u>
<u>1,000</u>	<u>1,000</u>	<u>(1,368)</u>	<u>(2,368)</u>	<u>35,853</u>	<u>(6,579)</u>	<u>3,366</u>	<u>9,945</u>
-	-	-	-	-	-	-	-
-	-	(1,000)	(1,000)	-	-	-	-
-	-	(1,000)	(1,000)	-	-	-	-
<u>1,000</u>	<u>1,000</u>	<u>(2,368)</u>	<u>(3,368)</u>	<u>35,853</u>	<u>(6,579)</u>	<u>3,366</u>	<u>9,945</u>
<u>20,101</u>	<u>20,101</u>	<u>20,101</u>	<u>-</u>	<u>33,788</u>	<u>33,788</u>	<u>33,788</u>	<u>-</u>
<u>\$ 21,101</u>	<u>\$ 21,101</u>	<u>\$ 17,733</u>	<u>\$ (3,368)</u>	<u>\$ 69,641</u>	<u>\$ 27,209</u>	<u>\$ 37,154</u>	<u>\$ 9,945</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, 2015**

	<u>Regional DWI Court Grants</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	230,000	275,464	189,797	(85,667)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>230,000</u>	<u>275,464</u>	<u>189,797</u>	<u>(85,667)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	231,559	260,174	184,926	(75,248)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>231,559</u>	<u>260,174</u>	<u>184,926</u>	<u>(75,248)</u>
<b>Revenues over (under) expenditures</b>	<u>(1,559)</u>	<u>15,290</u>	<u>4,871</u>	<u>(10,419)</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(1,559)</u>	<u>15,290</u>	<u>4,871</u>	<u>(10,419)</u>
<b>Fund balance, beginning of year</b>	<u>8,383</u>	<u>8,383</u>	<u>8,383</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,824</u>	<u>\$ 23,673</u>	<u>\$ 13,254</u>	<u>\$ (10,419)</u>

GIS				Totals			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 566,950	\$ 566,950	\$ 566,286	\$ (664)
-	-	-	-	860,719	952,471	813,985	(138,486)
-	-	-	-	1,167,550	1,239,049	1,162,496	(76,553)
-	-	-	-	497,305	597,305	541,459	(55,846)
-	20,000	28,891	8,891	1,336,110	1,389,415	1,392,713	3,298
-	-	-	-	26,500	33,500	34,528	1,028
-	-	39	39	3,910	3,910	6,033	2,123
-	-	-	-	2,818,077	2,818,077	101,605	(2,716,472)
-	-	-	-	55,400	55,711	58,930	3,219
-	20,000	28,930	8,930	7,332,521	7,656,388	4,678,035	(2,978,353)
-	-	-	-	962,728	965,728	933,198	(32,530)
-	-	-	-	556,442	783,747	694,015	(89,732)
50,000	50,000	56,823	6,823	4,996,708	5,154,304	2,271,654	(2,882,650)
-	-	-	-	2,112,171	2,116,603	1,702,143	(414,460)
-	-	-	-	7,870	8,585	8,601	16
-	-	-	-	214,500	313,930	231,656	(82,274)
50,000	50,000	56,823	6,823	8,850,419	9,342,897	5,841,267	(3,501,630)
(50,000)	(30,000)	(27,893)	2,107	(1,517,898)	(1,686,509)	(1,163,232)	523,277
50,000	50,000	50,000	-	1,166,762	1,229,425	1,229,849	424
-	-	-	-	(26,218)	(61,369)	(27,642)	33,727
50,000	50,000	50,000	-	1,140,544	1,168,056	1,202,207	34,151
-	20,000	22,107	2,107	(377,354)	(518,453)	38,975	557,428
1,000	1,000	1,000	-	1,887,630	1,887,630	1,887,630	-
<u>\$ 1,000</u>	<u>\$ 21,000</u>	<u>\$23,107</u>	<u>\$ 2,107</u>	<u>\$ 1,510,276</u>	<u>\$ 1,369,177</u>	<u>\$ 1,926,605</u>	<u>\$ 557,428</u>





**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
December 31, 2015**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 113,094	\$ 149,192	\$ 1,590,755	\$ 1,853,041
Accounts receivable	-	4,878	-	4,878
<b>Total assets</b>	<u>\$ 113,094</u>	<u>\$ 154,070</u>	<u>\$ 1,590,755</u>	<u>\$ 1,857,919</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 238	\$ -	\$ -	\$ 238
<b>Total liabilities</b>	<u>238</u>	<u>-</u>	<u>-</u>	<u>238</u>
<b>Fund balance</b>				
Restricted for capital projects	112,856	142,424	1,590,755	1,846,035
Assigned Subsequent year expenditures		11,646		11,646
<b>Total fund balance</b>	<u>112,856</u>	<u>154,070</u>	<u>1,590,755</u>	<u>1,857,681</u>
<b>Total liabilities and fund balance</b>	<u>\$ 113,094</u>	<u>\$ 154,070</u>	<u>\$ 1,590,755</u>	<u>\$ 1,857,919</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 735	\$ -	\$ 3,329	\$ 4,064
Reimbursement	1,095	4,878	1	5,974
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,830	4,878	3,330	10,038
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Capital outlay	15,779	157,395	56,469	229,643
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues under expenditures	(13,949)	(152,517)	(53,139)	(219,605)
Other financing sources (uses)				
Transfer in	-	278,000	649,448	927,448
Transfer out	(29,238)	(10,000)	-	(39,238)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing source(uses)	(29,238)	268,000	649,448	888,210
Net change in fund balance	(43,187)	115,483	596,309	668,605
Fund balance, beginning of year	156,043	38,587	994,446	1,189,076
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 112,856</u>	<u>\$ 154,070</u>	<u>\$ 1,590,755</u>	<u>\$ 1,857,681</u>

# **NONMAJOR ENTERPRISE FUNDS**

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# NONMAJOR ENTERPRISE FUNDS

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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 Bonds.

Denmark Township Sewer (385) This fund accounts for the accumulation of funds for the payment of interest and principal on the Denmark Township Sewer Bonds 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, 2015**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
<b>Assets</b>		
Current assets		
Cash	\$ -	\$ -
Due from other funds	-	-
Contracts receivable - current	44,817	70,683
	<u>44,817</u>	<u>70,683</u>
Total current assets	<u>44,817</u>	<u>70,683</u>
Noncurrent assets		
Contracts receivable, net of current portion	981,000	210,000
	<u>981,000</u>	<u>210,000</u>
<b>Total assets</b>	<u>1,025,817</u>	<u>280,683</u>
<b>Deferred outflows of resources</b>		
Related to pensions	-	-
	<u>-</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	-	-
Accrued liabilities	16,817	683
Bonds payable, current	28,000	70,000
	<u>44,817</u>	<u>70,683</u>
Total current liabilities	<u>44,817</u>	<u>70,683</u>
Net pension liability	-	-
Bonds payable, net of current portion	981,000	210,000
	<u>981,000</u>	<u>210,000</u>
Total long-term liabilities	<u>981,000</u>	<u>210,000</u>
<b>Total liabilities</b>	<u>1,025,817</u>	<u>280,683</u>
<b>Net position</b>		
Unrestricted	<u>\$ -</u>	<u>\$ -</u>

