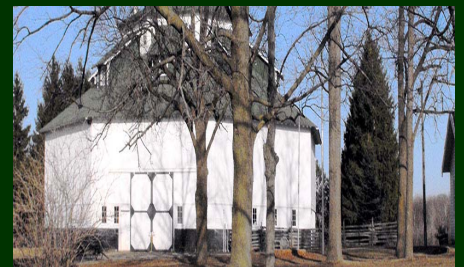




Tuscola County, Michigan Comprehensive Annual Financial Report



Fiscal Year Ended December 31,
2016



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



**For the Year Ended
December 31, 2016**

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

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June 26, 2017

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, 2016.

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, 2016 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, 2016 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, Dispatch, 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.

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, operating within financial means and 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.

Economic Indicators

Positive Indicators

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 and again in early 2017. 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 near term financial position for county operations has improved primarily because of the tax revenue from wind turbine and transmission line development by the International Transmission Company on the northern part of the county. County assessed value increased by 14% from 2013 to 2014 and then again by 11.0% from 2014 to 2015. Most of the increase was from wind turbine personal property. Although the receipt of wind turbine revenue is valuable, it is critical to note the amount received declines on an annual basis.

Another positive financial development is the state has restored full state revenue sharing payments after many years of reductions which has helped to stabilize county finances at least on a short-term basis. The state increased fees that are paid for documents in the Register of Deeds that will add an estimated \$75,000 to \$100,000 to general fund revenue.

County per capita income continues to increase. The per capita income increase from 2014 to 2015 was 5.5%. However, the effective buying income of the county is only 79% of the national level. The county annualized unemployment rate at the end of 2015 was 7.8% compared to 8.5% at the end of 2014. The county unemployment rate has for years been consistently higher than the state and nation. The 2015 county unemployment rate is still well below the 16.0% that occurred during the height of the recession in 2009. There have been some new developments which have created new job opportunities which will be further discussed below.

Negative Indicators

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 in preceding years.

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, the county has 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 53,777 in 2015. This is a loss 4,264 people or 7.3%. The declining population is also evidenced by school enrollment declines. In 2003, school enrollment in the county was 11,547 compared to only 8,772 in 2015. This is a 12 year decline of 24%.

Clearly, General Fund (GF) revenue has not been sufficient to off-set the detrimental impacts of inflation. For the 2001 to 2015 period, total actual GF revenue was approximately \$176 million compared to inflation adjusted GF revenue of approximately \$187 million. In other words, \$11 million more in GF revenue was needed to off-set the eroding impact of inflation. Without wind turbine revenue, the actual and inflation adjusted revenue gap would have been even greater at over \$13 million. Considering the most recent completed year of 2015, GF inflation adjusted revenue was \$14,118,716 compared to actual GF revenue of \$13,106,201 for a difference of \$1,012,515.

Positive Steps Taken To Revitalize the Economy

The Tuscola County Economic Development Corporation (EDC) has continued their efforts of economic development in Tuscola County. Major economic development activities accomplished during 2016 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 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 a Farmers Market in Caro.

The Greater Thumb Market Center has successfully planned the new Cass City Farmers Market. The Cass City 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 continues to provide vital services and assistance to the Village of Cass City and Dairy Farmers of America (DFA) for Project Thumb, which was the development of a \$50 million dollar milk processing plant. This plant created 37 new jobs at a base wage of \$15.20 per hour for Phase One and 100 – 300 new jobs for Phase Two.

5. The EDC has a certified grant administrator on staff for the Community Development Block Grant program. This service will benefit municipalities in Tuscola County. It is now mandatory to have a certified grant administrator for all Community Development Block Grants.
6. Through a new grant writing program the EDC has successfully raised over \$6.5 million for Tuscola County Businesses and Municipalities.
7. Through a new master plan writing program the EDC has successfully written Master Parks and Recreation plans for: Tuscola County, Village of Mayville, Vassar Township and Novesta Township. Currently the EDC is working on the Vassar Township Master Plan and Dayton Township Master Plan. These plans assist the municipalities in planning for the future and in being eligible for state and federal grants.
8. The Tuscola County EDC continues to work with Tuscola County and the City of Vassar on the brownfield redevelopment of the Vassar Foundry. The EDC has received substantial grant awards for the brownfield redevelopment of the Vassar Foundry.

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.

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 and KRB Enterprises – Vassar.

Equipment Lease Program

This program is providing funding to Harvest Café - Caro Strand Theatre – Caro, Bulldog Cleaning and Tuning – Cass City, and Riverside Grill of Vassar, Panache Style, LLC – Reese, Sweet Cakes - 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 to increase awareness, promote existing infrastructure and to capitalize on talent in the area.

Wind Turbine Development Major Financial Factor

WT Development History

The first wind turbine (WT) project was built in Tuscola County by NextEra Energy in 2012 with the construction of 68 WT in Gilford Township. The second project was constructed by NextEra in 2014 in Akron, Fairgrove, Gilford and Wisner Townships with 59 WT. The third project was constructed by Consumers Energy in 2014 and 2015 with 62 WT primarily in Columbia Township. There are 189 wind turbines currently in Tuscola County. These WT are located in the Townships of Akron, Columbia, Fairgrove, Gilford and Wisner.

The county is currently aware of two more projects that could be constructed within the next two to three years. NextEra is planning a third 52 WT project in Ellington, Fairgrove and Almer Townships. Recently, Almer Township denied the required special land use permit for this project. Ellington Township has implemented a one-year moratorium regarding this project. Consumers Energy is planning a second project with 52 WT to be constructed in two phase with phase 1 in 2017 and phase 2 in 2019 in Columbia Township. The two potential new projects would add 104 WT to the current 189 for a county total of 293.

Beneficiaries from WT Development

Beneficiaries of wind development include: 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 WT located in the political jurisdiction. In 2016, a total of approximately \$6,279,000 was paid to taxing jurisdiction with WT. Revenue received in 2016 by category is listed in the table below:

2016 Wind Turbine Revenue by Category for Governmental Services in Tuscola County	
Category	2016 Amount
County/Township Roads and Bridges	\$1,008,578
Schools - ISD, Debt and Operating	\$2,772,239
Police Services Sheriff Road Patrol	\$239,714
Fire Protection	\$49,351
Veterans	\$45,279
Emergency/Ambulance Service	\$121,916
Senior Citizen Service	\$53,270
Medical Care Facility	\$66,587
County and Township General Operations	\$1,413,592
Mosquito Abatement	\$168,225
Recycling	\$39,952
MSU Extension	\$26,635
Drains	\$47,336
Libraries	\$203,487
Other	\$23,088
Total	\$6,279,249
Source: Equalization Department	

Of this total \$6,279,249 received, county general fund and special purpose millages received approximately \$2,067,000 as detailed in the next table.

2016 Wind Turbine Revenue for Tuscola County Services	
Category	2016 Amount
General Fund Operations	\$1,042,516
Roads	\$257,213
Sheriff Road Patrol	\$239,714
Mosquito Abatement	\$168,225
Bridges	\$128,033
Medical Care Facility	\$66,587
Senior Citizens	\$53,270
Veterans	\$45,279
Recycling	\$39,952
Michigan State University Extension	\$26,635
Total	\$2,067,424

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 restricted financial means. This is because of a limited tax base and modest economy. The county is still financially recovering from the great recession that occurred from 2009 to 2012. Without the revenue from WT construction and the International Transmission Company new electrical transmission line construction, balancing the county budget would have been even more difficult.

WT Revenue Uncertainty

The actual amount of revenue received could be significantly less than the amounts presented. This is because of several factors:

- Wind companies are unfortunately appealing their tax assessments to the Michigan Tax Tribunal based on the multiplier schedule and the Federal Cash grants (1603 grant) claiming the assessed value is less because Federal grant funds were received by NextEra.
- The outcome of the wind company's tax appeal regarding the federal 1603 grant funds could reduce annual revenue received by 30% or more.
- The outcome of the wind company's tax appeal regarding which multiplier schedule will be used could also reduce actual revenue received.
- Another major factor contributing to uncertainty is whether additional WT are actually constructed.

This uncertainty adds complication to planning and using portions of these funds. This situation has also made it necessary to annually escrow funds in case the county and local units of government lose the wind company's appeal.

The Michigan Renewal Energy Collaborative (MREC) was formed (5 counties and many townships) and hired legal assistance with the goal of fairly assessing and taxing WT. The outcome of these legal proceedings will determine the actual amount of revenue the county will receive. If the county loses the appeal, significant amounts of WT revenue already collected would likely have to be paid back for every year WT taxes were collected. For example, just considering 2016, the \$6.3 million collected by all taxing jurisdictions may be reduced by potentially 30% or about \$1.9 million to \$4.4 million.

Need to Reduce WT Revenue Dependency

There is no question WT revenue has played an important part in helping to stabilize the county's financial position on a short term basis. However, with the current method of assessing/taxing WT the amount of revenue received ultimately substantially declines over time. This fact combined with the other uncertainty factors described above results in the need for the county to reduce its level of dependency on WT revenue. The question is not whether the amount of revenue received will decline but rather how long before the decline occurs. The sooner the county can reduce WT revenue over-dependency the better.

Some alternative methods of reducing dependency currently under discussion include: public safety and/or other special purpose millages, increase court and other county revenues, work for a new state method to fund county and local government, grow the tax base, and review the potential of housing other county prisoners, service base consolidation and Headlee override.

IV – 2016 County Activity Summary

Major Changes to County Pension System Implemented

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 if unchanged, costs of the current defined benefit plan will experience major increases in future years.

It was estimated that about \$4 million in avoidance costs would occur over a 20 year period by issuing approximately \$7 million in bonds to fully fund the current retirement system. The other component of this change is the requirement that new hires receive a defined contribution plan instead of a defined benefit plan. The County bond rating upgrade allowed the ability to issue pension bonds. The county was 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.

Also, in 2016 the county decided to begin reviewing the potential of issuing pension bonds for the county health department. After a comprehensive review, it was determined that there were also significant financial advantages to making the same above described retirement system changes for the health department. The county was approved to issue approximately \$2.5 million in pension bonds for the health department which will be completed in the first quarter of 2017.

Michigan State University – Extension Millage Approval

One of the recommendations from the five-year financial 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.

Primary Road, Bridge and Recycling Millage Renewed

Renewal of these millages demonstrate that the public understands and appreciates the value of the services provided. They have previously been renewed several times. They have helped to maintain important county transportation infrastructure. Tuscola County is a leader with recycling in the area. Renewal of these millages will assure services are provided for at least the next six years.

Critical Funding for Capital Improvement and Equipment Needs Re-Established

Since 2014 the county has been able to strengthen funding for capital improvement needs. At the end of 2016 the capital improvement fund balance was approximately \$2.5 million. The recent sale of surplus county property will also add \$210,000 to the fund in \$70,000 installments over the next three years. An estimated \$600,000 will be spent in 2017 to make plumbing, window and electrical upgrades to the county jail.

For several years funding for capital improvement needs was inadequate. From 2007 to 2014 the balance in the capital improvement fund declined from about \$2.2 million to \$1.0 million. Over much of this recessionary period, zero funds were allocated for capital improvement needs in order to use declining revenue to sustain as much as possible of the service base. The Board passed a policy that assigned a minimum contingency reserve in the capital improvement fund of \$800,000. The 10 year equipment and capital improvement plans will be updated in 2017.

Recycling Relocation for Future Expansion

The county is a leader with recycling and has a highly successful program. However, the current site is limited because it does not provide enough space to expand operations. The county purchased a 10 acre parcel in 2017 which will provide room for recycling of additional materials. Also, this new site could in the future serve as a regional facility for other surrounding counties. The goal is to have completed the move to the new location by the end of 2017. Approximately 1.3 million pounds of material was recycled in 2016. Currently there is no curbside program that brings materials to the facility. Material arrives by county recycling trailers and public drop-off. Purchase of this new site will help with the statewide goal to increased recycling in order to reduce use of landfills.

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 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 Health and 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, Information Technology services and the Sheriff Department contracting to provide police services to local governmental entities.

County AA- Bond Rating Reaffirmed in 2017

Tuscola County finances were required to be evaluated by Standard and Poor's (S&P) in early 2017 so the county health department could issue approximately \$2.5 million in pension bonds. Again, as with previous ratings the county was determined by S&P to be financially stable and well managed with good fiscal policies and practices. The rating noted strong budgetary performance and flexibility along with good reserve levels and cash liquidity. The relatively low debt burden and contingent liability position was also noted. Conversely, it was explained the economy has weaknesses and there is an over-dependency on wind turbine revenue. The county bond rating has been upgraded four times over the last two decades.

The Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting has been awarded to the county for 16 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.

Other Activities Completed in 2016

- The county purchased a new Voice Over Internet Protocol telephone system in 2016. This is not only a state of the art system but it will also reduce annual telephone costs by an estimated \$40,000.
- The county received a \$10,000 state grant to make improvements to Vanderbilt County Park including drinking water outside faucet, fire pit rings and road gravel.
- A video of the positive amenities in Tuscola County was prepared and is available on the county web site. The video explains the many advantages of living in Tuscola County.
- The update to the County Solid Waste Management Plan was completed in 2016. Having a current plan puts the county in a position to pursue Brownfield and other grant funds.
- Involvement with the organization called Greenways has helped to implement many improvements to the Cass River Watershed.
- Grant funding with Bay and other counties was received in 2016 to combat environmentally damaging Phragmites weed growth at Vanderbilt Park along the Saginaw Bay shore area.
- Grant funding continued in 2016 for the successful Tuscola County Sobriety Court program which serves Tuscola, Huron and Sanilac Counties.
- County personnel policies underwent a comprehensive update in 2016.
- County officials continue to request County Road Commissioners to work to resolve significant legacy costs and most importantly long-term health insurance benefit costs.
- The Board of Commissioners discussed the advantages and disadvantages of combining the County Clerk and County Register of Deeds positions but on a split vote decided not to implement combining.

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. Well-reasoned fiscal policy is integral to maintaining financial stability and a strong bond rating on a long-term basis. The following is a summary of these 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 Planning Documents/Policies Include** – multi-year financial plans, capital improvement plans, general fund minimum fund balance policy and delinquent tax policy (discussed above), 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, 2015. The county has received this prestigious award for 16 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 Kim Vaughan
District 4 Craig Kirkpatrick

Administration

County Controller/Administrator

Michael Hoagland

Elected Officials

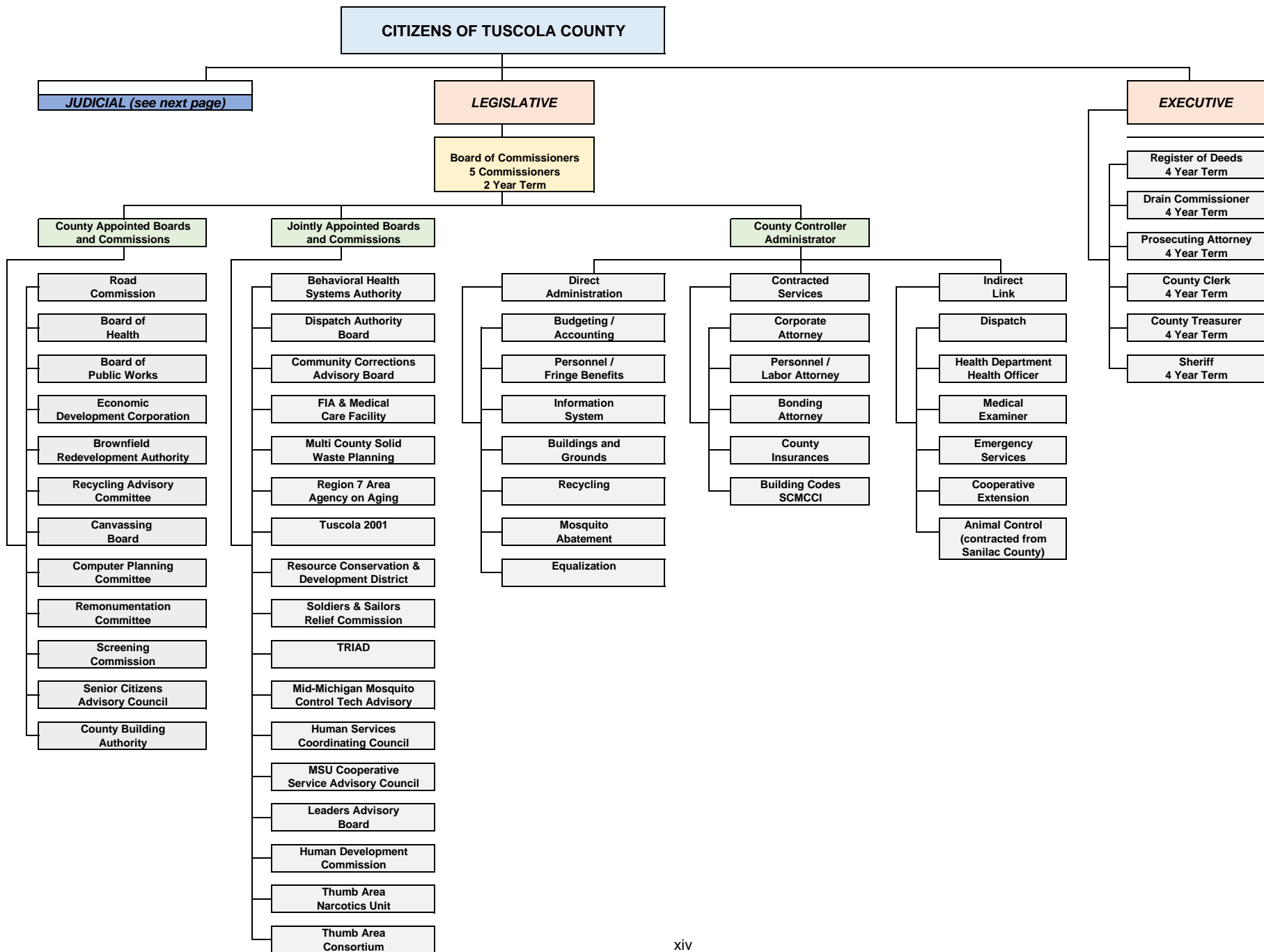
Sheriff
Prosecutor
Circuit Court Judge
District Court Judge
Probate Court Judge
Treasurer
County Clerk
Register of Deeds
Drain Commissioner