<b>Millington Sewer System</b>	<b>Denmark Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ -	\$ 911,928	\$ 911,928
-	-	345	345
5,056	51,944	-	172,500
5,056	51,944	912,273	1,084,773
-	1,902,000	-	3,093,000
5,056	1,953,944	912,273	4,177,773
-	-	7,746	7,746
-	-	7,746	7,746
-	-	6,376	6,376
56	19,944	9,687	47,187
5,000	32,000	-	135,000
5,056	51,944	16,063	188,563
-	-	34,419	34,419
-	1,902,000	-	3,093,000
-	1,902,000	34,419	3,127,419
5,056	1,953,944	50,482	3,315,982
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,537</u>	<u>\$ 869,537</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Operating revenues		
Charges for services	\$ -	\$ -
Other	-	-
	<u>-</u>	<u>-</u>
Total operating revenues	-	-
Operating expenses		
Administration	-	-
	<u>-</u>	<u>-</u>
Operating income	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses)		
Interest and rent	-	-
Interest expense and fiscal charges	(51,350)	(4,470)
	<u>(51,350)</u>	<u>(4,470)</u>
Total nonoperating revenues (expenses)	<u>(51,350)</u>	<u>(4,470)</u>
Income (loss) before capital contributions and transfers	<u>(51,350)</u>	<u>(4,470)</u>
Capital contributions	<u>51,350</u>	<u>4,470</u>
Transfers		
Transfers out	-	-
	<u>-</u>	<u>-</u>
Change in net position	-	-
Net position, beginning of year, as restated	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 193,571	\$ 193,571
-	-	282,581	282,581
-	-	476,152	476,152
-	-	332,487	332,487
-	-	143,665	143,665
-	-	4,237	4,237
(1,031)	(80,736)		(137,587)
(1,031)	(80,736)	4,237	(133,350)
(1,031)	(80,736)	147,902	10,315
1,031	80,736		137,587
-	-	(20,000)	(20,000)
-	-	127,902	127,902
-	-	741,635	741,635
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,537</u>	<u>\$ 869,537</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<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/>
Net cash provided by operating activities	<hr/> -	<hr/> -
Cash flows from noncapital financing activities		
Transfers out	-	-
	<hr/>	<hr/>
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(27,000)	(50,000)
Interest paid on long-term debt	(51,350)	(4,470)
Contributions from local units	78,350	54,470
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	<hr/> -	<hr/> -
Cash flows from investing activities		
Interest and rent	-	-
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>
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/deferred outflows and liabilities/deferred inflows:		
Accounts receivable		
Due from other funds		
Due from other governments	450	75
Related to pensions		
Accounts payable		
Accrued liabilities	(450)	(75)
	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 193,571	\$ 193,571
-	-	(85)	(85)
-	-	(318,234)	(318,234)
-	-	282,581	282,581
<u>-</u>	<u>-</u>	<u>157,833</u>	<u>157,833</u>
-	-	(20,000)	(20,000)
(15,000)	(31,000)	-	(123,000)
(1,031)	(80,736)	-	(137,587)
16,031	111,736	-	260,587
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	4,237	4,237
-	-	142,070	142,070
-	-	769,858	769,858
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 911,928</u>	<u>\$ 911,928</u>
\$ -	\$ -	\$ 143,665	\$ 143,665
			-
		(85)	(85)
169	320		1,014
		1,905	1,905
		2,661	2,661
<u>(169)</u>	<u>(320)</u>	<u>9,687</u>	<u>8,673</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,833</u>	<u>\$ 157,833</u>



# **INTERNAL SERVICE FUNDS**

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# INTERNAL SERVICE FUNDS

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

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.

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2015**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash	\$ 315,753	\$ 20,177	\$ 371,957	\$ 707,887
Accounts receivable	7,567	-	37,125	44,692
Prepaid expenses	26,251	-	-	26,251
<b>Total assets</b>	<u>\$ 349,571</u>	<u>\$ 20,177</u>	<u>\$ 409,082</u>	<u>\$ 778,830</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ -	\$ 18	\$ -	\$ 18
Accrued liabilities	-	-	159,189	159,189
Due to other funds	-	-	37,125	37,125
<b>Total liabilities</b>	<u>-</u>	<u>18</u>	<u>196,314</u>	<u>196,332</u>
<b>Net position</b>				
Unrestricted	<u>\$ 349,571</u>	<u>\$ 20,159</u>	<u>\$ 212,768</u>	<u>\$ 582,498</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 37,432	\$ 6,045	\$ 2,389,926	\$ 2,433,403
Operating expenses				
Vehicle expenses		1,054		1,054
Insurance costs	92,962	-	2,409,331	2,502,293
Settlements and claims	-	-	-	-
Total operating expenses	<u>92,962</u>	<u>1,054</u>	<u>2,409,331</u>	<u>2,503,347</u>
Change in net position	(55,530)	4,991	(19,405)	(69,944)
Net position, beginning of year	<u>405,101</u>	<u>15,168</u>	<u>232,173</u>	<u>652,442</u>
Net position, end of year	<u><u>\$ 349,571</u></u>	<u><u>\$ 20,159</u></u>	<u><u>\$ 212,768</u></u>	<u><u>\$ 582,498</u></u>



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 36,005	\$ 6,045	\$ 2,380,176	\$ 2,422,226
Cash received from interfund services provided	-	244	9,750	9,994
Cash payments to suppliers for goods and services	(119,386)	(1,103)	(2,457,131)	(2,577,620)
Net cash provided (used) by operating activities	(83,381)	5,186	(67,205)	(145,400)
Cash and cash equivalents, beginning of year	399,134	14,991	439,162	853,287
Cash and cash equivalents, end of year	\$ 315,753	\$ 20,177	\$ 371,957	\$ 707,887
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (55,530)	\$ 4,991	\$ (19,405)	\$ (69,944)
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	(1,427)		(9,750)	(11,177)
Due from other funds		244		244
Prepaid expenses	(26,251)			(26,251)
Accounts payable	(173)	(49)		(222)
Accrued liabilities			(47,800)	(47,800)
Due to other funds			9,750	9,750
Net cash provided (used) by operating activities	\$ (83,381)	\$ 5,186	\$ (67,205)	\$ (145,400)



# **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, 2015**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,170,877	\$ 37,664	\$ 1,208,541
Accounts receivable	-		-
<b>Total assets</b>	<u>\$ 1,170,877</u>	<u>\$ 37,664</u>	<u>\$ 1,208,541</u>
<b>Liabilities</b>			
Accrued liabilities	\$ 400,237		\$ 400,237
Due to other governmental units	763,812		763,812
Undistributed receipts	6,828	\$ 37,664	44,492
<b>Total liabilities</b>	<u>\$ 1,170,877</u>	<u>\$ 37,664</u>	<u>\$ 1,208,541</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>
<b>Trust and Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,148,726	\$ 17,342,557	\$ 17,320,406	\$ 1,170,877
Accounts receivable	-			-
<b>Total assets</b>	<u>\$ 1,148,726</u>	<u>\$ 17,342,557</u>	<u>\$ 17,320,406</u>	<u>\$ 1,170,877</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,580,563	\$ 10,580,563	\$ -
Accrued liabilities	450,480	1,297,749	1,247,506	400,237
Due to other governmental units	693,044	16,186,091	16,256,859	763,812
Undistributed receipts	5,202	5,227	6,853	6,828
<b>Total liabilities</b>	<u>\$ 1,148,726</u>	<u>\$ 28,069,630</u>	<u>\$ 28,091,781</u>	<u>\$ 1,170,877</u>
<b>Library Penal Fines</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 23,373	\$ 429,674	\$ 415,383	\$ 37,664
<b>Total assets</b>	<u>\$ 23,373</u>	<u>\$ 429,674</u>	<u>\$ 415,383</u>	<u>\$ 37,664</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 408,883	\$ 408,883	\$ -
Undistributed receipts	23,373	415,383	429,674	37,664
<b>Total liabilities</b>	<u>\$ 23,373</u>	<u>\$ 824,266</u>	<u>\$ 838,557</u>	<u>\$ 37,664</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,172,099	\$ 17,772,231	\$ 17,735,789	\$ 1,208,541
Accounts receivable	-	-	-	-
<b>Total assets</b>	<u>\$ 1,172,099</u>	<u>\$ 17,772,231</u>	<u>\$ 17,735,789</u>	<u>\$ 1,208,541</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,989,446	\$ 10,989,446	\$ -
Accrued liabilities	450,480	1,297,749	1,247,506	400,237
Due to other governmental units	693,044	16,186,091	16,256,859	763,812
Undistributed receipts	28,575	420,610	436,527	44,492
<b>Total liabilities</b>	<u>\$ 1,172,099</u>	<u>\$ 28,893,896</u>	<u>\$ 28,930,338</u>	<u>\$ 1,208,541</u>

# **COMPONENT UNIT**

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TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
 December 31, 2015

	Governmental Fund Types			Total Governmental Funds	Adjustments	Statement of Net Position
	Debt Service	Capital Project	Revolving Drain			
<b>Assets</b>						
Cash and cash equivalents	\$ 773,753	\$ 1,757,881	\$ 2,752	\$ 2,534,386	\$ -	\$ 2,534,386
Investments	1,700,806	2,048,294	-	3,749,100	-	3,749,100
Special assessments receivable	4,380,162	709,004	-	5,089,166	-	5,089,166
Due from other component units	-	-	503,493	503,493	(503,493)	-
Capital assets, net of depreciation	-	-	-	-	15,939,835	15,939,835
<b>Total assets</b>	<b>\$ 6,854,721</b>	<b>\$ 4,515,179</b>	<b>\$ 506,245</b>	<b>\$ 11,876,145</b>	<b>\$ 15,436,342</b>	<b>\$ 27,312,487</b>
<b>Liabilities</b>						
Accounts payable	\$ 624	\$ 22,206	\$ 96,245	\$ 119,075	\$ -	\$ 119,075
Accrued interest payable	-	-	-	-	21,939	21,939
Due to other component units	-	503,493	-	503,493	(503,493)	-
Unearned revenue	4,380,162	709,004	-	5,089,166	(5,089,166)	-
Drain bonds payable	-	-	-	-	4,587,476	4,587,476
Drain notes payable	-	-	-	-	730,620	730,620
Advance from primary government	-	-	410,000	410,000	-	410,000
<b>Total liabilities</b>	<b>4,380,786</b>	<b>1,234,703</b>	<b>506,245</b>	<b>6,121,734</b>	<b>(252,624)</b>	<b>5,869,110</b>
<b>Fund equity</b>						
Fund balance						
Restricted for debt service	2,473,935	-	-	2,473,935	(2,473,935)	-
Restricted for drain projects	-	3,280,476	-	3,280,476	(3,280,476)	-
<b>Total fund equity</b>	<b>2,473,935</b>	<b>3,280,476</b>	<b>-</b>	<b>5,754,411</b>	<b>(5,754,411)</b>	<b>-</b>
<b>Total liabilities and fund equity</b>	<b>\$ 6,854,721</b>	<b>\$ 4,515,179</b>	<b>\$ 506,245</b>	<b>\$ 11,876,145</b>		
Net position:						
Net investment in capital assets					10,621,739	10,621,739
Restricted for:						
Debt service					2,473,935	2,473,935
Acquisition/construction of capital assets					3,280,476	3,280,476
Unrestricted					5,067,227	5,067,227
Total net position					<b>\$ 21,443,377</b>	<b>\$ 21,443,377</b>



**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2015**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 999,051	\$ 679,135	\$ 1,678,186	\$ (795,182)	\$ 883,004
Interest and rents	6,458	16,040	22,498		22,498
<b>Total revenues</b>	<u>1,005,509</u>	<u>695,175</u>	<u>1,700,684</u>	<u>(795,182)</u>	<u>905,502</u>
Expenditures / expenses					
Capital outlay	-	988,070	988,070	(126,073)	861,997
Depreciation			-	407,107	407,107
Debt service					
Principal	867,234	30,750	897,984	(990,669)	(92,685)
Interest and charges	224,002	5,526	229,528	(3,637)	225,891
<b>Total expenditures / expenses</b>	<u>1,091,236</u>	<u>1,024,346</u>	<u>2,115,582</u>	<u>(713,272)</u>	<u>1,402,310</u>
Revenues over (under) expenditures	<u>(85,727)</u>	<u>(329,171)</u>	<u>(414,898)</u>	<u>(81,910)</u>	<u>(496,808)</u>
Other financing sources (uses)					
Loan proceeds		297,000	297,000	(297,000)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>297,000</u>	<u>297,000</u>	<u>(297,000)</u>	<u>-</u>
Net change in fund balance	<u>(85,727)</u>	<u>(32,171)</u>	<u>(117,898)</u>	<u>117,898</u>	<u>-</u>
Change in net position	-	-	-	(496,808)	(496,808)
Fund balance / net position, beginning of year	<u>2,559,662</u>	<u>3,312,647</u>	<u>5,872,309</u>	<u>16,067,876</u>	<u>21,940,185</u>
<b>Fund balance / net position, end of year</b>	<u><u>\$ 2,473,935</u></u>	<u><u>\$ 3,280,476</u></u>	<u><u>\$ 5,754,411</u></u>	<u><u>\$ 15,688,966</u></u>	<u><u>\$ 21,443,377</u></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>137-143</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>144-147</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>148-151</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>152-153</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>154-156</b>