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

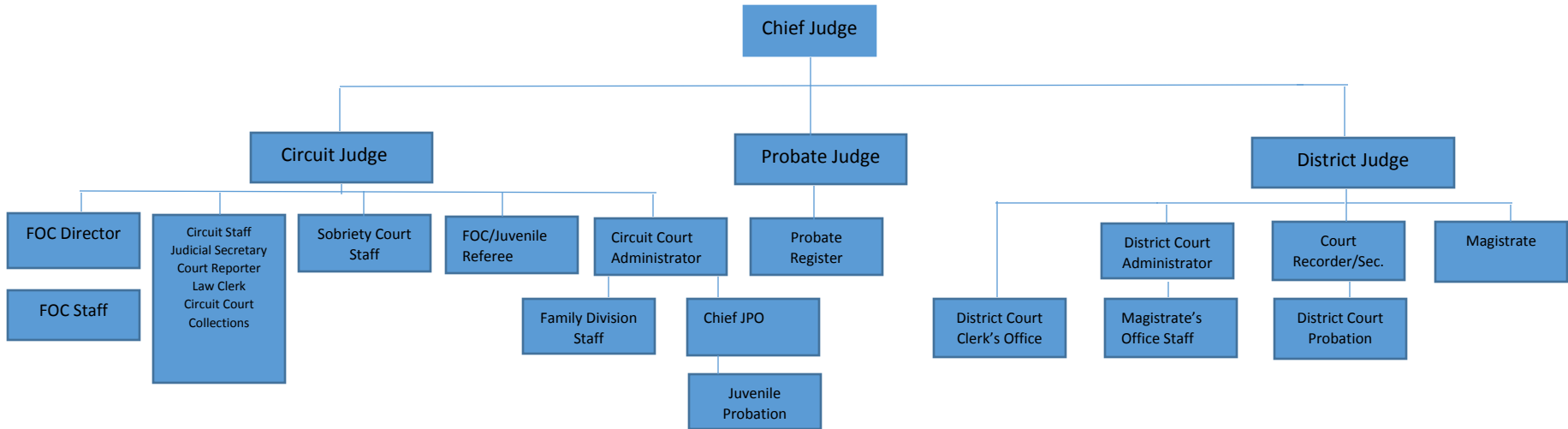
Appointed Officials

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
Caryn Painter
Sandy Nielsen
Ann Hepfer
Mike Miller
Eean Lee
Walter Schlichting
Sandy Erskine
Sheila Long
Kim Green
Joe Bixler
Mike Miller



Tuscola County Unified Courts Organizational Chart







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, 2015

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, 2016, 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 these 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 10% of assets and 11% of revenues of the governmental funds and 7% of assets and 13% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Community, a major enterprise fund which represents 56% of the assets and 95% of the revenues of the enterprise funds and 56% 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 they relate 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, 2016, 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.

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 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 26, 2017, 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 26, 2017

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, 2016. 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 \$26,618,049 (total net position). This is a decrease of (10.2%) from 2015 or (\$3,110,503). The decrease primarily results from reporting of pension liabilities as required by GASB 68. The business-type activities had a decrease in net position of (\$1,405,302) and the governmental activities decreased by (\$1,705,201).
- Net investment in capital assets at the close of the 2016 fiscal year were \$16,535,260. This is a increase of .66% from 2015 or \$109,090. The business-type activities increased from 2015 to 2016 by \$367,304
- The restricted portion of total net position was \$2,911,965. This is a 2015 to 2016 decrease of (\$371,567). The governmental activities increased by \$768,847 while the business-type activities decreased (\$1,140,414). 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 2016 was \$7,118,116. This is an decrease of (\$2,820,490) or (28.4%) from 2015. Again, this primarily results from required reporting of pension liabilities. Governmental decreased by (\$2,188,298) and business-type activities experienced a slight decrease of (\$632,192). 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 of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$10,415,390. 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 \$418,032. 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 2016 fund balance for the general fund was \$3,093,670 this is a small increase of \$176,340 or 6% from fiscal year 2015. Of this total \$418,032 is unassigned and available for spending while \$2,675,638 is nonspendable, restricted, committed or assigned.
- The Health Department is a major county fund. This fund experienced a small increase in fund balance of \$6,029. In 2015 the fund balance was \$1,411,602 compared to \$1,417,631 for 2016. 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 103.

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 129-134. 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 135-137.

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 13-61 of this report.

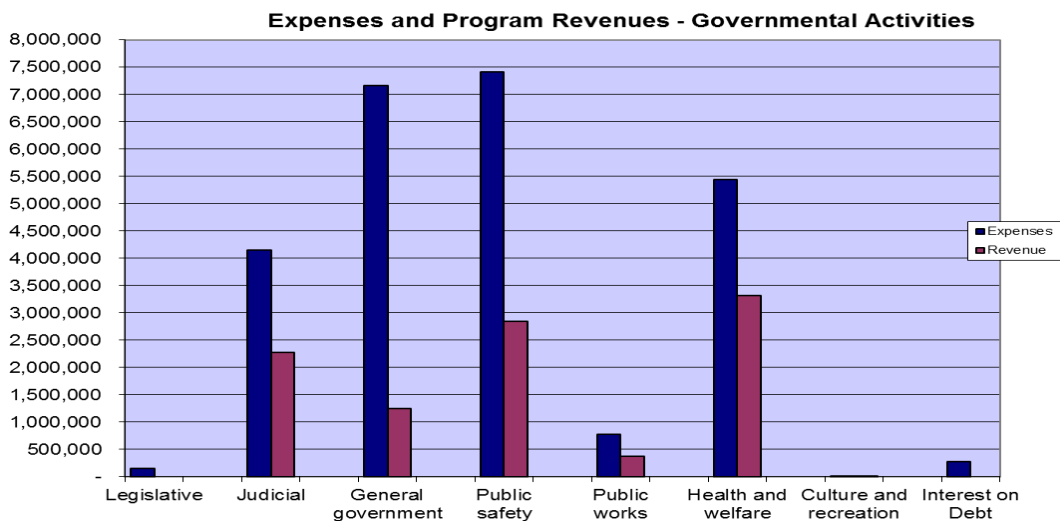
Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 62-141 of this report.

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 2015 and 2016 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 2016 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 (\$3,110,503) or (10.2%) from \$29,728,552 in 2015 to \$26,618,049 in 2016. (The decrease primarily results from reporting of pension liabilities as required by GASB 68).

Government-wide revenues prior to transfers for 2016 were \$45,218,429 compared to expenditures prior to transfers of \$48,490,923. Thus, expenditures exceeded revenues by \$3,272,494 or 7%. From 2015 to 2016, revenues increased from \$44,339,996 to \$45,218,430 which is \$878,434 or 1.9%. From 2015 to 2016, expenditures increased from \$44,393,912 to \$48,490,923 which is \$4,097,011 or 8.49%.



Tuscola County Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Current and other assets	14,596,903	16,626,348	26,550,410	24,519,618	41,147,313	41,144,966
Capital assets, net	6,483,137	6,270,012	16,542,341	15,759,645	23,025,478	22,030,657
Total assets	<u>21,080,040</u>	<u>22,896,360</u>	<u>43,092,751</u>	<u>40,279,263</u>	<u>64,172,791</u>	<u>63,175,623</u>
Deferred Outflows of resources Related to pension	2,019,855	2,502,537	1,015,897	1,084,265	3,035,752	3,586,802
Total deferred inflows	<u>2,019,855</u>	<u>2,502,537</u>	<u>1,015,897</u>	<u>1,084,265</u>	<u>3,035,752</u>	<u>3,586,802</u>
Long-term liabilities outstanding	1,513,533	1,445,070	1,394,438	1,778,755	2,907,971	3,223,825
Other liabilities	11,446,565	13,005,985	19,192,098	17,429,473	30,638,663	30,435,458
Total liabilities	<u>12,960,098</u>	<u>14,451,055</u>	<u>20,586,536</u>	<u>19,208,228</u>	<u>33,546,634</u>	<u>33,659,283</u>
Deferred Inflows of resources Taxes levied for a subsequent period Related to pension	3,579,866	3,712,269	432,735	456,458	4,012,601	4,168,727
	-	2,301,599	-	14,767	-	2,316,366
Total deferred inflows	<u>3,579,866</u>	<u>6,013,868</u>	<u>432,735</u>	<u>471,225</u>	<u>4,012,601</u>	<u>6,485,093</u>
Net Positions						
Net investment in capital assets	5,639,829	5,380,615	10,787,341	11,154,645	16,427,170	9,732,346
Restricted	1,852,860	2,621,707	1,430,672	290,258	3,283,532	2,911,965
Unrestricted	(932,758)	(3,118,970)	10,871,364	10,239,172	9,938,606	13,973,738
Total net position restated	<u>\$ 6,559,931</u>	<u>\$ 4,933,974</u>	<u>\$ 23,089,377</u>	<u>\$ 21,684,075</u>	<u>\$ 29,649,308</u>	<u>\$ 26,618,049</u>

Governmental Activities. Governmental activities net position decrease from 2015 to 2016 by (\$1,705,201) or (24.8%). In 2015 net position was \$6,639,175 compared to \$4,933,974 in 2016.

- Governmental activities revenue for 2016 was \$22,928,081 compared to expenditures of \$25,546,634. Thus, expenditures exceed revenues by \$2,618,553 or 11.4%. From 2015 to 2016, revenues increased from \$22,688,813 to \$22,928,082 (prior to transfers) which is \$239,269 or 1.05%. From 2015 to 2016, expenditures increased from \$22,602,191 to \$25,546,634 (prior to transfers) which is an increase of \$2,944,443 or 13%.

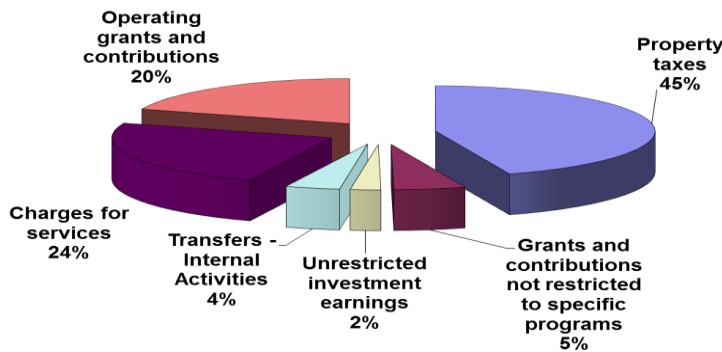
Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenue:						
Charges for services	5,098,491	5,538,242	20,182,027	20,639,036	25,280,518	26,177,278
Operating grants and contributions	5,146,885	4,513,764	-	-	5,146,885	4,513,764
Capital grants and contributions	-	-	304,173	293,015	304,173	293,015
General Revenue:						
Property Taxes	10,053,314	10,186,530	402,518	438,417	10,455,832	10,624,947
Grants and contributions not restricted to specific programs	1,219,055	1,199,905	-	-	1,219,055	1,199,905
Unrestricted investment earnings	479,580	511,528	55,512	64,945	535,092	576,473
Other Revenues	691,488	978,112	706,953	854,935	1,398,441	1,833,047
Total revenues	<u>22,688,813</u>	<u>22,928,081</u>	<u>21,651,183</u>	<u>22,290,348</u>	<u>44,339,996</u>	<u>45,218,429</u>
Expenses:						
Legislative	115,714	148,172	-	-	115,714	148,172
Judicial	3,298,138	4,156,591	-	-	3,298,138	4,156,591
General Government	6,701,612	7,160,516	-	-	6,701,612	7,160,516
Public Safety	6,579,971	7,415,067	-	-	6,579,971	7,415,067
Public Works	678,023	777,630	-	-	678,023	777,630
Health and Welfare	5,183,237	5,598,219	-	-	5,183,237	5,598,219
Culture and Recreation	8,634	11,542	-	-	8,634	11,542
Interest on debt	36,862	278,897	-	-	36,862	278,897
Medical Care Facility			21,153,567	22,315,039	21,153,567	22,315,039
Delinquent property tax			1,494	843	1,494	843
Caro Sewer System			82,848	77,181	82,848	77,181
Mayville Storm Sewer			51,350	49,983	51,350	49,983
Richville Water System			4,470	3,960	4,470	3,960
Millington Sewer System			1,031	469	1,031	469
Denmark Sewer System			80,736	79,449	80,736	79,449
Wisner Water			83,738	81,973	83,738	81,973
Tax Foreclosure			332,487	335,392	332,487	335,392
Other	-	-	-	-	-	-
Total expenses	<u>22,602,191</u>	<u>25,546,634</u>	<u>21,791,721</u>	<u>22,944,289</u>	<u>44,393,912</u>	<u>48,490,923</u>
Change in net positions before transfers	86,622	(2,618,553)	(140,538)	(653,941)	(53,916)	(3,272,494)
Transfers - internal activities	771,258	913,352	(715,776)	(751,361)	55,482	161,991
Change in net positions	857,880	(1,705,201)	(856,314)	(1,405,302)	1,566	(3,110,503)
Net positions-beginning of year, as restated	5,702,051	6,639,175	23,945,691	23,089,377	29,647,742	29,728,552
Prior period adjustment	-	-	-	-	-	-
Net positions-end of year	<u>\$ 6,559,931</u>	<u>\$ 4,933,974</u>	<u>\$ 23,089,377</u>	<u>\$ 21,684,075</u>	<u>\$ 29,649,308</u>	<u>\$ 26,618,049</u>

- 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). Most major revenue categories experienced increases. A significant factor is additional revenue from wind turbine development. This continues to be one of the most important positive factors impacting county finances.

- Operating grant and contributions had the largest decrease from \$5,146,885 in 2015 to \$4,513,764 in 2016. This is a \$633,121 or 12% decrease. Property taxes increased \$133,216 or 1.32%. Charges for services increased \$439,751 or 8%. Investment earnings showed minimal change. Other revenue experienced an increase of \$286,624 or 41%.
- The majority of expenditure increases from 2015 to 2016 occurred in the judicial and public safety categories. The largest increase was in Judicial at \$858,453 or 26% from \$3,298,138 in 2015 to \$4,156,591 in 2016. Public Safety increased \$835,096 or 12% from \$6,579,971 in 2015 to \$7,415,067 in 2016. Even though both of these were well under budget for 2016, General Government also seen an increase of expenses of \$458,904 from 2015 \$6,701,612 to \$7,160,516 in 2016 or 6%
- The statement of activities for program revenues for the governmental activities shows program revenue at \$10,052,006 and expenses at \$25,546,634. This makes program revenues short of covering governmental expenses by (\$15,494,628). The statement of activities can be found on pages 2-3.