# TUSCOLA COUNTY, MICHIGAN

Table 1

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

	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338	\$ 4,934,954	\$ 4,992,236	\$ 5,265,708	\$ 5,639,829
Restricted	2,059,273	2,415,673	2,407,986	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781	1,195,900	1,852,860
Unrestricted	<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>	<u>6,312,514</u>	<u>6,644,960</u>	<u>(932,758)</u>
Total governmental activities net position	<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>	<u>\$ 12,641,531</u>	<u>\$ 13,106,568</u>	<u>\$ 6,559,931</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 4,074,228	\$ 4,030,033	\$ 4,030,033	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175	\$ 7,030,684	\$ 7,728,386	\$ 9,337,696	\$ 10,787,341
Restricted	931,338	1,241,842	1,241,842	1,910,834	2,286,104	1,564,341	1,880,647	2,161,654	2,579,165	1,430,672
Unrestricted	<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>14,309,485</u>	<u>14,056,322</u>	<u>12,932,697</u>	<u>10,871,364</u>
Total business-type activities net position	<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>\$ 23,220,816</u>	<u>\$ 23,946,362</u>	<u>\$ 24,849,558</u>	<u>\$ 23,089,377</u>
Primary government										
Invested in capital assets, net of related debt	\$ 9,115,325	\$ 9,019,400	\$ 8,952,114	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513	\$ 11,965,638	\$ 12,720,622	\$ 14,603,404	\$ 16,427,170
Restricted	2,990,611	3,657,515	3,649,828	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435	3,775,065	3,283,532
Unrestricted	<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>21,162,953</u>	<u>20,368,836</u>	<u>19,577,657</u>	<u>9,938,606</u>
Total primary government net position	<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>\$ 36,406,909</u>	<u>\$ 36,587,893</u>	<u>\$ 37,956,126</u>	<u>\$ 29,649,308</u>

# TUSCOLA COUNTY, MICHIGAN

Table 2

## Changes in Net Position, Last Ten Fiscal Years

*(accrual basis of accounting)*

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities:</b>										
Legislative	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073	\$ 103,402	\$ 115,714
Judicial	3,403,161	3,376,451	3,665,853	3,909,719	3,737,722	3,550,345	2,879,517	3,196,846	3,262,153	3,298,138
General government	5,026,156	5,194,811	5,580,391	5,711,900	5,844,575	6,755,644	6,199,985	6,321,346	6,345,529	6,701,612
Public safety	5,040,173	5,182,899	5,628,777	5,997,680	5,696,877	5,841,052	5,804,282	6,029,646	5,652,616	6,579,971
Public works	912,869	913,182	939,794	865,143	769,984	693,296	795,586	924,147	815,625	678,023
Health and welfare	4,811,305	5,159,902	5,463,407	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444	5,216,376	5,183,237
Culture and recreation	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634
Interest on debt	69,229	75,153	50,441	42,620	36,004	41,826	60,669	52,768	44,999	36,862
<b>Total governmental activities expenses</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>	<b>21,727,407</b>	<b>21,449,723</b>	<b>22,602,191</b>
<b>Business-type activities:</b>										
Medical care facility	12,315,825	13,417,162	14,476,962	16,390,118	17,189,496	17,899,830	18,068,414	18,849,925	19,652,039	21,153,567
Delinquent property tax	366	4,412	2,478	1,455	90	85	21	48	832	1,494
Water/sewage systems	146,134	527,715	3,778,099	312,675	299,672	284,295	258,873	242,510	526,639	304,173
Tax foreclosure	115,871	112,853	114,590	215,711	253,288	343,287	336,683	446,017	405,857	332,487
<b>Total business-type activities expenses</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>19,538,500</b>	<b>20,585,367</b>	<b>21,791,721</b>
<b>Total primary government expenses</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>\$ 41,265,907</b>	<b>\$ 42,035,090</b>	<b>\$ 44,393,912</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
Judicial	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478	\$ 1,274,481	\$ 1,224,201	\$ 1,216,028	\$ 1,224,277
General government	899,733	859,655	844,975	806,527	761,439	689,760	749,121	744,192	740,750	874,213
Public safety	1,658,525	1,855,330	1,830,531	1,811,889	1,743,017	1,714,978	1,764,703	1,842,902	2,046,308	2,121,943
Public works	467,382	396,643	418,363	324,593	275,567	269,213	376,012	472,183	369,043	252,391
Health and welfare	795,485	896,500	1,007,945	1,191,633	742,876	810,346	822,751	683,951	586,366	620,213
Culture and recreation	199	4,751	2,209	2,414	3,861	1,548	2,800	3,902	3,987	5,454
<b>Operating grants and contributions</b>										
Judicial	1,062,160	1,059,074	1,067,410	1,103,077	1,364,571	1,467,812	1,250,005	1,237,672	1,252,854	1,206,663
General government	202,550	345,126	252,725	230,215	159,249	547,666	246,226	190,582	234,953	151,018
Public Safety	938,694	750,387	914,234	1,016,033	690,258	883,561	655,231	860,223	638,185	718,542
Health and welfare	2,297,058	2,580,301	2,619,685	2,541,733	2,539,046	2,543,246	2,706,160	1,969,721	2,406,930	3,070,662
Capital grants and contributions	185,615	142,617	127,155	50,264	-	-	-	-	-	-
<b>Total governmental activities program revenues</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>	<b>9,229,529</b>	<b>9,495,404</b>	<b>10,245,376</b>

(continued)

**TUSCOLA COUNTY, MICHIGAN**

Table 2

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Medical Care Facility	11,938,841	12,386,663	13,302,206	14,746,024	16,068,197	16,801,011	18,782,303	17,120,685	17,976,404	19,314,786
Delinquent Tax	542,980	538,748	603,172	710,041	714,369	787,947	718,620	754,501	582,800	673,670
Water/Sewer Systems	288,001	14,099	81,248	-	-	-	-	-	-	-
Tax Foreclosure	116,396	121,257	144,563	159,146	187,921	-	175,909	179,424	175,250	193,571
Operating grants and contributions	-	-	-	-	-	207,628	-	-	-	-
Capital grants and contributions	146,134	7,120,155	3,495,097	589,188	299,672	284,295	258,856	242,510	400,446	304,173
Total business-type activities program revenues	<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>19,935,688</u>	<u>18,297,120</u>	<u>19,134,900</u>	<u>20,486,200</u>
Total primary government program revenues	<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>\$ 29,783,178</u>	<u>\$ 27,526,649</u>	<u>\$ 28,630,304</u>	<u>\$ 30,731,576</u>
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)	\$ (11,954,319)	\$ (12,356,815)
Business-type activities	<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>1,271,697</u>	<u>(1,241,380)</u>	<u>(1,450,467)</u>	<u>(1,305,521)</u>
Total primary government net expense	<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>\$ (9,879,813)</u>	<u>\$ (13,739,258)</u>	<u>\$ (13,404,786)</u>	<u>\$ (13,662,336)</u>

(continued)

Source: Tuscola County Financial Reports

# TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 9,127,818	\$ 8,152,320	\$ 8,329,783	\$ 8,899,366	\$ 8,238,352	\$ 8,182,316	\$ 8,138,839	\$ 8,580,677	\$ 9,218,752	\$ 10,053,314
Grants and contributions not restricted to specific programs	106,465	114,210	589,645	1,184,605	1,106,822	1,152,433	1,033,823	1,045,628	1,165,279	1,219,055
Unrestricted investment earnings	350,147	530,747	312,610	270,797	592,262	560,159	499,575	471,176	481,646	479,580
Loss on sale of assets					(86)	-	-	-	-	-
Other	10,302	-	-	11,241	672,730	1,139,163	858,469	1,052,109	796,222	691,488
Transfers - Internal activities	764,246	802,573	797,575	857,111	872,404	908,509	842,214	825,463	734,858	771,258
Total governmental activities	<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>	<u>11,975,053</u>	<u>12,396,757</u>	<u>13,214,695</u>
Business-type activities:										
Property taxes	1,575,186	1,677,012	1,773,731	1,812,867	1,845,663	1,770,769	1,743,674	1,735,187	1,894,897	402,518
Unrestricted investment earnings	417,938	439,658	229,178	137,287	103,738	75,249	66,403	35,869	51,914	55,512
Other	330,159	307,797	302,614	523,536	509,380	693,617	665,500	973,408	1,115,105	706,953
Transfers - Internal activities	(715,932)	(759,916)	(751,517)	(848,941)	(805,776)	(860,272)	(798,862)	(777,538)	(708,253)	(715,776)
Total business-type activities	<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>	<u>1,966,926</u>	<u>2,353,663</u>	<u>449,207</u>
Total primary government	<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>	<u>\$ 13,941,979</u>	<u>\$ 14,750,420</u>	<u>\$ 13,663,902</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)	\$ 442,438	\$ 857,880
Business-type activities	<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>2,948,412</u>	<u>725,546</u>	<u>903,196</u>	<u>(856,314)</u>
Total primary government	<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>\$ 3,169,822</u>	<u>\$ 202,721</u>	<u>\$ 1,345,634</u>	<u>\$ 1,566</u>

**TUSCOLA COUNTY, MICHIGAN**

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,377,578	1,377,311	1,906,960	1,256,998	1,337,490	-	-	-	-	-
Nonspendable	-	-	-	-	-	416,551	310,000	418,867	417,310	417,494
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,248,368	1,212,000	1,272,000	1,462,000	1,700,900
Unassigned	-	-	-	-	-	691,679	1,024,692	955,077	883,279	798,936
<b>Total general fund</b>	<b>\$ 1,987,578</b>	<b>\$ 1,987,311</b>	<b>\$ 2,216,960</b>	<b>\$ 1,571,893</b>	<b>\$ 1,661,213</b>	<b>\$ 2,356,598</b>	<b>\$ 2,546,692</b>	<b>\$ 2,645,944</b>	<b>\$ 2,762,589</b>	<b>\$ 2,917,330</b>
<b>Health Department</b>										
Reserved	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	593,147	587,388	470,300	614,268	557,500	-	-	-	-	-
Nonspendable	-	-	-	-	-	72,939	99,596	86,687	65,630	42,385
Restricted	-	-	-	-	-	224,790	394,145	39,475	149,830	952,882
Committed	-	-	-	-	-	279,162	347,752	353,337	412,486	416,335
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	26,779	-	-
<b>Total Health Department</b>	<b>\$ 643,765</b>	<b>\$ 635,148</b>	<b>\$ 637,245</b>	<b>\$ 657,720</b>	<b>\$ 636,246</b>	<b>\$ 576,891</b>	<b>\$ 841,493</b>	<b>\$ 506,278</b>	<b>\$ 627,946</b>	<b>\$ 1,411,602</b>
<b>Road Patrol</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	218,087
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	41,741
<b>Total Health Department</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 259,828</b>
<b>Voted Mosquito</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	16,413
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	160,098
<b>Total Health Department</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 176,511</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 2,069,039	\$ 2,423,520	\$ 2,313,327	\$ 2,004,243	\$ 1,930,178	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	3,809,423	3,162,689	2,365,336	2,621,574	2,732,624	-	-	-	-	-
Permanent funds	234	241	100	14	8	-	-	-	-	-
Nonspendable	-	-	-	-	-	6,800	6,800	99	-	-
Restricted	-	-	-	-	-	3,954,999	3,738,092	3,638,251	3,955,027	3,289,004
Committed	-	-	-	-	-	-	-	-	5,000	5,000
Assigned	-	-	-	-	-	-	-	250,000	-	497,107
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 5,878,696</b>	<b>\$ 5,586,450</b>	<b>\$ 4,678,763</b>	<b>\$ 4,625,831</b>	<b>\$ 4,662,810</b>	<b>\$ 3,961,799</b>	<b>\$ 3,744,892</b>	<b>\$ 3,888,350</b>	<b>\$ 3,960,027</b>	<b>\$ 3,791,111</b>

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

Source: Tuscola County Financial Reports



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

Table 4

Revenues	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	\$ 9,132,692	\$ 7,951,067	\$ 8,479,464	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390	\$ 8,598,619	\$ 9,200,434	\$ 10,055,468
Licenses and permits	737,975	681,338	692,278	610,135	578,920	568,282	693,121	840,436	694,797	612,944
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Federal	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131	3,763,104	3,213,216	2,645,846	2,857,756	3,483,185
State	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815	2,828,386	2,660,920	2,641,255	2,977,660	3,060,793
Local	478,792	417,121	405,052	484,203	484,180	420,500	437,648	435,065	439,896	541,459
Charges for services	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820	3,661,697	3,824,985	3,669,283	3,454,787	3,681,642
Fines and forfeits	78,720	82,030	54,515	50,138	42,306	56,072	51,423	43,272	235,787	84,408
Interest and rents	445,076	626,293	447,461	641,691	592,262	560,159	499,575	471,176	481,646	479,580
Reimbursements and refunds	512,336	531,317	553,645	544,238	693,980	1,155,875	883,282	1,101,760	806,479	742,895
Other	192,977	129,437	116,880	104,769	101,205	105,329	107,407	87,655	132,135	80,814
<b>Total revenues</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>20,534,367</b>	<b>21,281,377</b>	<b>22,823,188</b>
<b>Expenditures</b>										
Legislative	119,534	122,906	118,052	146,040	139,864	101,988	102,468	104,414	103,947	111,400
Judicial	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726	3,554,120	2,979,588	3,190,866	3,284,426	3,229,200
General government	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462	5,407,442	4,987,566	4,990,297	5,270,785	5,544,831
Public safety	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302	5,624,365	5,773,317	5,874,232	5,884,107	6,426,422
Public works	911,102	910,866	939,330	864,916	769,096	693,338	795,703	921,486	814,993	680,315
Health and welfare	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755	5,264,353	5,060,626	4,983,297	5,063,682	4,913,577
Culture and recreation	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634
Other	245,792	203,733	241,097	242,903	220,651	360,059	180,079	251,022	206,688	201,254
Capital outlay	643,010	540,621	692,935	1,109,845	657,795	2,569,679	1,030,783	905,437	439,982	1,068,837
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	403,173	126,987	171,579	125,565	131,538	120,000	165,000	170,000	175,000	165,000
Interest	69,229	58,022	52,567	44,490	37,959	40,626	62,963	55,147	47,463	39,156
<b>Total expenditures</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>	<b>21,452,335</b>	<b>21,300,096</b>	<b>22,388,626</b>
Excess of revenues over (under) expenditures	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)	(18,719)	434,562

(continued)