Revenues by Source - Governmental Activities

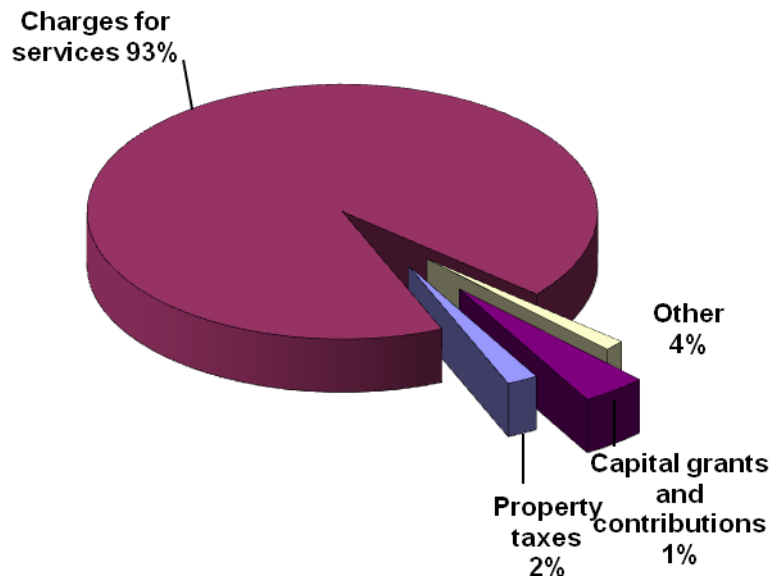


Business-Type Activities. Business-type activities decreased net position by (\$1,405,302) or (6.27%) from \$23,089,377 in 2015 to \$21,684,075 in 2016. Major business-type activities are Medical Care Community, Delinquent Tax Revolving Funds, Caro Sewer System, and Wisner Water project. The Medical 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 129-134.

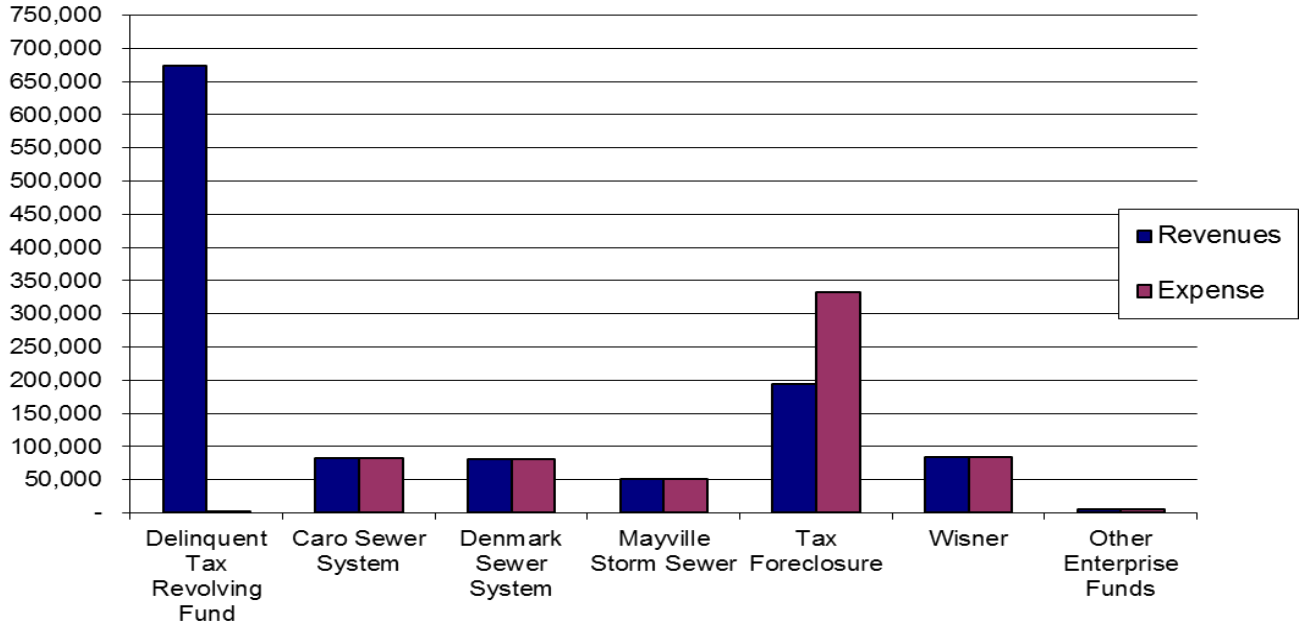
- Business-type activities revenue for 2016 were \$22,290,348 compared to expenditures of \$22,944,289. Thus, expenditures exceed revenues by (\$653,941) or 2.89%. From 2015 to 2016, revenues increased from \$21,651,183 to \$22,290,348 (prior to transfers) resulting in the increase of \$639,165 or 2.9%. From 2015 to 2016, expenditures increased from \$21,791,721 to \$22,944,289 (prior to transfers) resulting in an increase of \$1,152,568 or 5.2%.

- 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 \$457,009 or 2.2%. This is a much smaller increase compared to 7.7% in 2015. The overall revenue decrease results primarily from the debt service levy for the Medical Care Community which was discontinued in 2015. All other revenue with the exception of Capitol Grants and Contributions had increases. Capitol Grant and Contributions revenue decreased (\$11,158) from 2015.
- Delinquent property tax earnings remain constant for 2016. Delinquent Tax Revolving Fund income were \$694,102 in 2015 compared to \$670,225 for 2016. These funds are transferred for general fund operations and/or capital improvements needs.
- The statement of activities for program revenues for the business-type activities are revenues of \$20,932,051 and expenses at \$22,944,289. Business-type activities program revenue falls short in covering expenses by (\$2,012,238). The statement of activities can be found on pages 2-3.

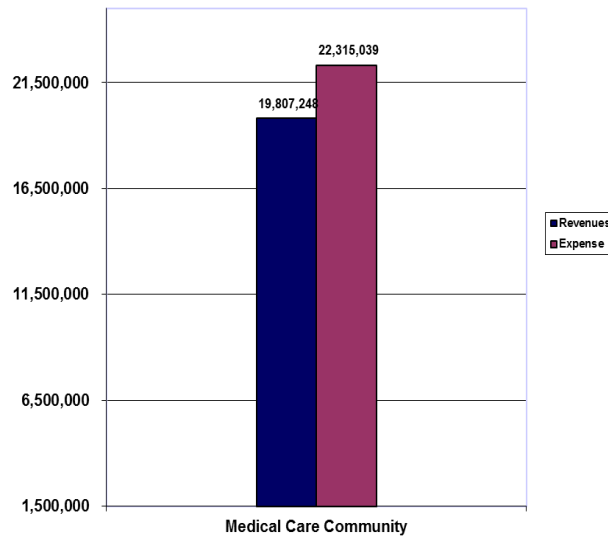
Revenues by Source - Business-type Activities



Expense and Program Revenues - Business-type Activities



Expense and Program Revenue Business-type Medical Care Community



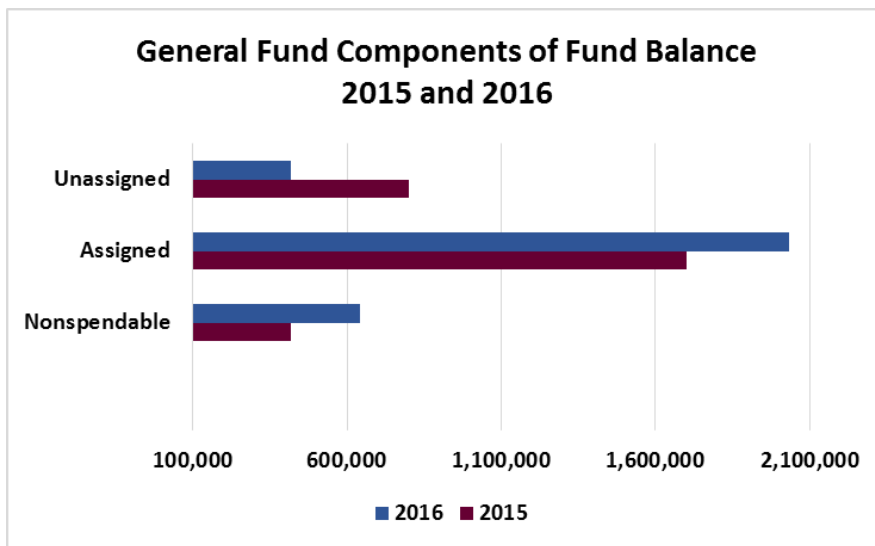
- The Medical Care Community is the largest single county operation. Operating revenue for 2016 was \$20,359,035 and operating expenses were \$22,148,109. The year-end net position was \$15,051,133 which was a decrease from the previous year of (\$1,491,340). The Medical Care Community will pay off their \$5.4 Million Debt in 2017. 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.

Governmental Funds. The focus of Tuscola 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the county itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose by the Tuscola County Board of Commissioners.

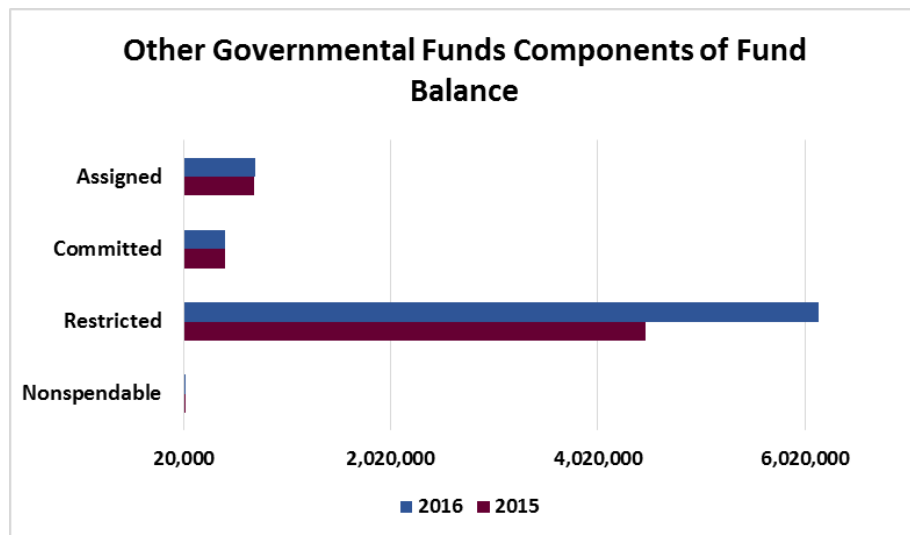
The general fund is the chief operating fund of Tuscola County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$418,032, down from last years \$798,936. Assigned fund balance increased \$300,820 the majority of this is the reserves for wind settlement. The total fund balance increased \$176,340 from 2015 \$2,917,330 to \$3,093,670 for 2016



At December 31, 2016, the County's governmental funds reported combined fund balances of \$10,415,390, an increase of \$1,859,008 in comparison with the prior year. Approximately 4% of this amount (\$418,032) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned.

- **Non-spendable** includes funds that legally or contractually are required to be maintained intact. Non-spendable designations for 2016 include: Inventory, prepaid expenditures, and advances to component units. The non-spendable portion of the total fund balance for governmental funds was \$675,849 or 6% of the total.

Of the total non-spendable fund balance, \$630,652 is an advances. The majority of the 2016 advances is from the general fund to the revolving drain fund of \$510,000. The General fund also advanced \$120,652 to MSU to fund it until the tax millage was passed for 2017.



- **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 \$6,152,183 or 59% of the total.

The major share of restricted fund balance is for cost based reimbursement at the Health Department \$902,454, capital projects \$2,614,881 and special revenue funds \$2,145,952. 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 35 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 \$422,563 or 4% of the total.

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

- **Assigned** fund balances are funds that are constrained by the government's intent to be used for specific purposes. These funds include: reserved for subsequent year expenditures, Contingency reserve, Wind revenue reserve, Flexible spending, and Community foundation garden. The assigned portion of the total fund balance for governmental funds was \$2,746,764 or 26.4% of the total fund balance.

The contingency reserve of \$1,292,800 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 \$418,032 or 4% 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.

Net positions at the end of the year amounted to \$21,684,075. The Medical Care Community Fund was \$15,051,135 the Delinquent Tax Revolving Fund ended at \$5,684,117. All other net positions of the non-major enterprise funds are \$948,825.

General Fund Budgetary Highlights

The original budgeted revenues (excluding transfers) was \$12,080,311 and was amended over the fiscal year to \$12,458,973. There were several significant department budget amendments during the year but the overall budget change was \$378,662 or 3.08%.

Actual expenditures were \$1,105,973 or 10.6% under the amended budget prior to transfers. The major factor contributing to actual expenditures finishing the year below budget expectations was delays in refilling vacant positions resulting in underspent wage line-items. Other factors were lower judicial cost, public safety 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, 2016, amounted to \$22,029,657 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets decreased by (\$995,821) or 4% from \$23,025,478 in 2015 to \$22,029,657 in 2016. The majority of this change is depreciation on equipment.

County of Tuscola Capital Assets (net of depreciation)

Fiscal Year Ending December 31	Governmental Activities	Business-Type Activities	Total
	2016	2016	2015
Land	408,891	-	408,891
Construction in Progress	-	5,041	5,041
Land Improvements	-	1,894,237	1,894,237
Buildings	2,791,290	8,785,572	11,576,862
Improvements	1,309,345	-	1,309,345
Vehicles	501,134	-	501,134
Equipment	1,259,352	5,074,795	6,334,147
Bond Fees	-	-	-
Total	<u>\$ 6,270,012</u>	<u>\$ 15,759,645</u>	<u>\$ 22,029,657</u>

Additional information on the County's capital assets can be found in Note 3 C on pages 27-30 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 \$23,861,941. This is a substantial increase from 2015 when total long term debt was only \$18,807,975. The primary reason is that Tuscola County issued pension obligation bonds of \$6,980,000.

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 33-36 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 2017 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2016 was 5.6%, which is a decrease from the 2015 unemployment rate of 7.8%. The 2016 county average unemployment rate is higher than both the State at 5% and the national at 4.6%.
- The county continues to receive full state revenue sharing, from 2015 to 2016 our state revenue sharing was increased from \$1,095,464 to \$1,100,611. This an increase of \$5,147.
- The county maintains a general fund contingency reserve \$1,292,800. 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 \$798,936 is included total reserves are \$2,091,736 which is approximately 16.2% of 2017 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 2016, \$729,000 was reserved in the general fund. Our eight Special Purpose millage's have \$186,667 reserved for this dispute. In 2017 we will continue to add to these reserve amounts until there is a settlement in the taxing of the wind farms.
- 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.
- Another favorable factor in 2016 is we continue to transfer funds from the general fund to the capital improvement fund. In 2016 an additional transfer of \$550,000 was possible. This is a positive factor because the County was not been able to consistently transfer funds to the capital improvements fund in the past years to meet the capital improvement needs.
- Health care cost are showing a modest increase for 2016 of approximately 1%. 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, \$6,980,000 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 Tuscola 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, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
Assets						
Cash and cash equivalents	\$ 8,746,550	\$ 3,063,885	\$ 11,810,435	\$ 3,031,188	\$ 3,123,441	\$ 6,154,629
Investments	510,292	1,206,271	1,716,563		3,667,013	3,667,013
Receivables	5,902,073	16,731,840	22,633,913	4,436,108	5,418,541	9,854,649
Advances	630,652		630,652		200,000	200,000
Internal balances	640,022	(640,022)	-			-
Prepaid items and other assets	49,121	180,131	229,252	266,592		266,592
Inventory	27,419		27,419	372,105		372,105
Restricted cash	120,219	2,693,157	2,813,376			-
Restricted investments		1,284,356	1,284,356			-
Capital assets, net:						
Assets not being depreciated	408,891	5,041	413,932	33,682,524	466,460	34,148,984
Assets being depreciated	5,861,121	15,754,604	21,615,725	61,344,094	15,532,728	76,876,822
Total Assets	22,896,360	40,279,263	63,175,623	103,132,611	28,408,183	131,540,794
Deferred outflows of resources						
Related to pensions	2,502,537	1,084,265	3,586,802	308,832	-	308,832
Total deferred outflows of resources	2,502,537	1,084,265	3,586,802	308,832	-	308,832
Liabilities						
Accounts payable	758,717	765,490	1,524,207	185,091	263,293	448,384
Accrued liabilities	513,281	1,008,548	1,521,829	831,297	21,204	852,501
Advances	120,652		120,652		710,000	710,000
Unearned revenue	52,420	4,717	57,137		-	-
Noncurrent liabilities:						
Net pension liability	4,850,449	1,723,068	6,573,517	2,629,191		2,629,191
Due within one year	416,215	1,040,629	1,456,844	45,165	940,214	985,379
Due in more than one year	7,739,321	14,665,776	22,405,097	3,673,745	4,545,505	8,219,250
Total Liabilities	14,451,055	19,208,228	33,659,283	7,364,489	6,480,216	13,844,705
Deferred inflows of resources						
Taxes levied for a subsequent period	3,712,269	456,458	4,168,727	-	-	-
Related to pensions	2,301,599	14,767	2,316,366	19,506		19,506
Total deferred inflows of resources	6,013,868	471,225	6,485,093	19,506	-	19,506
Net Position						
Net investment in capital assets	5,380,615	11,154,645	16,535,260	94,936,355	10,513,469	105,449,824
Restricted for:						
Debt service	50,622	290,258	340,880	-	2,469,845	2,469,845
Capital projects	2,614,881		2,614,881	-	3,547,316	3,547,316
Expendable - cemetery	6,826	-	6,826	-	-	-
Road construction				2,588,116		2,588,116
Unrestricted	(3,118,970)	10,239,172	7,120,202	(1,467,023)	5,397,337	3,930,314
Total Net Position	\$ 4,933,974	\$ 21,684,075	\$ 26,618,049	\$ 96,057,448	\$ 21,927,967	\$ 117,985,415