Source: Tuscola County Financial Reports

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

Table 4

<b>Other Financing Sources (Uses)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Note proceeds	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 capita	-	-	49,674	-	-	-	-	-	-	-
Transfer in	3,741,877	3,717,950	3,396,769	2,561,589	2,238,502	2,555,146	2,370,765	2,601,686	2,642,235	3,403,347
Transfer out	<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>	<u>(1,776,223)</u>	<u>(1,907,377)</u>	<u>(2,632,089)</u>
Total other financing sources (uses)	<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>	<u>825,463</u>	<u>734,858</u>	<u>771,258</u>
Net change in fund balances	<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>	<u>\$ (92,505)</u>	<u>\$ 716,139</u>	<u>\$ 1,205,820</u>
Debt service as a percentage of noncapital expenditures	2.484%	0.937%	1.074%	0.806%	0.829%	0.759%	1.133%	1.096%	1.066%	0.96%

Source: Tuscola County Financial Reports

(concluded)

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

Table 5

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						
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%	
2013	126,476,800	865,378,642	712,747,569	217,916,056	1,922,519,067	8.4921	3,845,038,134	50%	
2014	120,812,500	881,972,835	855,585,985	333,054,579	2,191,425,899	7.4921	4,382,851,798	50%	
2015	122,071,635	917,724,525	936,140,455	454,937,999	2,430,874,614	7.6621	4,861,749,228	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, MICHIGAN

Table 6

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>County direct rates</b>										
Operating Millage	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5456	3.5456	3.5705	3.5022	3.5780	3.5780	3.5780	3.5780	3.5780	3.7480
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-	-
Total direct rate	8.4597	8.4597	8.4846	8.4163	8.4921	8.4921	8.4921	8.4921	7.4921	7.6621
<b>City rate</b>										
Vassar	17.5000	17.5000	17.5000	17.5000	17.5000	17.0000	17.0000	17.0000	16.0000	16.0000
Caro (2)	-	-	-	-	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643
<b>Village rates</b>										
	11.3072-	11.1658-	12.0440-	12.0440-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-
	21.8569	21.6884	21.6036	21.6036	21.6036	21.6036	18.1387	18.1387	21.7268	21.7268
<b>School district rates (1)</b>										
	27.4038-	26.7817-	26.7817-	26.7817-	26.7817-	28.2409-	28.2409-	22.7079-	22.7079-	22.7079-
	29.2509	29.0998	29.0998	29.0998	29.0998	29.2409	28.4480	28.0409	28.4079	27.7079
<b>Township rates</b>										
	1.0160-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-
	5.4381	5.4170	5.3957	5.3957	5.6563	6.3957	6.3957	6.4175	6.4026	6.3864
<b>District library rates</b>										
	.7966-	.7924-	.7916-	.7916-	.7916-	.7916-	.7500-	.7500-	.7500-	.7500-
	1.4761	1.4761	1.4761	1.4761	1.4761	1.4909	1.4909	1.4909	1.4909	1.4909
<b>Caro Transit Authority (3)</b>										
	-	-	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

(1) Includes local, SET, and intermediate school district millages. Non-Homestead Rates

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

(3) In 2010 new millage for public transportation.

**Source:** Tuscola County Equalization Department.

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

# TUSCOLA COUNTY, MICHIGAN

Table 7

Principal Property Tax Payers,  
Current Year and Nine Years Ago

## Current Year 2015

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable	
Tuscola Bay Wind LLC	\$ 167,891,900	1	9.70%	
Consumers Energy	\$ 127,673,437	2	7.38%	
ITC Transmissions	60,246,144	3	3.48%	
Detroit Edison Co	34,593,327	4	2.00%	
Dairy Farmers of America	19,699,500	5	1.14%	
POET-Biorefining - Caro	13,119,714	6	0.76%	
Thumb Electric	5,972,864	7	0.35%	
Michigan Sugar	4,371,351	8	0.25%	
Wal-Mart Stores #01-1798	3,921,985	9	0.23%	
Russell Family Land Co LLC	3,335,684	10	0.19%	
				<b>2015</b>
				<b>Taxable Value</b>
				<b>\$ 1,730,939,880</b>
Totals	<u>\$ 440,825,906</u>		<u>25.48%</u>	

## 9 Years ago 2006

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable	
Detroit Edison Co	\$ 22,717,026	1	1.79%	
Dept of Natural Resources	8,918,975	2	0.70%	
Michigan Ethanol - East	8,219,567	3	0.65%	
Wal-Mat Stores #01-1798	5,697,926	4	0.45%	
Consumers Power Company	5,549,678	5	0.44%	
TI Group Automotive Systems	5,017,130	6	0.40%	
Thumb Electric Co-Op	3,943,251	7	0.31%	
Michigan Sugar	3,084,000	8	0.24%	
International Transmission	1,970,600	9	0.16%	
Kaumagraph Flint Corp.	1,938,100	10	0.15%	
				<b>2006</b>
				<b>Taxable Value</b>
				<b>\$ 1,360,892,331</b>
Totals	<u>\$ 67,056,253</u>		<u>5.29%</u>	

# TUSCOLA COUNTY, MICHIGAN

Table 8

## Property Tax Levies and Collections Last Ten Fiscal Years

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
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%
2013	5,372,959	4,762,105	88.63%	326,624	273,660	5,362,389	99.80%
2014	5,884,294	5,339,435	90.74%	288,450	251,009	5,878,894	99.91%
2015	6,353,186	5,686,840	89.51%	306,719	335,066	6,328,625	99.61%

Source: Tuscola County Treasurer

# TUSCOLA COUNTY, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (2)
	General Obligation Bonds	Capital Improvement Bonds	Bond Discount	Equipment Loan	Capital Lease Payable	Refunding Bonds	Medical Care Small House	General Obligation Bonds	USDA Loans			
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%	272
2012	405,000	960,000	-	-	-	-	-	12,563,114	-	13,928,114	11.66%	255
2013 (1)	270,000	925,000	(13,184)	26,013	212,496	3,450,000	4,600,000	7,559,114	5,219,000	22,248,439	7.54%	410
2014	130,000	890,000	(12,438)	13,221	-	2,420,000	4,600,000	6,743,114	5,060,000	19,843,897	8.57%	367
2015	-	855,000	(11,692)	-	-	1,320,000	4,435,000	6,306,114	4,969,000	17,873,422	9.87%	331

(1) Populated table to include breakdown as stated in financial reports.

(2) Per Capita based on estimated population changes. Population continues to decrease.

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-F.