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	
Primary Government					
Governmental activities:					
Legislative	\$ 148,172				\$ - \$ (148,172)
Judicial	4,156,591		\$ 1,074,291	\$ 1,201,303	(1,880,997)
General government	7,161,892	\$ (1,376)	1,095,603	146,039	(5,918,874)
Public safety	7,415,067		2,320,821	523,665	(4,570,581)
Public works	777,630		369,007		(408,623)
Health and welfare	5,598,219		672,883	2,642,757	(2,282,579)
Culture and recreation	11,542		5,637		(5,905)
Interest on debt	278,897				(278,897)
Total governmental activities	25,548,010	(1,376)	5,538,242	4,513,764	(15,494,628)
Business-type activities:					
Medical Care Community	22,313,663	1,376	19,807,248		(2,507,791)
Delinquent property tax	843		636,870		636,027
Caro sewer system	77,181		-	77,181	-
Mayville storm sewer	49,983		-	49,983	-
Richville water system	3,960		-	3,960	-
Millington sewer system	469		-	469	-
Denmark sewer system	79,449		-	79,449	-
Wisner water district	81,973		-	81,973	-
Tax foreclosure	335,392		194,918		(140,474)
Total business-type activities	22,942,913	1,376	20,639,036	-	293,015 (2,012,238)
Total Primary Government	\$ 48,490,923	\$ -	\$ 26,177,278	\$ 4,513,764	\$ 293,015 \$ (17,506,866)
Component Units					
Road commission	\$ 10,649,197		\$ 1,254,009	\$ 14,223,968	\$ 4,828,780
Drain commission	2,772,674			\$ 3,219,985	447,311
Total Component Units	\$ 13,421,871	\$ -	\$ 1,254,009	\$ 14,223,968	\$ 3,219,985 \$ 5,276,091

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

<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)	\$ (15,494,628)	\$ (2,012,238)	\$ (17,506,866)	\$ 4,828,780	\$ 447,311	\$ 5,276,091
General revenues:						
Property taxes	10,186,530	438,417	10,624,947			-
Grants and contributions not restricted to specific programs	1,199,905		1,199,905			-
Unrestricted investment earnings	511,528	64,945	576,473	23,626	37,279	60,905
Other revenue	978,112	854,935	1,833,047	75,451		75,451
Transfers - internal activities	913,352	(751,361)	161,991		-	-
Total general revenues and transfers	13,789,427	606,936	14,396,363	99,077	37,279	136,356
Changes in net position	(1,705,201)	(1,405,302)	(3,110,503)	4,927,857	484,590	5,412,447
Net position, beginning of year, restated	6,639,175	23,089,377	29,728,552	91,129,591	21,443,377	112,572,968
Net position, end of year	\$ 4,933,974	\$ 21,684,075	\$ 26,618,049	\$ 96,057,448	\$ 21,927,967	\$ 117,985,415

See notes to financial statements.

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-16</u>	<u>Road Patrol</u>	<u>Voted Mosquito</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 1,927,742	\$ 1,390,461	\$ 491,833	\$ 317,856	\$ 3,903,412	\$ 8,031,304
Investments	-		-	-	510,292	510,292
Receivables:						
Taxes receivable	632,780		1,552,817	1,089,733	897,525	4,172,855
Taxes receivable - delinquent	25,404		20,257	12,118	6,070	63,849
Accounts receivable	174,798	88,044	-	-	852,749	1,115,591
Due from other funds	782,314		5,002	1,205	638,184	1,426,705
Due from state	36,230		-	-	337,873	374,103
Due from other governmental units	2,407	122,112	-	-	4,231	128,750
Prepaid expenditures	13,266	4,512	-	-	-	17,778
Inventory	-	27,419				27,419
Advances	630,652					630,652
Restricted cash and cash equivalents	120,219					120,219
Total Assets	<u>\$ 4,345,812</u>	<u>\$ 1,632,548</u>	<u>\$ 2,069,909</u>	<u>\$ 1,420,912</u>	<u>\$ 7,150,336</u>	<u>\$ 16,619,517</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 211,367	\$ 130,551	\$ 8,081	\$ 157,373	\$ 213,215	\$ 720,587
Accrued liabilities	149,290	31,946	43,156	5,949	68,538	298,879
Due to other governments	-		-	-	38,084	38,084
Due to other funds	549,775		2,980	116	187,869	740,740
Advances	-		-	-	120,652	120,652
Unearned revenue		52,420			-	52,420
Total Liabilities	<u>910,432</u>	<u>214,917</u>	<u>54,217</u>	<u>163,438</u>	<u>628,358</u>	<u>1,971,362</u>
Deferred inflows of resources						
Unavailable revenue - land contract					140,000	140,000
Unavailable revenue - property taxes	341,710	-	20,257	12,118	6,411	380,496
Taxes levied for a subsequent period	-	-	1,552,817	1,089,733	1,069,719	3,712,269
Total deferred inflows of resources	<u>341,710</u>	<u>-</u>	<u>1,573,074</u>	<u>1,101,851</u>	<u>1,216,130</u>	<u>4,232,765</u>
Fund Balance						
Nonspendable for:						
Inventory	-	27,419				27,419
Prepaid expenditures	13,266	4,512			-	17,778
Advances	630,652					630,652
Restricted for:						
Cost based reimbursement		902,454				902,454
Capital projects					2,614,881	2,614,881
Cemetery					6,826	6,826
Debt service					50,622	50,622
Special revenue funds		63,740	358,260	9,447	2,145,952	2,577,399
Committed for:						
Compensated absences		145,969				145,969
Retirement contribution		260,716				260,716
Imprest cash		300				300
Exchange club donation		581				581
Can Council		1,179				1,179
Building improvements		6,149				6,149
Vision program		2,669				2,669
County resident hospital program					5,000	5,000
Assigned for:						
Subsequent year expenditures				86,976	439,458	526,434
Contingency reserve	1,292,800					1,292,800
Wind revenue reserve	729,000		84,358	59,200	43,109	915,667
Community foundation garden	9,920					9,920
Flexible spending		1,943				1,943
Unassigned	418,032					418,032
Total Fund Balance	<u>3,093,670</u>	<u>1,417,631</u>	<u>442,618</u>	<u>155,623</u>	<u>5,305,848</u>	<u>10,415,390</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 4,345,812</u>	<u>\$ 1,632,548</u>	<u>\$ 2,069,909</u>	<u>\$ 1,420,912</u>	<u>\$ 7,150,336</u>	<u>\$ 16,619,517</u>

See notes to financial statements.

TUSCOLA COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Fund Balances - Total Governmental Funds	\$ 10,415,390
 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	16,033,689
Subtract: accumulated depreciation	(9,763,677)
 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 land contract receivable	140,000
Add: unavailable property taxes	380,496
Add: deferred outflows - related to pensions	2,502,537
Less: deferred inflows - related to pensions	(2,301,599)
 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	609,947
 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	(7,692,311)
Subtract: accrued interest payable	(76,824)
Subtract: compensated absences	(463,225)
Subtract: net pension liability	<u>(4,850,449)</u>
 Net Position of Governmental Activities	 <u><u>\$ 4,933,974</u></u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General	Health Department 9-30-16	Road Patrol	Voted Mosquito	Other Governmental Funds	Total
Revenues						
Taxes	\$ 6,883,685	\$ -	\$ 1,573,774	\$ 1,104,352	\$ 611,796	\$ 10,173,607
Licenses and permits	506,111	159,929				666,040
Intergovernmental						
Federal	109,204	1,943,835	54,041	-	732,323	2,839,403
State	1,757,408		5,656	-	1,271,844	3,034,908
Local	2,600		-	-	902,315	904,915
Charges for services	1,704,288	469,384	10,421	-	1,408,039	3,592,132
Fines and forfeits	43,433		-	-	171,080	214,513
Interest and rents	466,730		2,659	2,258	39,881	511,528
Reimbursements and refunds	780,779		1,807	-	41,186	823,772
Other		20,706	9,130	-	55,875	85,711
Total Revenues	12,254,238	2,593,854	1,657,488	1,106,610	5,234,339	22,846,529
Expenditures						
Current:						
Legislative	103,335					103,335
Judicial	2,276,360				951,890	3,228,250
General government	3,838,921			986,593	768,400	5,593,914
Public safety	2,700,860		1,377,379		2,146,954	6,225,193
Public works	774,919					774,919
Health and welfare	448,084	3,079,235			1,553,721	5,081,040
Culture and recreation					11,542	11,542
Other	154,502					154,502
Capital outlay	106,949		70,466	133,905	272,212	583,532
Debt service - principal					215,000	215,000
Debt service - interest					128,754	128,754
Bond issuance costs					76,268	76,268
Total Expenditures	10,403,930	3,079,235	1,447,845	1,120,498	6,124,741	22,176,249
Revenues over (under) expenditures	1,850,308	(485,381)	209,643	(13,888)	(890,402)	670,280
Other Financing Sources (uses)						
Face value of debt issue					6,980,000	6,980,000
Discounts on bonds issued					(2,172)	(2,172)
Proceeds from capital lease	94,500					94,500
Proceeds from sale of assets					68,629	68,629
Transfer in	753,579	491,410	-	-	2,342,641	3,587,630
Transfer out	(2,522,047)	-	(26,853)	(7,000)	(118,378)	(2,674,278)
Total Other Financing Sources (uses)	(1,673,968)	491,410	(26,853)	(7,000)	9,270,720	8,054,309
Special Items - Pension pre-funding					(6,900,000)	(6,900,000)
Special Items - pension pre-funding paid on behalf of enterprise fund					34,419	34,419
Net change in fund balances	176,340	6,029	182,790	(20,888)	1,514,737	1,859,008
Fund balance, beginning of year	2,917,330	1,411,602	259,828	176,511	3,791,111	8,556,382
Fund balance, end of year	\$ 3,093,670	\$ 1,417,631	\$ 442,618	\$ 155,623	\$ 5,305,848	\$ 10,415,390

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, 2016**

Net Change In Fund Balances - Total Governmental Funds \$ 1,859,008

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	964,307
Subtract: construction-in-progress	(551,054)
Subtract: depreciation expense	(624,480)

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	12,923
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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	224,157
Subtract: bond and lease proceeds	(7,074,500)
Add: discount on bond issued	2,172
Subtract: increase in accrued interest payable	(73,875)
Subtract: amortization of bond discount	(832)

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	125,019
Add: gain on the disposal of capital assets	138,102

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	27,449
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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.

Add: pension related items	<u>3,266,403</u>
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Change In Net Position Of Governmental Activities \$ (1,705,201)

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2016

	Enterprise Funds					Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,260,016	\$ -	\$ -	\$ -	\$ 803,869	\$ 3,063,885	\$ 715,246
Investments	908,110	-	-	-	298,161	1,206,271	-
Receivables:							
Taxes receivable - delinquent	456,458	2,473,881	-	-	-	2,930,339	-
Accounts receivable, net	2,858,033	-	-	-	1,425	2,859,458	46,925
Due from other funds	-	-	-	-	684	684	3,278
Due from other governmental units	-	134,251	-	-	-	134,251	-
Contracts receivable - current	-	-	373,940	97,225	169,513	640,678	-
Prepaid expenses	180,131	-	-	-	-	180,131	31,343
Restricted cash	322,418	2,370,739	-	-	-	2,693,157	-
Restricted investments	-	1,284,356	-	-	-	1,284,356	-
Total current assets	6,985,166	6,263,227	373,940	97,225	1,273,652	14,993,210	796,792
Noncurrent assets:							
Contracts receivable, net of current portion	-	-	4,307,114	2,900,000	2,960,000	10,167,114	-
Capital assets, not being depreciated	5,041	-	-	-	-	5,041	-
Capital assets, being depreciated	15,754,604	-	-	-	-	15,754,604	-
Total noncurrent assets	15,759,645	-	4,307,114	2,900,000	2,960,000	25,926,759	-
Total assets	22,744,811	6,263,227	4,681,054	2,997,225	4,233,652	40,919,969	796,792
Deferred outflows of resources							
Related to pensions	1,078,456	-	-	-	5,809	1,084,265	-
Total deferred outflows of resources	1,078,456	-	-	-	5,809	1,084,265	-
Liabilities							
Current liabilities:							
Accounts payable	702,157	56,952	-	-	6,381	765,490	46
Accrued and other liabilities	252,497	-	18,940	27,225	46,200	344,862	137,578
Due to other funds	-	522,158	-	-	118,548	640,706	49,221
Patient trust fund	32,160	-	-	-	-	32,160	-
Deposits payable	631,526	-	-	-	-	631,526	-
Unearned revenue	4,717	-	-	-	-	4,717	-
Compensated absences - current	37,629	-	-	-	-	37,629	-
Bonds payable, current	445,000	-	355,000	70,000	133,000	1,003,000	-
Total current liabilities	2,105,686	579,110	373,940	97,225	304,129	3,460,090	186,845
Noncurrent liabilities:							
Compensated absences - net of current	338,662	-	-	-	-	338,662	-
Net pension liability	1,711,328	-	-	-	11,740	1,723,068	-
Bonds payable, net of current portion	4,160,000	-	4,307,114	2,900,000	2,960,000	14,327,114	-
Total long-term liabilities	6,209,990	-	4,307,114	2,900,000	2,971,740	16,388,844	-
Total liabilities	8,315,676	579,110	4,681,054	2,997,225	3,275,869	19,848,934	186,845
Deferred inflows of resources							
Taxes levied for a subsequent period	456,458	-	-	-	-	456,458	-
Related to pensions	-	-	-	-	14,767	14,767	-
Total deferred inflows of resources	456,458	-	-	-	14,767	471,225	-
Net position							
Net investment in capital assets	11,154,645	-	-	-	-	11,154,645	-
Restricted for:							
Debt service	290,258	-	-	-	-	290,258	-
Unrestricted	3,606,230	5,684,117	-	-	948,825	10,239,172	609,947
Total net position	\$ 15,051,133	\$ 5,684,117	\$ -	\$ -	\$ 948,825	\$ 21,684,075	\$ 609,947

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	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	\$ 19,807,248	\$ 636,870	\$ -	\$ -	\$ 194,918	\$ 20,639,036	\$ 2,347,259
Other operating revenue	551,837	3	-	-	303,095	854,935	-
Total operating revenue	20,359,085	636,873	-	-	498,013	21,493,971	2,347,259
Operating expenses							
Operation and maintenance	20,901,509	843	-	-	-	20,902,352	2,317,920
Benefits and claims	-	-	-	-	-	-	1,890
Administration	-	-	-	-	335,392	335,392	-
Depreciation	1,247,600	-	-	-	-	1,247,600	-
Total operating expenses	22,149,109	843	-	-	335,392	22,485,344	2,319,810
Operating income (loss)	(1,790,024)	636,030	-	-	162,621	(991,373)	27,449
Nonoperating revenue (expenses)							
Property taxes	438,417	-	-	-	-	438,417	-
Interest and rent	26,197	34,195	-	-	4,553	64,945	-
Interest expense and fiscal charges	(165,930)	-	(77,181)	(81,973)	(133,861)	(458,945)	-
Total nonoperating revenue (expenses)	298,684	34,195	(77,181)	(81,973)	(129,308)	44,417	-
Income (loss) before capital contributions and transfers	(1,491,340)	670,225	(77,181)	(81,973)	33,313	(946,956)	27,449
Capital contributions	-	-	77,181	81,973	133,861	293,015	-
Transfers							
Transfers out	-	(663,475)	-	-	(87,886)	(751,361)	-
Changes in net position	(1,491,340)	6,750	-	-	79,288	(1,405,302)	27,449
Net position, beginning of year	16,542,473	5,677,367	-	-	869,537	23,089,377	582,498
Net position, end of year	\$ 15,051,133	\$ 5,684,117	\$ -	\$ -	\$ 948,825	\$ 21,684,075	\$ 609,947

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2016

	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	\$ 20,078,359	\$ 531,747	\$ -	\$ 4,404	\$ 193,493	\$ 20,808,003	\$ 2,345,026
Cash received from interfund services provided	-	-	-	-	(339)	(339)	8,818
Cash payments to suppliers for goods and services	(6,339,181)	(182,438)	-	(4,404)	(233,320)	(6,759,343)	(2,346,485)
Cash payments to employees for services	(14,581,340)	-	-	-	(77,380)	(14,658,720)	-
Other operating revenue	-	-	-	-	303,095	303,095	-
Net cash provided (used) by operating activities	(842,162)	349,309	-	-	185,549	(307,304)	7,359
Cash flows from noncapital financing activities							
Property taxes	438,417	-	-	-	-	438,417	-
Transfers out	-	(663,475)	-	-	-	(663,475)	-
Net cash provided (used) by noncapital financing activities	438,417	(663,475)	-	-	-	(225,058)	-
Cash flows from capital and related financing activities							
Contributions from local units	-	-	427,181	146,973	268,861	843,015	-
Grant proceeds	-	-	-	-	-	-	-
Principal paid on long-term debt	(1,360,000)	-	(350,000)	(65,000)	(135,000)	(1,910,000)	-
Interest paid on long-term debt	(169,697)	-	(77,181)	(81,973)	(133,861)	(462,712)	-
Contributions to local units	-	-	-	-	-	-	-
Purchases and construction of capital assets	(254,904)	-	-	-	-	(254,904)	-
Net cash provided (used) by capital and related financing activities	(1,784,601)	-	-	-	-	(1,784,601)	-
Cash flows from investing activities							
Interest and rent	26,197	34,195	-	-	4,553	64,945	-
Sale (purchase) of investments	392,055	(4,500)	-	-	(298,161)	89,394	-
Net cash provided (used) by investing activities	418,252	29,695	-	-	(293,608)	154,339	-
Net increase in cash and cash equivalents	(1,770,094)	(284,471)	-	-	(108,059)	(2,162,624)	7,359
Cash and cash equivalents, beginning of year	4,352,528	2,655,210	-	-	911,928	7,919,666	707,887
Cash and cash equivalents, end of year	\$ 2,582,434	\$ 2,370,739	\$ -	\$ -	\$ 803,869	\$ 5,757,042	\$ 715,246
Statement of net position classification of cash and cash equivalents							
Cash and cash equivalents	\$ 2,260,016	-	-	-	\$ 803,869	\$ 3,063,885	\$ 715,246
Restricted cash	322,418	\$ 2,370,739	-	-	-	2,693,157	-
	\$ 2,582,434	\$ 2,370,739	\$ -	\$ -	\$ 803,869	\$ 5,757,042	\$ 715,246

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONCLUDED)
 YEAR ENDED DECEMBER 31, 2016

	Enterprise Funds					Total	Governmental
	Medical Care Community	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ (1,790,024)	\$ 636,030	\$ -	\$ -	\$ 162,621	\$ (991,373)	\$ 27,449
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	1,247,600					1,247,600	
Loss on sale of fixed assets						-	
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	(604,040)	(82,064)		4,404	(1,425)	(683,125)	(2,233)
Due from other funds					(339)	(339)	(3,278)
Due from other governmental units		(23,062)	(3,578)		2,395	(24,245)	
Prepaid expenses	10,492					10,492	(5,092)
Accounts payable	(129,882)	(7,977)		(5,000)	5	(142,854)	12,096
Accrued and other liabilities	80,888		3,578	596	(2,395)	82,667	(21,611)
Due to other funds		(173,618)			30,662	(142,956)	28
Unearned revenue	523					523	
Patient trust funds	1,169					1,169	
Deposits payable	451,363					451,363	
Compensated absences	29,982					29,982	
Change in net pension liability and deferred amounts	(140,233)				(5,975)	(146,208)	
Net cash provided (used) by operating activities by operating activities	<u>\$ (842,162)</u>	<u>\$ 349,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,549</u>	<u>\$ (307,304)</u>	<u>\$ 7,359</u>

Non-cash transactions

The Medical Care Community entered into a land contract with Tuscola County in the amount of \$210,000 for land purchased during the year ended December 31, 2016.

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,132,833
Accounts receivable	<u>2,439</u>
Total assets	<u>\$ 1,135,272</u>
Liabilities	
Accrued liabilities	\$ 502,839
Due to other governmental units	594,409
Undistributed receipts	<u>38,024</u>
Total liabilities	<u>\$ 1,135,272</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 accounted for utilizing the consumption method and 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 utilizes the consumption method and 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. Prepaids are accounted for in governmental funds using the consumption method whereby expenditures are recognized over the benefitting period.

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 acquisition 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 2016 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2016, 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, 2016 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>
Nonmajor Special Revenue Funds			
Vassar Township Police Contract	\$ 76,339	\$ 77,091	\$ 752
State Survey Grant	\$ 49,578	\$ 49,715	\$ 137
Register of Deeds Automation	\$ 50,150	\$ 57,897	\$ 7,747
Community Corrections Services	\$ 57,051	\$ 58,069	\$ 1,018
Forfeiture Sheriff/Prosecutor	\$ 125,608	\$ 131,313	\$ 5,705
GIS	\$ 11,000	\$ 11,307	\$ 307

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:

	<u>Carrying Amount</u>
Government-Wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 11,810,435
Investments	1,716,563
Restricted cash	2,813,376
Restricted investments	1,284,356
Component Units:	
Cash and cash equivalents	6,154,629
Investments	3,667,013
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,132,833
Total	<u><u>\$ 28,579,205</u></u>
Notes to Financial Statements	
Deposits	\$ 21,903,273
Investments	6,667,932
Cash on hand	8,000
Total	<u><u>\$ 28,579,205</u></u>

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:

	<u>Carrying Amount</u> <u>(Fair Value)</u>	<u>Maturity Less</u> <u>1 Year</u>	<u>Maturity</u> <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$ 4,063,813	\$ 4,063,813	-	AAAm
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	384,755		\$ 384,755	n/a
Commercial Paper	1,496,087	1,496,087	-	A1
CDs classified as investments	<u>723,277</u>	<u>723,277</u>	-	n/a
Total	<u><u>\$6,667,932</u></u>	<u><u>\$6,283,177</u></u>	<u><u>\$ 384,755</u></u>	

TUSCOLA COUNTY

NOTES TO FINANCIAL STATEMENTS

Investment and deposit risk

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

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for mitigating deposit custodial credit risk. As of year end \$19,716,394 of the County's bank balance of \$21,466,394 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.

Fair value measurement. The County is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the County's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Michigan Class is considered a local government investment pool of "qualified" investments. Michigan Class is not regulated nor is it registered with the SEC. Michigan Class reports the fair value of the County's investments at the same as the value of the pooled shares. Michigan Class investments are subject to the fair value measurement and are level 2.

The County has the following recurring fair value measurements as of December 31, 2016.

	Level 1	Level 2	Carried at Amortized Cost	Total
Michigan Class Accounts		\$ 4,063,813		\$ 4,063,813
Commerical paper	\$ 1,496,087			1,496,087
Certificates of deposits	1,108,032			1,108,032
Total investments	\$ 2,604,119	\$ 4,063,813	\$ -	\$ 6,667,932

B. Receivables

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

	Governmental Activities	Business-Type Activities	Component Units
Taxes - current & delinquent	\$ 4,236,704	\$ 2,930,339	\$ 2,087,651
Accounts, net of allowances	1,092,516	2,859,458	74,485
Special Assessments			
Due within one year			682,246
Due after one year			4,736,295
Intergovernmental			
Due within one year	502,853	774,929	2,273,972
Due after one year	70,000	10,167,114	
Total	\$ 5,902,073	\$ 16,731,840	\$ 9,854,649

The primary government defers 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 \$57,137 of grant draw downs prior to meeting eligibility requirements.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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:

	Taxes Levied for Subsequent Period	Unavailable	Total
Governmental Activities			
Property taxes receivable	\$ 3,712,269	\$ 380,496	\$ 4,092,765
Land contract receivable		140,000	140,000
Business-Type Activities			
Property taxes receivable	456,458		456,458
Total	\$ 4,168,727	\$ 520,496	\$ 4,689,223

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital assets activity for the year ended December 31, 2016, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 376,186	\$ 32,705	\$ -	\$ 408,891
Construction in progress	551,054		(551,054)	-
Total capital assets not being depreciated:	<u>927,240</u>	<u>32,705</u>	<u>(551,054)</u>	<u>408,891</u>
Capital assets being depreciated:				
Buildings	6,973,261	638,023		7,611,284
Improvements	3,030,717			3,030,717
Equipment	3,285,915	184,758	(7,593)	3,463,080
Vehicles	1,498,110	108,821	(87,214)	1,519,717
Total capital assets being depreciated:	<u>14,788,003</u>	<u>931,602</u>	<u>(94,807)</u>	<u>15,624,798</u>
Less accumulated depreciation:				
Buildings	(4,621,927)	(198,067)		(4,819,994)
Improvements	(1,569,601)	(151,771)		(1,721,372)
Equipment	(2,053,847)	(155,576)	5,695	(2,203,728)
Vehicles	(986,731)	(119,066)	87,214	(1,018,583)
Total accumulated depreciation	<u>(9,232,106)</u>	<u>(624,480)</u>	<u>92,909</u>	<u>(9,763,677)</u>
Total capital assets being depreciated, net	<u>5,555,897</u>	<u>307,122</u>	<u>(1,898)</u>	<u>5,861,121</u>
Governmental activities capital assets, net	<u><u>\$ 6,483,137</u></u>	<u><u>\$ 339,827</u></u>	<u><u>\$ (552,952)</u></u>	<u><u>\$ 6,270,012</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Additions & Adjustments	Disposals & Adjustments	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 5,041	\$ -	\$ 5,041
Capital assets being depreciated:				
Land improvements	2,531,159	210,530		2,741,689
Buildings	14,226,115	63,919		14,290,034
Equipment	10,501,119	185,414	(18,114)	10,668,419
Total capital assets being depreciated	27,258,393	459,863	(18,114)	27,700,142
Less accumulated depreciation:				
Land improvements	(709,561)	(137,891)		(847,452)
Buildings	(5,011,132)	(493,330)		(5,504,462)
Equipment	(4,995,359)	(616,379)	18,114	(5,593,624)
Total accumulated depreciation	(10,716,052)	(1,247,600)	18,114	(11,945,538)
Total capital assets being depreciated, net	16,542,341	(787,737)	-	15,754,604
Business-type activities capital assets, net	\$ 16,542,341	\$ (782,696)	\$ -	\$ 15,759,645

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

Governmental activities:

Judicial	\$ 4,500
General government	264,107
Public safety	236,273
Health and welfare	119,600

Total depreciation expense - governmental activities \$624,480

Business-type activities:

Total depreciation expense - Medical Care Community	<u>\$1,247,600</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, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals & Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 466,460	\$ -	\$ 466,460
Capital assets being depreciated:				
Infrastructure	20,355,371		-	20,355,371
Less accumulated depreciation:				
Infrastructure	(4,415,536)	(407,107)	-	(4,822,643)
Total capital assets being depreciated, net	15,939,835	(407,107)	-	15,532,728
Drain commission capital assets, net	<u>\$ 15,939,835</u>	<u>\$ 59,353</u>	<u>\$ -</u>	<u>\$ 15,999,188</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Activity for the Road Commission for the year ended December 31, 2016, 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	33,216,019	172,287	-	33,388,306
Total capital assets not being depreciated:	<u>33,510,237</u>	<u>172,287</u>	<u>-</u>	<u>33,682,524</u>
Capital assets being depreciated:				
Infrastructure	96,997,638	9,665,049	(2,624,256)	104,038,431
Buildings	2,110,820	7,350		2,118,170
Equipment	6,067,428	474,390	(3,238)	6,538,580
Depletable assets	282,717			282,717
Total capital assets being depreciated:	<u>105,458,603</u>	<u>10,146,789</u>	<u>(2,627,494)</u>	<u>112,977,898</u>
Less accumulated depreciation:				
Infrastructure	(43,344,474)	(4,592,815)	2,624,255	(45,313,034)
Buildings	(608,090)	(58,585)		(666,675)
Equipment	(5,202,535)	(404,269)		(5,606,804)
Depletable assets	(46,925)	(366)		(47,291)
Total accumulated depreciation	<u>(49,202,024)</u>	<u>(5,056,035)</u>	<u>2,624,255</u>	<u>(51,633,804)</u>
Total capital assets being depreciated, net	<u>56,256,579</u>	<u>5,090,754</u>	<u>(3,239)</u>	<u>61,344,094</u>
Road commission capital assets, net	<u><u>\$ 89,766,816</u></u>	<u><u>\$ 5,263,041</u></u>	<u><u>\$ (3,239)</u></u>	<u><u>\$ 95,026,618</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due To	Due From				Total
	Total Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds	Nonmajor Enterprise Funds	
General Fund	\$ 123,049	\$ 522,158	\$ 49,221	\$ 87,886	\$ 782,314
Road Patrol	5,002				5,002
Voted Mosquito	1,205				1,205
Nonmajor Governmental Funds	607,522			30,662	638,184
Subtotal	<u>736,778</u>	<u>522,158</u>	<u>49,221</u>	<u>118,548</u>	<u>1,426,705</u>
Internal Service Funds	3,278				3,278
Nonmajor Enterprise Funds	684				684
Subtotal	<u>3,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,962</u>
Total	<u>\$ 740,740</u>	<u>\$ 522,158</u>	<u>\$ 49,221</u>	<u>\$ 118,548</u>	<u>\$ 1,430,667</u>

The balance of \$522,158 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:

	<u>Receivable</u>	<u>Payable</u>
General	\$630,652	
Voted MSU	-	\$120,652
Drain Commission	<u>200,000</u>	<u>710,000</u>
Total	<u>\$830,652</u>	<u>\$830,652</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Transfers From	Transfers To			Total
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 329,419	\$ 2,192,628	\$ 2,522,047
Road Patrol			26,853	26,853
Voted Mosquito			7,000	7,000
Nonmajor Governmental Funds	\$ 2,218		116,160	118,378
Subtotal	<u>2,218</u>	<u>329,419</u>	<u>2,342,641</u>	<u>2,674,278</u>
Reconciling item		161,991		161,991
Subtotal	<u>2,218</u>	<u>491,410</u>	<u>2,342,641</u>	<u>2,836,269</u>
Delinquent Tax Revolving Fund	663,475			663,475
Nonmajor Enterprise Funds	87,886			87,886
Subtotal	<u>751,361</u>	<u>-</u>	<u>-</u>	<u>751,361</u>
Total	<u><u>\$ 753,579</u></u>	<u><u>\$ 491,410</u></u>	<u><u>\$ 2,342,641</u></u>	<u><u>\$ 3,587,630</u></u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2016. 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 \$405,726. The future minimum lease payments for the remainder of the lease are as follows:

Year Ending	Revenue
<u>December 31</u>	<u>Revenue</u>
2017	\$ 321,950
2018	327,507
2019	355,291
2020	355,291
2021	332,491
2022-2026	1,769,021
2027-2028	732,284
Total	<u><u>\$ 4,193,835</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, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental activities					
General obligation pension bonds:					
Tuscola County Series 2016	\$ -	\$ 6,980,000	\$ (175,000)	\$ 6,805,000	\$ 175,000
Bond discount - pension		(2,172)	86	(2,086)	
Capital Improvement Bonds					
Series 2011	855,000		(40,000)	815,000	40,000
Bond discount	(11,692)		746	(10,946)	
Capital lease	-	94,500	(9,157)	85,343	17,441
Compensated absences	588,244	585,352	(710,371)	463,225	183,774
Governmental activities long-term liabilities	<u>\$ 1,431,552</u>	<u>\$ 7,657,680</u>	<u>\$ (933,696)</u>	<u>\$ 8,155,536</u>	<u>\$ 416,215</u>
Business-type activities					
Refunding bonds	\$ 1,320,000	\$ -	\$ (1,120,000)	\$ 200,000	\$ 200,000
Medical Care - Small House	4,435,000		(170,000)	4,265,000	175,000
Medical Care - Land Contract		210,000	(70,000)	140,000	70,000
General obligation bonds:					
Mayville Storm Sewer	1,009,000		(28,000)	981,000	30,000
Millington Sanitary Sewer	5,000		(5,000)	-	
Richville Water System	280,000		(70,000)	210,000	70,000
Caro Sewer System	5,012,114		(350,000)	4,662,114	355,000
USDA loans:					
Denmark Sewer System	1,934,000		(32,000)	1,902,000	33,000
Wisner Water System	3,035,000		(65,000)	2,970,000	70,000
Compensated absences	346,309	1,020,000	(990,018)	376,291	37,629
Business-type activities long-term liabilities	<u>\$ 17,376,423</u>	<u>\$ 1,230,000</u>	<u>\$ (2,900,018)</u>	<u>\$ 15,706,405</u>	<u>\$ 1,040,629</u>

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

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units:					
Road Commission					
Equipment note payable	\$ 134,511	\$ -	\$ (44,248)	\$ 90,263	\$ 45,165
Compensated absences	47,327	5,475	-	52,802	-
Net OPEB obligation	3,303,358	272,487	-	3,575,845	-
Total Road Commission	<u>\$ 3,485,196</u>	<u>\$ 277,962</u>	<u>\$ (44,248)</u>	<u>\$ 3,718,910</u>	<u>\$ 45,165</u>
Drain Commission					
General obligation bonds:					
Moore Drain	\$ 1,925,000		\$ (175,000)	\$ 1,750,000	\$ 175,000
Bach and Branches Drain	900,000		(150,000)	750,000	150,000
Northwest Drain	1,400,000		(350,000)	1,050,000	350,000
Reese Drain	47,663		(47,663)	-	
Armbruster Intercounty Drain	141,812		(15,757)	126,055	15,757
Pigeon River Intercounty Drain	173,001		(14,417)	158,584	14,417
Fulton Street Drain		\$ 720,000		720,000	45,000
Loans Payable	730,620	360,000	(159,540)	931,080	190,040
Total Drain Commission	<u>\$ 5,318,096</u>	<u>\$ 1,080,000</u>	<u>\$ (912,377)</u>	<u>\$ 5,485,719</u>	<u>\$ 940,214</u>

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, 2016, was \$200,000.