**TUSCOLA COUNTY, MICHIGAN**  
Ratios of Net General Bonded Debt Outstanding  
(Last ten years)

Fiscal Year	General Bonded Debt Outstanding						Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded		
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%
2013	270,000	12,378,000	-	925,000	12,648,000	925,000	1,504,307,893	0.0615%
2014	130,000	11,873,000	-	890,000	12,003,000	890,000	1,627,457,617	0.0547%
2015	-	11,345,000	-	855,000	11,345,000	855,000	1,730,939,880	0.0494%
	Overlapping Debt						Net Overlapping	Percentage of Taxable Value
School Districts	Townships	Intermediate School	Village	City				
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%	
2013	56,502,273	6,556,673	1,291,641	2,810,984	2,287,615	69,449,186	4.6167%	
2014	47,882,889	6,939,267	1,286,014	3,403,835	1,994,106	61,506,111	3.7793%	
2015	62,195,613	7,424,969	1,281,445	3,226,164	2,536,597	76,664,788	4.4291%	

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



# TUSCOLA COUNTY, MICHIGAN

Table 11

## Computation of Direct and Overlapping Bonded Debt - Unaudited (1) December 31, 2014

2010 Census Totals 2015 Taxable Value	55,729 1,730,939,880	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ -	\$ -	\$ -
Sewer/Water		11,345,000	11,345,000	-
Capital Improvement		855,000	-	855,000
Capital Leases		-	-	-
		\$ 12,200,000	\$ 11,345,000	\$ 855,000
Per-Capita County Net Direct Debt				15.34
Percent County Net Direct Debt to 2014 Taxable				0.0494%
Overlapping Debt of County:				
School Districts				\$ 62,195,613
Townships				7,424,969
Intermediate School District				1,281,445
Village				3,226,164
City				2,536,597
Net Overlapping Debt				\$ 76,664,788
Net County and Overlapping Debt				\$ 77,519,788
Per-Capita County Net Direct and Overlapping Debt				\$ 1,391.01
Percent Net Direct and Overlapping Debt to 2015 Taxable Value				4.4785%

(1) Includes Primary Government

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

# TUSCOLA COUNTY, MICHIGAN

Table 12

## Legal Debt Margin Information (Last Ten Fiscal Years)

Fiscal Year	Assessed Year	Assessed Value of Property	Debt limit, 10% of Assessed Value (Statutory Limitation)	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	2005	1,861,296,396	186,129,640	4,294,995	\$ 181,834,645	2.31%
2007	2006	1,955,499,082	195,549,908	3,970,008	\$ 191,579,900	2.03%
2008	2007	1,986,831,377	198,683,138	5,798,103	\$ 192,885,035	2.92%
2009	2008	1,968,444,734	196,844,473	5,427,538	\$ 191,416,935	2.76%
2010	2009	1,829,463,162	182,946,316	5,077,000	\$ 177,869,316	2.78%
2011	2010	1,737,144,121	173,714,412	11,770,114	\$ 161,944,298	6.78%
2012	2011	1,734,242,188	173,424,219	14,340,114	\$ 159,084,105	8.27%
2013	2012	1,504,307,893	150,430,789	13,573,000	\$ 136,857,789	9.02%
2014	2013	1,627,457,617	162,745,762	12,893,000	\$ 149,852,762	7.92%
2015	2014	1,730,939,880	173,093,988	12,200,000	\$ 160,893,988	7.05%

# TUSCOLA COUNTY, MICHIGAN

Demographic and Economic Statistics,  
Last Ten Calendar Years

Table 13

<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>
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%
2013	54,263	1,678,000	30,923	9,140	10.5%
2014	54,000	1,700,290	31,105	8,833	8.5%
2015	53,777	1,764,901	32,820	8,772	7.8%

(1) Census Bureau 2005-2009 estimated census data. 2010 actual census data. 2011-2015 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 2015. Estimates based on population changes, and state change in personal income.

2014 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, Michigan  
Principal Employers  
Current Year and Nine Years Ago - Unaudited**

Table 14

<b>2015</b>					<b>2006</b>				
<b>Employer</b>	<b>Product/Service</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employer</b>	<b>Product/Service</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Tuscola County (1)	Government	378	1	3.2%	Tuscola County (1)	Government	475	1	3.8%
Caro Regional Center	Health Care	360	2	3.1%	MI Dept of Mental Health	Mental Health Care	435	2	3.5%
Wal-Mart	Retail	300	3	2.6%	Grede-Vassar	Manufacturing	360	3	2.9%
Caro Community Schools	Education	264	4	2.2%	Wolverine Human Services	Juvenile Rehabilitation	333	4	2.7%
Walbro - Engine Management	Manufacturing	258	5	2.2%	Hills and Dales General Hospital	Health Care	330	5	2.7%
Tuscola Intermediate School Dist.	Education	255	6	2.2%	Wal-Mart, Inc.	Retail	330	6	2.7%
TI Automotive	Manufacturing	190	7	1.6%	Walbro Corp	Manufacturing	300	7	2.4%
Human Development Comm.	Government Services	170	8	1.4%	Caro Schools	Education	288	8	2.3%
Caro Community Hospital	Health Care	159	9	1.4%	Tuscola Intermediate School Dist.	Education	250	9	2.0%
Vassar School District	Education	156	10	1.3%	Plastech	Manufacturing	205	10	1.7%
<b>Total</b>		<b><u>2490</u></b>		<b><u>21.2%</u></b>	<b>Total</b>		<b><u>3306</u></b>		<b><u>26.7%</u></b>

(1) Includes Primary Government, Business and Component Units.

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

**TUSCOLA COUNTY, MICHIGAN**  
 Full-Time Equivalent County Employees by Function,  
*Last Ten Fiscal Years*

Table 15

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Function</b>										
Legislative	5	5	5	5	5	5	5	5	5	- (1)
Judicial (2)	45	45	45	48	45	44	42	43	36	38
General Government	53	53	53	53	50	50	48	49	48	51
Public Safety	57	57	58	59	60	60	59	57	62	61
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare (3)	171	190	190	196	189	196	200	203	215	228 (4)
<b>Total</b>	<b>331</b>	<b>350</b>	<b>351</b>	<b>361</b>	<b>349</b>	<b>355</b>	<b>354</b>	<b>357</b>	<b>366</b>	<b>378</b>

(1) In 2015 Board of Commissioners were classed PT by Board Action 14-M-226

(2) In 2014 we Reclassified Probate Child care to Health and Welfare

(3) Does not include Component Units

(4) Medical Care Facility increased FT staff by 15 due to expansion

**Source:** Tuscola County Human Resources, Tuscola Co Medical Care Facility, Tuscola Co Health Dept.

## TUSCOLA COUNTY, MICHIGAN

Table 16

### Operating Indicators by Function/Program, Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Function/Program</b>										
<b>Public safety (1)</b>										
Incarcerated offenders	2,039	2,160	2,247	2,157	2,025	2,002	2,054	1,761	1,987	1,742
First time offenders	766	603	608	589	562	577	547	514	474	548
Repeat offenders	1,555	1,557	1,639	1,568	1,463	1,425	1,507	1,247	1,513	1,194
Traffic violations and other summons issued	3,318	2,870	2,635	3,056	2,968	2,263	2,237	1,784	1,766	1,744
Complaints responded to	4,731	4,599	4,985	5,028	5,040	5,088	4,977	4,975	4,884	5,120
Physical arrests made	841	920	1,013	994	893	854	891	746	725	981
Accidents responded to	1,007	982	1,209	1,195	1,071	1,033	1,048	1,068	966	1,016
Fatal Crashes	7	3	7	5	2	1	11	2	8	2
Car Deer Accidents	503	518	623	667	644	621	614	609	549	599
Total 911 Calls received (2)	20,381	20,960	20,913	19,786	20,406	22,791	23,068	22,703	22,225	22,339
Wireless/Voip Calls	9,749	10,525	11,023	11,517	12,616	14,919	15,657	15,845	15,718	15,874
Landline Calls	10,632	10,435	9,890	8,269	7,790	7,872	7,411	6,858	6,507	6,465
Non-emergency calls	49,259	53,427	53,744	45,299	42,783	41,752	39,839	38,919	36,584	34,326
Calls for Service logged	28,558	27,632	26,752	30,165	32,604	32,165	33,226	37,850	39,283	40,512
Traffic Accidents	1,257	1,290	1,442	1,295	1,272	1,265	1,223	1,230	1,252	1,291
Car Deer	699	775	800	869	805	825	821	780	744	885
Traffic Stops	8,397	7,023	6,095	8,357	9,639	8,390	8,483	12,892	13,047	13,407
Fires	520	625	686	506	625	576	573	699	523	717
Medicals (not include accidents)	5,108	5,139	5,216	4,804	4,671	4,913	5,179	5,086	5,657	5,971
<b>Judicial</b>										
54th Circuit Court new case filings	1,626	1,595	1,533	1,375	1,368	1,311	1,407	1,314	1,212	1,096
71B District Court new case filings	10,842	10,120	9,335	9,451	8,922	7,670	7,680	7,783	7,111	6,975
Probate Court new case filings	351	322	388	349	325	343	347	400	394	379