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, 2016, \$145,000 of bonds outstanding were considered defeased.

Land Contract

During 2016, the Medical Care Community entered into a land contract with the County to purchase 25 acres adjacent to the Medical Care Community main building. The contract was for \$210,000 with three annual payments of \$70,000 through 2018.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

The County issues bonds to provide for the acquisition and construction of major capital facilities and to prefund pension obligations. 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%	\$ 7,705,343
Business-type activities	7.2 - 8.7%	\$15,330,114

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>
2017	\$ 232,441	\$ 259,306	\$ 1,003,000	\$ 429,167
2018	243,278	253,769	826,000	408,367
2019	334,155	247,971	779,000	390,174
2020	365,074	240,190	726,000	371,310
2021	360,395	228,736	735,000	353,425
2022-2026	2,030,000	966,459	6,156,000	1,214,642
2027-2031	2,560,000	592,547	1,809,114	700,605
2032-2036	1,580,000	127,350	1,096,000	494,055
2037-2041	-	-	831,000	308,827
2042-2046	-	-	919,000	159,640
2047-2051	-	-	435,000	38,225
2052	-	-	15,000	413
	<u>7,705,343</u>	<u>2,916,328</u>	<u>15,330,114</u>	<u>4,868,850</u>
Bond discount	(13,032)			
Compensated Absences	<u>463,225</u>		<u>376,291</u>	
Total	<u>\$ 8,155,536</u>	<u>\$ 2,916,328</u>	<u>\$ 15,706,405</u>	<u>\$ 4,868,850</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.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00% - 6.50%	\$5,485,719

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 940,214	\$ 179,852
2018	945,213	147,077
2019	845,174	113,368
2020	500,174	88,548
2021	500,174	71,343
2022-2026	1,309,353	185,328
2027-2031	329,417	40,207
2032-2036	65,000	13,450
2037-2040	51,000	3,740
Total	<u><u>\$ 5,485,719</u></u>	<u><u>\$ 842,913</u></u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00%	\$90,263

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 45,165	\$ 1,825
2018	45,098	1,892
Total	<u><u>\$ 90,263</u></u>	<u><u>\$ 3,717</u></u>

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, 2016:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 183,774
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>\$3,633,774</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.

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	129
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>153</u>
Total membership	307

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

In addition to the required contribution, the County issued pension obligation bonds in April 2016 to fund an additional \$6,900,000.

Net Pension Liability. The County's Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2015.

Actuarial assumptions. The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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:

<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.

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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 31,228,282	\$ 23,153,412	\$ 8,074,870
Changes for the year:			
Service cost	663,158		663,158
Interest	2,521,804		2,521,804
Changes in benefits	-		-
Difference between expected and actual experience	15,636		15,636
Changes in assumptions	1,658,902		1,658,902
Employer contributions		7,412,953	(7,412,953)
Employee contributions		339,727	(339,727)
Net investment income		3,271,744	(3,271,744)
Benefit payments, including employee refunds	(1,985,077)	(1,985,077)	-
Administrative expense		(62,743)	62,743
Other changes	(191,533)		(191,533)
Net changes	<u>2,682,890</u>	<u>8,976,604</u>	<u>(6,293,714)</u>
Balances at December 31, 2016	<u>\$ 33,911,172</u>	<u>\$ 32,130,016</u>	<u>\$ 1,781,156</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.

	1% Decrease 7.25%	Current Discount Rate (8.25%)	1% Increase 9.25%
Net Pension Liability at 12/31/16	\$ 5,621,310	\$ 1,781,156	\$ (1,463,445)

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

For the year ended December 31, 2016, the County recognized pension expense of \$676,788. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience		\$ 12,508
Differences in assumptions		1,327,120
Excess (deficit) investment returns	\$ 1,363,003	901,009
Contributions subsequent to the measurement date		
Total	<u>\$ 1,363,003</u>	<u>\$ 2,240,637</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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
2017	\$ (105,825)
2018	(105,825)
2019	(105,825)
2020	(560,159)
2021	-
Thereafter	-
Total	<u>\$ (877,634)</u>

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.

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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	27
Active employees	<u>323</u>
Total membership	<u><u>433</u></u>

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 2.37% of annual payroll for open divisions.

Net Pension Liability. The employer's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2015.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Actuarial assumptions. The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2009-2013.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
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.

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:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2015	\$ 14,536,073	\$ 12,754,817	\$ 1,781,256
Changes for the year:			
Service cost	753,907		753,907
Interest	1,161,030		1,161,030
Difference between expected and actual experience	134,876		134,876
Changes in assumptions	612,268		612,268
Employer contributions		486,598	(486,598)
Employee contributions		517,917	(517,917)
Net investment income		1,473,756	(1,473,756)
Benefit payments, including employee refunds	(800,308)	(800,308)	-
Administrative expense		(29,039)	29,039
Other changes	(282,777)		(282,777)
Net changes	<u>1,578,996</u>	<u>1,648,924</u>	<u>(69,928)</u>
Balances at December 31, 2016	<u>\$ 16,115,069</u>	<u>\$ 14,403,741</u>	<u>\$ 1,711,328</u>

Changes in Assumptions. Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75%, and (3) asset smoothing period was changed from 10 years to 5 years.

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.

	1% Decrease 7.25%	Current Discount Rate (8.25%)	1% Increase 9.25%
Net Pension Liability at 12/31/16	\$ 3,970,959	\$ 1,711,328	\$ (123,535)

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

For the year ended December 31, 2016, the Medical Care Community recognized pension expense of \$346,365. The Medical Care Community reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$118,016
Changes in assumptions	535,734
Net difference between projected and actual earnings on pension plan investments	<u>424,706</u>
Total	<u>\$1,078,456</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Amount
2017	\$ 262,580
2018	262,580
2019	262,578
2020	10,543
2021	93,394
2022-2023	<u>186,781</u>
Total	<u>\$ 1,078,456</u>

Payable to the Pension Plan. At December 31, 2016, the Medical Care Community reported a payable of \$30,513 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

Major Fund - Health Department Plan

General Information about the Pension Plan

Plan Description. The Health Department's defined benefit pension plan provides certain retirement disability 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, 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.

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.

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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>26</u>
Total membership	<u><u>55</u></u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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. Employee contribution rates are 4.33% on annual payroll for the open division for the plan year ended December 31, 2015. One division that is closed to new employees, had a flat rate of \$19,500 for the plan year ended December 31, 2015.

Net Pension Liability. The 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 actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study in 2009-2013.

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:

<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.

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:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2014	\$ 9,392,312	\$ 7,417,750	\$ 1,974,562
Changes for the year:			
Service cost	158,379		158,379
Interest	763,788		763,788
Difference between expected and actual experience	(113,593)		(113,593)
Changes in assumptions	470,284		470,284
Employer contributions		239,690	(239,690)
Employee contributions		60,012	(60,012)
Net investment income		(111,384)	111,384
Benefit payments, including employee refunds	(426,925)	(426,925)	-
Administrative expense		(16,247)	16,247
Other changes	(316)		(316)
Net changes	<u>851,617</u>	<u>(254,854)</u>	<u>1,106,471</u>
Balances at December 31, 2015	<u>\$ 10,243,929</u>	<u>\$ 7,162,896</u>	<u>\$ 3,081,033</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.

	1% Decrease	Current Discount	1% Increase
	7.25%	Rate (8.25%)	9.25%
Net Pension Liability at 12/31/16	\$ 4,264,725	\$ 3,081,033	\$ 2,073,495

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 \$326,364. At year end, the Health Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$653,188	
Differences in assumptions	313,523	
Difference in experience		\$75,729
Employer contributions to the plan subsequent to the measurement date	<u>178,632</u>	
Total	<u>\$1,145,343</u>	<u>\$75,729</u>

Any amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in net pension liability for the plan year ended December 31, 2016.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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

Year Ended September 30,	Amount
2017	\$ 288,798
2018	288,798
2019	169,901
2020	<u>143,485</u>
Total	<u>\$ 890,982</u>

Payable to the Pension Plan. At September 30, 2016, there was a reported payable of \$24,825 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2016.

Aggregate Defined Benefit Pension Plan Information

A reconciliation of pension items as shown in the basic financial statements is as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental activities				
General County	\$ 1,769,416	\$ 1,357,194	\$ 2,225,870	\$ 672,327
Health Department	<u>3,081,033</u>	<u>1,145,343</u>	<u>75,729</u>	<u>326,364</u>
Total governmental activities	<u>4,850,449</u>	<u>2,502,537</u>	<u>2,301,599</u>	<u>998,691</u>
Business-type activities				
General County	11,740	5,809	14,767	4,461
Medical Care Community	<u>1,711,328</u>	<u>1,078,456</u>	<u>-</u>	<u>346,365</u>
Total business-type activities	<u>1,723,068</u>	<u>1,084,265</u>	<u>14,767</u>	<u>350,826</u>
Grand total	<u>\$ 6,573,517</u>	<u>\$ 3,586,802</u>	<u>\$ 2,316,366</u>	<u>\$ 1,349,517</u>

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.

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 1.0% 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 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	22
Inactive employees entitled to but not yet receiving benefits	3
Active employees	22
Total membership	47

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 open division, the employer contribution rate was 4.85%. For the closed divisions, the employer was required to contribute approximately \$156,000.

Net Pension Liability. The employer's Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2015.

Actuarial assumptions. The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
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 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study that was performed as of 2009-2013.

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:

<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 8.0%. 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 (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at December 31, 2015	\$ 5,756,018	\$ 3,426,844	\$ 2,329,174
Changes for the year:			
Service cost	80,723		80,723
Interest	447,215		447,215
Difference between expected and actual experience	(4,434)		(4,434)
Changes of assumptions	267,140		267,140
Employer contributions		471,508	(471,508)
Employee contributions		49,032	(49,032)
Net investment income		380,374	(380,374)
Benefit payments, including employee refunds	(412,389)	(412,389)	-
Administrative expense		(7,516)	7,516
Other changes	1,012		1,012
Net changes	<u>379,267</u>	<u>481,009</u>	<u>(101,742)</u>
Balances at December 31, 2016	<u>\$ 6,135,285</u>	<u>\$ 3,907,853</u>	<u>\$ 2,227,432</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 of the employer, calculated using the discount rate of 8%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

	1% Decrease 7%	Current Discount Rate (8%)	1% Increase 9%
Net Pension Liability at 12/31/16	\$ 2,824,586	\$ 2,227,432	\$ 1,715,230

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

For the year ended December 31, 2016 the Road Commission recognized pension expense of \$344,413. The Road Commission reported deferred outflows and inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience		\$ 2,956
Differences in assumptions	\$ 178,093	
Excess (deficit) investment returns	122,309	
Total	\$ 300,402	\$ 2,956

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
2017	\$ 135,152
2018	135,151
2019	47,584
2020	(20,441)
Total	\$ 297,446

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 2016 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	4
Active employees	33
Total membership	37

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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.

Net Pension Liability. The net pension liability was valued and measured as of March 31, 2016.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of March 31, 2016 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, 2016 (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%.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

	<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 March 31, 2015	\$ 623,714	\$ 163,658	\$ 460,056
Changes for the year:			
Service cost	16,630		16,630
Interest	29,766		29,766
Experience (gains)/losses	(6,357)		(6,357)
Change in actuarial assumptions	1,143		1,143
Employer contributions		89,250	(89,250)
Employee contributions		2,458	(2,458)
Net investment income		7,853	(7,853)
Benefit payments, including employee refunds	(90,080)	(90,080)	-
Administrative expense		(82)	82
Other changes			-
Net changes	<u>(48,898)</u>	<u>9,399</u>	<u>(58,297)</u>
Balances at March 31, 2016	<u>\$ 574,816</u>	<u>\$ 173,057</u>	<u>\$ 401,759</u>

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:

	<u>1% Decrease</u> <u>4%</u>	<u>Current Discount</u> <u>Rate (5%)</u>	<u>1% Increase</u> <u>6%</u>
Net Pension Liability at 12/31/16	\$ 488,542	\$ 401,759	\$ 329,047

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

For the year ended March 31, 2016 the Road Commission recognized pension expense of \$34,159. The Road Commission reported deferred outflows and inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Contributions subsequent to valuation date	\$6,105	
Experience gains/losses		\$16,550
Changes of assumptions	1,964	
Net difference between projected and actual earnings on pension plan investments	361	
	<u>\$8,430</u>	<u>\$16,550</u>

\$6,105 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, 2017.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

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
2017	\$ (1,640)
2018	(1,640)
2019	(1,639)
2020	(1,664)
2021	(1,736)
Thereafter	<u>(5,906)</u>
Total	<u>\$ (14,225)</u>

At December 31, 2016, 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	\$ 2,227,432	\$ 300,402	\$ 2,956
Pension Plan	401,759	8,430	16,550
Total	<u>\$ 2,629,191</u>	<u>\$ 308,832</u>	<u>\$ 19,506</u>

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.

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 \$407,525 for the year ending December 31, 2016.

Funding Progress

For the year beginning January 1, 2016, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2016. 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	231,235
Adjustments to ARC	(210,529)
Amounts contributed:	
Payments of current premiums	(407,526)
Increase in net OPEB obligation	272,487
OPEB obligation, beginning of year	<u>3,303,358</u>
OPEB obligation, end of year	<u>\$3,575,845</u>

Three-Year Trend Information

Fiscal Year	Annual	Percentage	Net OPEB
<u>Ending</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/14	\$ 694,470	57%	\$3,007,561
12/31/15	\$ 680,281	57%	\$3,303,358
12/31/16	\$ 680,013	60%	\$3,575,845

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, 2016	\$ -
Actuarial value of assets	NONE
Actuarial accrued liability (AAL)	8,937,161
Unfunded AAL	8,937,161
Funded ratio	0%
Annual covered payroll (12/31/16)	2,371,864
Ratio of UAAL to covered payroll	377%

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, 2016 actuarial valuation, the entry age normal actuarial method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% salary scale, 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, 2016 was 25 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, 2016, 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, 2016, the balance of the County's member retention fund was \$120,219.

Changes in the estimated claims liability are as follows:

	<u>2015</u>	<u>2016</u>
Unpaid claims, beginning of year	\$ 121,309	\$ 37,181
Claims dismissed		
Incurred claims	26,998	22,174
Claim payments	<u>(111,126)</u>	<u>(31,603)</u>
Unpaid claims, end of year	<u>\$ 37,181</u>	<u>\$ 27,752</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 2016.

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

	<u>2015</u>	<u>2016</u>
Unpaid Claims, beginning of year	\$ 173	\$ -
Incurred Claims (including IBNR)	158	1,890
Claims Paid	<u>(331)</u>	<u>(1,890)</u>
Unpaid Claims	<u>\$ -</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. The provision for IBNR is based upon historical trends.

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

	<u>2015</u>	<u>2016</u>
Unpaid Claims, beginning of year	\$ 206,989	\$ 159,189
Incurred Claims (including IBNR)	2,337,861	2,134,807
Claims Paid	<u>(2,385,661)</u>	<u>(2,156,418)</u>
Unpaid Claims	<u>\$ 159,189</u>	<u>\$ 137,578</u>

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 2016 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 2016 ad valorem tax is levied and collectible by December 1, 2016, 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, 2015, levy totaled \$1,730,939,880. The taxable value of real and personal property for the July 1, 2016, levy totaled \$1,708,901,809. The tax levy for fiscal year 2016 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
MSU Extension	.1000 mills

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2016 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 mills

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

E. TAX ABATEMENTS

INDUSTRIAL FACILITIES EXEMPTION

Municipalities within the County's boundaries entered into property tax abatement agreements with local business under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term for 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2016, the County's property tax revenue for general operations were reduced by \$60,990 under this program.

<u>Governmental unit</u>	<u>Amount</u>
Akron Township	\$ 6,937
Denmark Township	2,759
Elkland Township	34,881
Fremont Township	375
Indianfields Township	12,498
Millington Township	1,768
Tuscola Township	1,365
City of Caro	407
	<hr/>
Total	<u>\$ 60,990</u>

There are no significant abatements made by the County.

F. CONTINGENCIES

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

G. 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, 2016, was \$85,676. Lease payments are determined annually by Tuscola County.

The County has two operating lease agreements for postage meters with total monthly payments of \$602 and one operating lease agreement for copiers with total monthly payments of \$413.