(1) Tuscola County Sheriff's Department only. Incarcerated offenders are from all police departments.

(2) All calls for Tuscola County are handled through Central Dispatch

Sources: Sheriff's Annual Report, State Court Administrative Reports. Tuscola County Central Dispatch

# TUSCOLA COUNTY, MICHIGAN

Table 17

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Public Safety</b>										
<b>Sheriffs Department</b>										
Vehicles (1)	24	21	21	22	23	22	22	24	21	24
Mileage	397,278	435,970	398,914	425,351	383,335	364,153	317,250	330,004	356,320	335,880
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Stations	1	1	1	1	1	1	1	1	1	1
<b>General Government</b>										
<b>Building and Grounds</b>										
Vehicles	14	12	12	13	11	12	12	12	10	10
Buildings										
<b>Mosquito control</b>										
Vehicles	16	17	19	19	19	17	17	17	21	21
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Recycling</b>										
Vehicles	1	1	1	2	2	2	2	2	3	3
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Health and Welfare</b>										
<b>Health Department</b>										
Vehicles	4	4	4	4	4	4	4	4	5	5
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Recreation and Culture</b>										
<b>Vanderbilt Park</b>										
Acres	17	17	17	17	17	17	17	17	17	17

(1) Not all vehicles used for Road Patrol

**Source:** Tuscola County Controller's Office Asset Tracking System

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

IV. SINGLE AUDIT



**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2015**

<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 13-79002	\$ 71,966
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 13-79001	497,837
Title IV-D Incentive Program	93.563	CSFOC 13-79001	72,331
			<hr/>
<b>Total U.S. Department of Health and Human Services</b>			<b>642,134</b>
<b>U.S. Department of Homeland Security</b>			
Passed-Through Alcona County			
Homeland Security Grant	97.067	EMW-2013-SS-00049	19,292
Passed-Through Iosco County			
Homeland Security Grant	97.067	EMW-2014-SS-00059	135,181
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	551 W5514961 001 2015	417
Emergency Management Performance	97.042	551 W5517135 001 2015	21,448
Emergency Management Performance	97.042	551 W6602774 001 2016	6,886
Emergency Management Performance	97.042	551 W6604133 001 2016	1,765
Hazardous Materials Emergency Preparedness	97.042	551 W6603250 001 2016	1,563
FY 2013 Pre-Disaster Mitigation Grant	97.039	HMGP PDMC-PL-05-MI-2013-001	16,923
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012	751 W6604180 001 2016	10,793
			<hr/>
<b>Total U.S. Department of Homeland Security</b>			<b>214,268</b>
<b>U.S. Department of Justice</b>			
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575	2014-VA-GX-0020	48,484
Victims of Crime Act		2015-VA-GX-0020	17,578
Passed-Through Lapeer County			
Formula Edward Byrne Justice Assistance Grant	16.738	2014-MU-BX-1022	2,269
Formula Edward Byrne Justice Assistance Grant		2015-DJ-BX-109	5,464
			<hr/>
<b>Total U.S. Department of Justice</b>			<b>73,795</b>
<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-2011-0815-HOA	6,359
			<hr/>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>6,359</b>
<b>U.S. Department of Transportation</b>			
Passed-Through Michigan Department of State Police			
Office of Highway Safety Planning -Impaired	20.616	PT-15-47	9,908
Office of Highway Safety Planning -Seatbelt Enforcement		PT-15-47	4,954
			<hr/>
<b>Total U.S. Department of Transportation</b>			<b>14,862</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 951,418</b>

**TUSCOLA COUNTY, MICHIGAN**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Tuscola County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the Tuscola County's Comprehensive Annual Financial Report. The County's financial statements include the operations of the Tuscola County Health Department, which received federal awards that are not included in the Schedule for the year ended December 31, 2015, as this entity was separately audited.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10% de minimis cost rate as permitted by section 200.414 of the Uniform Guidance.

**NOTE 3 – USDA LONG-TERM DEBT**

The County has outstanding loans under the USDA Water and Waste Disposal Systems for Rural Communities totaling \$3,035,000 at December 31, 2015.

**NOTE 4 – RECONCILIATION OF FEDERAL REVENUE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Below is a reconciliation of federal revenues as reported in the County's Comprehensive Annual Financial Report and federal expenditures as reported in the County's Schedule of Expenditures of Federal Award.

Federal revenues as reported in the Comprehensive Annual Financial Report:

General fund	\$122,571
Road Patrol	14,862
Nonmajor special revenue funds	<u>813,985</u>
Total federal revenue	<u>\$951,418</u>



Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
.....  
Gary R. Anderson, CPA  
.....  
Alison L. Peasley, CPA

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, 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, 2015, 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 27, 2016. Our report includes a reference to other auditors who audited the financial statements of Tuscola County Health Department and Tuscola County Medical Care Community, as described in our report on the **Tuscola County's** financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Community 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 27, 2016**



Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
.....  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2015. **Tuscola County's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Tuscola County's** basic financial statements include the operations of the Tuscola County Health Department, which received \$975,333 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2015. 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 Compliance Supplement*.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Tuscola County's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2015.

### **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 the Uniform Guidance, 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. However, material weaknesses may exist that have not been identified.

The 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 the Uniform Guidance. 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 27, 2016**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*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 in accordance with 2 CFR 200.516(a) \_\_\_\_\_Yes        X  No

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?   X  Yes      \_\_\_\_\_No

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015

**Section II – Financial Statement Findings**

None

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

None





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

Certified Public Accountants

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

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, CPA

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, 2015, 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 auditing 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 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 27, 2016 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, and Sheriff Department. 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.

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  
Caro, Michigan

June 27, 2016



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

Certified Public Accountants

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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, 2015, and have issued our report thereon dated June 27, 2016. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter, 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.

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 the Uniform Guidance.

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 the Uniform Guidance, 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) 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 5, 2016.

### 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. During 2015, the County implemented Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The application of existing policies was not changed during the year. 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 and the net pension liability.

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 27, 2016.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 27, 2016.

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

We applied certain limited procedures to the supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on additional supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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,

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

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

June 27, 2016