The Health Department has an operating lease agreement for a postage meter lease was signed on June 12, 2015 with quarterly payments of approximately \$495 through June of 2019. The amount expensed under the lease for the 2016 fiscal year was \$1,980. Future minimum payments are as follows: \$1,980 for fiscal years 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>
2017	\$316,371
2018	232,324
2019	172,332
2020	<u>124,252</u>
Total	<u>\$ 845,279</u>

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Capital Lease as Lessee

The County leased a phone system under an agreement classified as capital lease. The cost and accumulated depreciation as of December 31, 2016 related to such equipment is as follows:

Asset	
Machinery & Equipment	\$112,577
Less: Accumulated Depreciation	<u>(6,567)</u>
Total	<u>\$106,010</u>

The present value of future minimum lease payments under capital leases as of December 31, 2016 is as follows:

Year Ending December 31, 2017	\$21,159
Year Ending December 31, 2018	21,159
Year Ending December 31, 2019	21,159
Year Ending December 31, 2020	21,159
Year Ending December 31, 2021	<u>10,579</u>
Total Minimum Lease Payments	95,215
Less: amount representing interest	<u>9,872</u>
Present Value of Minimum Lease Payments	<u>\$85,343</u>

H. RESTATEMENT OF NET POSITION

The Health Department restated its beginning net position to correct deferred outflows of resources related to pensions in connection with the implementation of GASB 68 and 71.

Beginning net position - governmental activities	\$6,559,931
Adjustment for deferred outflow related to pension - health department	<u>79,244</u>
Beginning net position, restated - governmental activities	<u>\$6,639,175</u>

I. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the County will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The County is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB 75 is effective one year later.

TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the County's 2019 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

J. 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.

K. SUBSEQUENT EVENT

In February 2017, Tuscola County issued pension obligation bonds, series 2017 on behalf of the Tuscola County Health Department in the amount of \$2,475,000 for the purpose of providing funds for the Tuscola County Health Department's unfunded pension benefits for public employee retirees who have the adequate vesting and service benefit level requirements.

In April 2017, Tuscola County finalized an agreement purchasing land on the outskirts of the City of Caro for a new recycling plant. The total purchase price paid was \$140,000.

REQUIRED SUPPLEMENTARY INFORMATION



TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 6,803,000	\$ 6,803,000	\$ 6,875,412	\$ 72,412
Payment in lieu of taxes	9,000	9,000	4,289	(4,711)
Trailer park taxes	3,700	3,700	3,984	284
Total taxes	<u>6,815,700</u>	<u>6,815,700</u>	<u>6,883,685</u>	<u>67,985</u>
Licenses and permits				
Marriage licenses	2,000	2,000	1,855	(145)
Building code licenses	300,000	369,007	369,007	-
Dog licenses	145,000	145,000	118,096	(26,904)
Unified court licenses	12,500	16,000	15,541	(459)
Other	1,712	1,812	1,612	(200)
Total licenses and permits	<u>461,212</u>	<u>533,819</u>	<u>506,111</u>	<u>(27,708)</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	68,000	68,000	65,432	(2,568)
Marine safety	10,450	14,400	14,380	(20)
Civil defense	39,000	39,000	28,729	(10,271)
Thumb narcotics	24,000	24,000	664	(23,336)
State				
Judges	241,307	241,307	241,146	(161)
State payment courts	232,000	232,000	227,807	(4,193)
Secondary road patrol	85,200	85,200	82,749	(2,451)
SSI incentive	6,000	6,000	5,800	(200)
Hotel liquor tax	104,823	104,823	99,294	(5,529)
State revenue sharing	1,097,391	1,097,391	1,100,611	3,220
Local				
Marine safety	-	2,600	2,600	-
Total intergovernmental - federal/state/local	<u>1,908,171</u>	<u>1,914,721</u>	<u>1,869,212</u>	<u>(45,509)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 263,010	\$ 263,410	\$ 262,443	\$ (967)
District court - probation	228,000	232,861	203,490	(29,371)
County clerk costs	220,000	220,000	172,987	(47,013)
Friend of the court costs	19,000	19,000	15,563	(3,437)
Bond costs	3,000	3,000	4,155	1,155
District court				
Screening assessment	20,000	20,000	17,003	(2,997)
Probate court	36,500	36,500	33,499	(3,001)
Civil	121,000	144,673	144,673	-
Warrant fees	24,000	24,000	14,066	(9,934)
Friend of the court	5,500	-	-	-
Court	600	600	587	(13)
Other	1,500	1,850	2,090	240
Circuit court				
Court	20,100	20,100	9,185	(10,915)
Searches and motion fees	14,000	14,000	13,199	(801)
Jury, entry and forensic fees	20,000	20,000	14,568	(5,432)
Other	100	100	-	(100)
Family division				
Admin fees	42,000	42,000	25,786	(16,214)
Collection fees	100	100	90	(10)
County clerk				
Dba/co-partnership	4,000	4,000	3,800	(200)
Certified	39,000	39,000	34,954	(4,046)
Copies	6,500	8,550	7,326	(1,224)
Other	17,275	8,275	7,643	(632)
Equalization	50	50	-	(50)
Register of deeds				
Transfer	122,000	122,000	122,390	390
Recordings	122,000	139,168	139,168	-
Copies	64,000	70,630	61,468	(9,162)
Other	1,000	1,050	938	(112)
County treasurer	66,500	71,000	67,638	(3,362)
Animal shelter	2,300	2,300	2,183	(117)
Sheriff	9,800	11,300	7,508	(3,792)
Jail	208,000	237,578	261,441	23,863
Other	475	475	51	(424)
Sheriff				
Canteen	12,000	23,000	28,619	5,619
Auction	-	1,000	549	(451)
Animal shelter	200	200	160	(40)
Other	12,550	20,850	20,230	(620)
Film	4,000	4,350	4,838	488
Total charges for services	<u>1,730,060</u>	<u>1,826,970</u>	<u>1,704,288</u>	<u>(122,682)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 11,500	\$ 13,800	\$ 15,517	\$ 1,717
Ordinance fines and warrant fees	21,000	21,000	16,041	(4,959)
County treasurer	9,000	11,260	11,875	615
	<u>41,500</u>	<u>46,060</u>	<u>43,433</u>	<u>(2,627)</u>
Total fines and forfeits				
Interest and rents				
Interest	55,000	61,500	68,101	6,601
Rentals	405,152	405,152	398,629	(6,523)
	<u>460,152</u>	<u>466,652</u>	<u>466,730</u>	<u>78</u>
Total interest and rent				
Other revenue				
Reimbursements and refunds	663,516	855,051	780,779	(74,272)
	<u>12,080,311</u>	<u>12,458,973</u>	<u>12,254,238</u>	<u>(204,735)</u>
Total revenues				

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 97,194	\$ 97,194	\$ 79,852	\$ (17,342)
Supplies, printing and postage	2,000	2,000	599	(1,401)
Memberships and subscription	11,000	11,000	10,767	(233)
Travel	9,000	9,000	5,678	(3,322)
Advertising	1,500	1,500	3,292	1,792
Telephone	2,200	2,200	2,120	(80)
Employee training	6,106	6,106	1,027	(5,079)
Total legislative	<u>129,000</u>	<u>129,000</u>	<u>103,335</u>	<u>(25,665)</u>
Judicial				
Unified Court				
Salaries and fringes	1,647,085	1,685,859	1,573,362	(112,497)
Supplies, printing and postage	65,314	65,314	64,073	(1,241)
Contracted services	45,600	62,600	55,454	(7,146)
Court appointed counsel	478,750	480,750	476,319	(4,431)
Court appointed appeal of right	22,000	22,000	11,981	(10,019)
Steno transcript	8,000	8,000	5,634	(2,366)
Steno appeal transcript	11,000	11,000	4,183	(6,817)
Jury fees, meals and travel	54,000	41,000	27,779	(13,221)
Memberships and subscriptions	5,000	5,000	4,705	(295)
Visiting judge	25,000	17,000	16,267	(733)
Travel	7,000	6,477	3,391	(3,086)
Telephone	3,900	3,900	3,509	(391)
Repairs and maintenance	1,500	2,023	1,023	(1,000)
Employee training	5,600	5,600	5,244	(356)
Books	4,300	6,300	6,581	281
Total unified court	<u>2,384,049</u>	<u>2,422,823</u>	<u>2,259,505</u>	<u>(163,318)</u>
Jury commission				
Salaries and fringes	1,615	2,815	2,799	(16)
Supplies, printing and postage	3,700	3,700	3,426	(274)
Travel	560	560	360	(200)
Total jury commission	<u>5,875</u>	<u>7,075</u>	<u>6,585</u>	<u>(490)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 3,379	\$ (621)
Utilities	10,000	10,000	6,891	(3,109)
Total adult probation	<u>14,000</u>	<u>14,000</u>	<u>10,270</u>	<u>(3,730)</u>
Total judicial	<u>2,403,924</u>	<u>2,443,898</u>	<u>2,276,360</u>	<u>(167,538)</u>
General government				
Elections				
Salaries and fringes	980	1,144	1,199	55
Supplies, printing and postage	88,420	174,482	174,443	(39)
Travel	600	600	583	(17)
Total elections	<u>90,000</u>	<u>176,226</u>	<u>176,225</u>	<u>(1)</u>
Legal	<u>80,000</u>	<u>89,001</u>	<u>89,001</u>	<u>-</u>
County clerk				
Salaries and fringes	441,072	441,072	397,247	(43,825)
Supplies, printing and postage	15,678	15,678	16,136	458
Memberships and subscription	900	900	746	(154)
Employee training	1,500	1,500	943	(557)
Travel	350	350	223	(127)
Total county clerk	<u>459,500</u>	<u>459,500</u>	<u>415,295</u>	<u>(44,205)</u>
Controller				
Salaries and fringes	314,530	314,530	297,722	(16,808)
Supplies, printing and postage	3,290	3,290	3,906	616
Memberships and subscription	1,900	1,900	1,653	(247)
Travel	300	300	294	(6)
Employee training	1,980	1,980	1,069	(911)
Total controller	<u>322,000</u>	<u>322,000</u>	<u>304,644</u>	<u>(17,356)</u>

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 232,420	\$ 243,364	\$ 219,713	\$ (23,651)
Supplies, printing and postage	1,540	1,540	1,187	(353)
Memberships and subscription	1,500	1,500	880	(620)
Travel	2,840	2,840	2,414	(426)
Employee training	1,200	1,200	510	(690)
	<u>239,500</u>	<u>250,444</u>	<u>224,704</u>	<u>(25,740)</u>
Total equalization				
Prosecuting attorney				
Salaries and fringes	534,287	534,287	471,002	(63,285)
Supplies, printing and postage	9,263	9,263	12,453	3,190
Contracted services	-	-	395	395
Steno transcript	500	500	896	396
Steno appeal transcript	500	500	43	(457)
Memberships and subscription	3,500	3,500	3,778	278
Travel	400	400	1,541	1,141
Employee training	300	300	-	(300)
Books	4,250	4,250	2,291	(1,959)
	<u>553,000</u>	<u>553,000</u>	<u>492,399</u>	<u>(60,601)</u>
Total prosecuting attorney				
Cooperative reimbursement - prosecutor				
Salaries and fringes	168,675	168,675	149,755	(18,920)
Supplies, printing and postage	1,125	1,125	865	(260)
Contracted services	200	200	50	(150)
	<u>170,000</u>	<u>170,000</u>	<u>150,670</u>	<u>(19,330)</u>
Total cooperative reimbursement - prosecutor				
Register of deeds				
Salaries and fringes	264,333	264,333	235,468	(28,865)
Supplies, printing and postage	4,200	4,200	4,981	781
Contracted services	-	4,800	4,525	(275)
Employee training	967	967	373	(594)
Memberships and subscription	500	500	350	(150)
Travel	1,000	1,000	566	(434)
	<u>271,000</u>	<u>275,800</u>	<u>246,263</u>	<u>(29,537)</u>
Total register of deeds				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 295,993	\$ 244,697	\$ 232,943	\$ (11,754)
Supplies, printing and postage	47,857	47,857	35,822	(12,035)
Memberships and subscription	200	200	150	(50)
Travel	350	350	145	(205)
Employee training	600	600	775	175
	<u>345,000</u>	<u>293,704</u>	<u>269,835</u>	<u>(23,869)</u>
Total treasurer				
Cooperative extension				
Contractual services	25,000	25,000	25,000	-
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total cooperative extension				
Computer operations				
Salaries and fringes	234,190	234,190	216,100	(18,090)
Supplies, printing and postage	3,020	3,020	3,030	10
Memberships and subscription	200	200	132	(68)
Employee training	2,000	2,000	132	(1,868)
Computer service contract	213,000	216,141	217,072	931
Computer repairs and maintenance	11,000	11,000	10,992	(8)
Computer contractual	5,000	5,000	4,456	(544)
	<u>468,410</u>	<u>471,551</u>	<u>451,914</u>	<u>(19,637)</u>
Total computer operations				
Building and grounds				
Salaries and fringes	352,262	366,518	346,088	(20,430)
Supplies, printing and postage	14,700	14,700	11,400	(3,300)
Uniforms and accessories	2,500	2,500	2,949	449
Gas, oil and grease	14,000	14,000	6,862	(7,138)
Janitorial supplies	21,800	21,800	23,995	2,195
Telephone	40,200	48,200	53,297	5,097
Utilities	256,000	256,000	215,155	(40,845)
Repairs and maintenance	136,538	136,538	127,308	(9,230)
Grounds care and maintenance	10,000	10,000	7,091	(2,909)
	<u>848,000</u>	<u>870,256</u>	<u>794,145</u>	<u>(76,111)</u>
Total building and grounds				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 200,922	\$ 200,922	\$ 189,417	\$ (11,505)
Supplies, printing and postage	5,700	5,700	5,917	217
Memberships and subscription	700	700	630	(70)
Travel	2,000	2,000	762	(1,238)
Employee training	3,000	3,000	2,100	(900)
	<u>212,322</u>	<u>212,322</u>	<u>198,826</u>	<u>(13,496)</u>
Total drain commission				
	<u>4,083,732</u>	<u>4,168,804</u>	<u>3,838,921</u>	<u>(329,883)</u>
Total general government				
Public safety				
Courthouse security				
Salaries and fringes	126,471	136,871	129,181	(7,690)
Supplies, printing and postage	5,229	5,229	4,425	(804)
Laundry - employees	300	300	350	50
	<u>132,000</u>	<u>142,400</u>	<u>133,956</u>	<u>(8,444)</u>
Total courthouse security				
Sheriff's department				
Salaries and fringes	1,637,958	1,637,958	1,507,140	(130,818)
Supplies, printing and postage	8,000	8,000	7,783	(217)
Food	-	-	6,963	6,963
Vehicle operating supplies	1,200	1,200	29	(1,171)
Kitchen supplies	250	250	427	177
Clothing and bedding	10,000	10,000	9,682	(318)
Uniforms and accessories	7,000	7,000	5,145	(1,855)
Gas, oil and grease	10,000	10,000	6,050	(3,950)
Drugs and prescriptions	25,000	25,000	20,699	(4,301)
Janitorial supplies	9,800	9,800	14,278	4,478
Contractual services	10,000	10,000	-	(10,000)
Memberships and subscription	1,100	1,100	913	(187)
Laundry - employees	2,500	2,500	976	(1,524)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 284,533	\$ 284,533	\$ 277,559	\$ (6,974)
Health services	230,300	230,300	219,985	(10,315)
Telephone	8,000	8,000	4,687	(3,313)
Travel	750	750	1,138	388
Advertising (help bids)	80	80	-	(80)
Insurance and bonds	20,000	20,000	17,334	(2,666)
Repairs and maintenance	34,179	54,501	42,273	(12,228)
Equipment rental	3,000	3,000	4,782	1,782
Investigations	350	350	330	(20)
Employee training	2,000	2,000	1,373	(627)
	<u>2,306,000</u>	<u>2,326,322</u>	<u>2,149,546</u>	<u>(176,776)</u>
Total sheriff's department				
County weighmaster				
Salaries and fringes	75,953	78,553	74,249	(4,304)
Insurance	2,797	3,848	3,844	(4)
Laundry	250	-	-	-
	<u>79,000</u>	<u>82,401</u>	<u>78,093</u>	<u>(4,308)</u>
Total county weighmaster				
Marine safety				
Salaries and fringes	6,080	10,005	9,991	(14)
Supplies, printing and postage	20	100	100	-
Uniforms and accessories	-	113	113	-
Gas, oil and grease	1,200	990	990	-
Equipment maintenance and supplies	300	69	70	1
Insurance	1,300	1,219	1,219	-
Repairs and maintenance	1,000	473	473	-
Rentals	400	1,431	1,431	-
Employee training	150	-	-	-
	<u>10,450</u>	<u>14,400</u>	<u>14,387</u>	<u>(13)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	76,545	76,545	64,857	(11,688)
Gas, oil and grease	3,926	3,926	2,440	(1,486)
Laundry	650	650	193	(457)
Liability and blanket bond	3,300	3,300	3,378	78
Equipment	779	779	9,941	9,162
	<u>85,200</u>	<u>85,200</u>	<u>80,809</u>	<u>(4,391)</u>
Total secondary road patrol				

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 24,000	\$ 24,000	\$ 4,337	\$ (19,663)
Planning commission				
Salaries and fringes	1,950	2,450	2,121	(329)
Supplies, printing and postage	50	50	17	(33)
Employee training	-	-	275	275
Travel	1,000	1,050	1,085	35
Total planning commission	3,000	3,550	3,498	(52)
Emergency services				
Salaries and fringes	83,870	83,870	80,578	(3,292)
Supplies, printing and postage	800	1,800	999	(801)
Uniforms and accessories	500	500	512	12
Gas, oil and grease	2,860	2,860	2,176	(684)
Memberships and subscription	100	100	25	(75)
Telephone	700	830	1,109	279
Travel	300	300	66	(234)
Vehicle insurance	670	670	610	(60)
Repairs and maintenance	2,700	4,550	4,180	(370)
Employee training	1,500	1,500	543	(957)
Total emergency services	94,000	96,980	90,798	(6,182)
Animal shelter				
Contractual services	139,750	140,750	139,505	(1,245)
Supplies, printing and postage	250	250	-	(250)
Gas, oil and grease	12,000	12,000	5,224	(6,776)
Telephone	500	700	707	7
Total animal shelter	152,500	153,700	145,436	(8,264)
Total public safety	2,886,150	2,928,953	2,700,860	(228,093)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 300,000	\$ 369,007	\$ 369,007	\$ -
Department of public works	1,500	1,500	486	(1,014)
Drains at large	405,426	405,426	405,426	-
Total public works	706,926	775,933	774,919	(1,014)
Health and welfare				
Substance abuse	52,412	52,412	49,647	(2,765)
Medical examiner				
Supplies, printing and postage	1,169	1,669	1,300	(369)
Body transport	3,000	3,000	840	(2,160)
Autopsies	23,000	24,260	24,777	517
Employee training	1,000	1,000	621	(379)
Contractual services	27,831	30,231	32,621	2,390
Total medical examiner	56,000	60,160	60,159	(1)
Airport zoning board	100	100	35	(65)
Economic development	50,000	50,000	50,000	-
Mental health appropriations	288,243	288,243	288,243	-
Total health and welfare	446,755	450,915	448,084	(2,831)
Other				
Insurance and bonds	100,000	111,400	92,530	(18,870)
Vacation and sick pay	70,000	70,000	10,241	(59,759)
Tax refunds and rebates	25,000	25,000	6,832	(18,168)
Appropriations	6,000	6,000	6,194	194
Audit	37,000	37,000	31,200	(5,800)
Accounting services	13,000	13,000	7,505	(5,495)
Contingency	246,256	342,000	-	(342,000)
Total other	497,256	604,400	154,502	(449,898)
Capital outlay	-	8,000	106,949	98,949
Total expenditures	11,153,743	11,509,903	10,403,930	(1,105,973)

(Continued)

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONCLUDED)
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Proceeds from capital lease	\$ -	\$ -	\$ 94,500	\$ 94,500
Transfers in				
Veterans trust	1,000	1,000	1,000	-
Revolving tax	661,490	661,490	663,475	1,985
Principal exemption	1,218	1,218	1,218	-
Tax foreclosure	87,886	87,886	87,886	-
Total transfers in	<u>751,594</u>	<u>751,594</u>	<u>753,579</u>	<u>1,985</u>
Transfers out				
Friend of the court	(242,970)	(242,970)	(242,970)	-
Health department	(329,419)	(329,419)	(329,419)	-
Equipment/capital improvement	(583,300)	(933,300)	(933,300)	-
State survey grant	-	(137)	(137)	-
Child care - department of human services	(250,000)	(250,000)	(250,000)	-
Parks and recreation	(3,000)	(6,500)	(6,500)	-
Community corrections	(17,000)	(28,500)	(28,500)	-
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(475,000)	(475,000)	(475,000)	-
Purdy building debt	(75,568)	(75,575)	(75,574)	(1)
Homeland Security	-	(2,240)	(1,617)	(623)
Pension obligation bond	-	-	(170,030)	170,030
Total transfers out	<u>(1,985,257)</u>	<u>(2,352,641)</u>	<u>(2,522,047)</u>	<u>169,406</u>
Total other financing sources (uses)	<u>(1,233,663)</u>	<u>(1,601,047)</u>	<u>(1,673,968)</u>	<u>(72,921)</u>
Net change in fund balance	(307,095)	(651,977)	176,340	828,317
Fund balance, beginning of year	<u>2,917,330</u>	<u>2,917,330</u>	<u>2,917,330</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,610,235</u>	<u>\$ 2,265,353</u>	<u>\$ 3,093,670</u>	<u>\$ 828,317</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HEALTH DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 137,323	\$ 141,105	\$ 159,929	\$ 18,824
Intergovernmental				
Federal/state	1,783,525	1,989,198	1,943,835	(45,363)
Charges for services	424,537	435,460	469,384	33,924
General contributions	1,120	1,200	2,485	1,285
Other	2,138	19,986	18,221	(1,765)
	<u>2,348,643</u>	<u>2,586,949</u>	<u>2,593,854</u>	<u>6,905</u>
Total revenues				
Expenditures				
Current				
Health and welfare	<u>2,883,501</u>	<u>3,081,644</u>	<u>3,079,235</u>	<u>(2,409)</u>
Revenues (under) expenditures	(534,858)	(494,695)	(485,381)	9,314
Other financing sources				
Transfer in	<u>521,900</u>	<u>494,695</u>	<u>491,410</u>	<u>(3,285)</u>
Total other financing sources	<u>521,900</u>	<u>494,695</u>	<u>491,410</u>	<u>(3,285)</u>
Net change in fund balance	(12,958)	-	6,029	6,029
Fund balance, beginning of year	<u>1,411,602</u>	<u>1,411,602</u>	<u>1,411,602</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,398,644</u></u>	<u><u>\$ 1,411,602</u></u>	<u><u>\$ 1,417,631</u></u>	<u><u>\$ 6,029</u></u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD PATROL
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,571,013	\$ 1,571,013	\$ 1,573,774	\$ 2,761
Intergovernmental				
Federal	10,000	29,000	54,041	25,041
State	-	1,302	5,656	4,354
Local	-	-	-	-
Charges for services	9,000	9,000	10,421	1,421
Fines and forfeits	-	-	-	-
Interest and rent	3,000	3,000	2,659	(341)
Reimbursements and refunds	7,700	7,700	1,807	(5,893)
Other	5,300	13,800	9,130	(4,670)
	<u>1,606,013</u>	<u>1,634,815</u>	<u>1,657,488</u>	<u>22,673</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,540,018	1,547,121	1,377,379	(169,742)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	78,000	78,000	70,466	(7,534)
	<u>1,618,018</u>	<u>1,625,121</u>	<u>1,447,845</u>	<u>(177,276)</u>
Total expenditures				
Revenues over (under) expenditures	<u>(12,005)</u>	<u>9,694</u>	<u>209,643</u>	<u>199,949</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(26,853)	(26,853)
	<u>-</u>	<u>-</u>	<u>(26,853)</u>	<u>(26,853)</u>
Total other financing sources (uses)				
Net change in fund balance	(12,005)	9,694	182,790	173,096
Fund balance, beginning of year	<u>259,828</u>	<u>259,828</u>	<u>259,828</u>	<u>-</u>
Fund balance, end of year	<u>\$ 247,823</u>	<u>\$ 269,522</u>	<u>\$ 442,618</u>	<u>\$ 173,096</u>

TUSCOLA COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
VOTED MOSQUITO
YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 1,102,503	\$ 1,102,503	\$ 1,104,352	\$ 1,849
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	5,000	5,000	2,258	(2,742)
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,107,503</u>	<u>1,107,503</u>	<u>1,106,610</u>	<u>(893)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	1,020,745	1,020,745	986,593	(34,152)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	28,100	213,435	133,905	(79,530)
Total expenditures	<u>1,048,845</u>	<u>1,234,180</u>	<u>1,120,498</u>	<u>(113,682)</u>
Revenues over (under) expenditures	<u>58,658</u>	<u>(126,677)</u>	<u>(13,888)</u>	<u>112,789</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	(12,500)	(12,500)	(7,000)	5,500
Total other financing sources (uses)	<u>(12,500)</u>	<u>(12,500)</u>	<u>(7,000)</u>	<u>5,500</u>
Net change in fund balance	46,158	(139,177)	(20,888)	118,289
Fund balance, beginning of year	<u>176,511</u>	<u>176,511</u>	<u>176,511</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 222,669</u></u>	<u><u>\$ 37,334</u></u>	<u><u>\$ 155,623</u></u>	<u><u>\$ 118,289</u></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, 2016**

	2016	2015
Total pension liability		
Service Cost	\$ 663,158	\$ 640,091
Interest	2,521,804	2,359,153
Changes of benefit terms	-	-
Difference between expected and actual expense	15,636	-
Changes in assumptions	1,658,902	-
Benefit payments including employee refunds	(1,985,077)	(1,887,760)
Other	(191,533)	3,552
Net change in total pension liability	2,682,890	1,115,036
Total pension liability - beginning	31,228,282	30,113,246
Total pension liability - ending	\$ 33,911,172	\$ 31,228,282
Plan fiduciary net position		
Contributions - employer	\$ 7,412,953	\$ 810,207
Contributions - member	339,727	340,531
Net investment income (loss)	3,271,744	(359,078)
Benefits payments, including employee refunds	(1,985,077)	(1,887,760)
Administrative expense	(62,743)	(52,822)
Other	-	-
Net change in fiduciary net position	8,976,604	(1,148,922)
Plan fiduciary net position - beginning	23,153,412	24,302,334
Plan fiduciary net position - ending	32,130,016	23,153,412
Net pension liability - ending	\$ 1,781,156	\$ 8,074,870
Fiduciary net position as a percentage of the total pension liability	94.75%	74.14%
Covered-employee payroll	\$ 6,477,636	\$ 6,216,270
Net pension liability as a percentage of covered-employee payroll	27%	130%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2007 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, 2016**

	2016	2015
Actuarially determined contributions	\$ 512,953	\$ 810,207
Contribution in relation to the actuarially determined contribution	7,412,953	810,207
Contribution deficiency (excess)	\$ (6,900,000)	\$ -
 Covered-employee payroll	 \$ 6,477,636	 \$ 6,216,670
 Contribution as a percentage of covered-employee payroll	 114%	 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, closed
Remaining amortization period	23 years
Asset valuation method	5 year smooth market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Male/50% Female RP-2014Group 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, 2016**

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ 753,907	\$ 657,495
Interest	1,161,030	1,105,285
Changes of benefit terms	-	-
Difference between expected and actual expense	134,876	-
Changes in assumptions	612,268	-
Benefit payments including employee refunds	(800,308)	(808,461)
Other	(282,777)	108,877
Net change in total pension liability	<u>1,578,996</u>	<u>1,063,196</u>
Total pension liability - beginning	<u>14,536,073</u>	<u>13,472,877</u>
Total pension liability - ending	<u><u>\$ 16,115,069</u></u>	<u><u>\$ 14,536,073</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 486,598	\$ 451,869
Contributions - member	517,917	500,078
Net investment income (loss)	1,473,756	(196,455)
Benefits payments, including employee refunds	(800,308)	(808,461)
Administrative expense	(29,039)	(28,430)
Other	-	-
Net change in fiduciary net position	<u>1,648,924</u>	<u>(81,399)</u>
Plan fiduciary net position - beginning	<u>12,754,817</u>	<u>12,836,216</u>
Plan fiduciary net position - ending	<u>14,403,741</u>	<u>12,754,817</u>
Net pension liability - ending	<u><u>\$ 1,711,328</u></u>	<u><u>\$ 1,781,256</u></u>
Fiduciary net position as a percentage of the total pension liability	89.40%	87.70%
Covered-employee payroll	\$ 10,875,905	\$ 9,620,946
Net pension liability as a percentage of covered-employee payroll	15.7%	18.5%

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2007 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, 2016**

	2016	2015
Actuarially determined contributions	\$ 486,598	\$ 451,869
Contribution in relation to the actuarially determined contribution	486,598	451,869
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 10,917,700	 \$ 10,638,444
 Contribution as a percentage of covered-employee payroll	 4%	 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, open
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011 valuation. The next study is scheduled for 2016.
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, 2016**

	2016	2015
Total pension liability		
Service Cost	\$ 158,379	\$ 153,469
Interest	763,788	725,814
Changes of benefit terms	-	-
Difference between expected and actual expense	(113,593)	-
Changes in assumptions	470,284	-
Benefit payments including employee refunds	(426,925)	(415,952)
Other	(316)	-
Net change in total pension liability	851,617	463,331
Total pension liability - beginning	9,392,312	8,928,981
Total pension liability - ending	\$ 10,243,929	\$ 9,392,312
Plan fiduciary net position		
Contributions - employer	\$ 239,690	\$ 218,688
Contributions - member	60,012	57,344
Net investment income (loss)	(111,384)	449,277
Benefits payments, including employee refunds	(426,925)	(415,952)
Administrative expense	(16,247)	(16,504)
Other	-	-
Net change in fiduciary net position	(254,854)	292,853
Plan fiduciary net position - beginning	7,417,750	7,124,897
Plan fiduciary net position - ending	7,162,896	7,417,750
Net pension liability - ending	\$ 3,081,033	\$ 1,974,562
Fiduciary net position as a percentage of the total pension liability	69.82%	78.98%
Covered-employee payroll	\$ 1,228,842	\$ 1,186,002
Net pension liability as a percentage of covered-employee payroll	251%	166%

Note: GASB Statement No. 68 was implemented for the year ended September 30, 2015. Information from 2007 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, 2016**

	2016	2015
Total pension liability		
Service Cost	\$ 80,723	\$ 97,076
Interest	447,215	448,822
Changes of benefit terms	-	-
Difference between expected and actual expense	(4,434)	-
Changes in assumptions	267,140	-
Benefit payments including employee refunds	(412,389)	(377,193)
Other	1,012	6,982
Net change in total pension liability	379,267	175,687
Total pension liability - beginning	5,756,018	5,580,331
Total pension liability - ending	\$ 6,135,285	\$ 5,756,018
Plan fiduciary net position		
Contributions - employer	\$ 471,508	\$ 143,621
Contributions - member	49,032	44,739
Net investment income (loss)	380,374	(53,796)
Benefits payments, including employee refunds	(412,389)	(377,193)
Administrative expense	(7,516)	(7,889)
Other	-	-
Net change in fiduciary net position	481,009	(250,518)
Plan fiduciary net position - beginning	3,426,844	3,677,362
Plan fiduciary net position - ending	3,907,853	3,426,844
Net pension liability - ending	\$ 2,227,432	\$ 2,329,174
Fiduciary net position as a percentage of the total pension liability	63.69%	59.53%
Covered-employee payroll	\$ 1,051,454	\$ 891,693
Net pension liability as a percentage of covered-employee payroll	212%	261%

Notes to Schedule

Benefit changes - there were no changes of benefits terms.

Changes of assumptions - the 2016 actuarial numbers reflect a change in assumed life expectancy for longer lifetimes, assumed rate of investment return was lowered from 8.25% to 8%, and the asset smoothing period was changed from 10 years to 5 years.

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2007 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, 2016**

	2016	2015
Actuarially determined contributions	\$ 171,508	\$ 140,812
Contribution in relation to the actuarially determined contribution	471,508	143,621
Contribution deficiency (excess)	\$ (300,000)	\$ (2,809)
 Covered-employee payroll	 \$ 1,051,454	 \$ 891,693
 Contribution as a percentage of covered-employee payroll	 45%	 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, open
Remaining amortization period	23 years
Asset valuation method	5 year smooth market
Inflation	2.50%
Salary increases	3.80%
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Varies depending on plan adoption
Mortality	50% Male/50% Female RP-2014 Group Annuity Mortality Table.

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, 2016**

	2016	2015
Total pension liability		
Service Cost	\$ 16,630	\$ 17,727
Interest	29,766	30,767
Changes of benefit terms	-	-
Difference between expected and actual experience	(6,357)	(13,482)
Changes in assumptions	1,143	1,165
Benefit payments including employee refunds	(90,080)	(20,182)
Other	-	-
Net change in total pension liability	(48,898)	15,995
Total pension liability - beginning	623,714	607,719
Total pension liability - ending	\$ 574,816	\$ 623,714
Plan fiduciary net position		
Contributions - employer	\$ 89,250	\$ 25,086
Contributions - member	2,458	2,775
Net investment income (loss)	7,853	7,521
Benefits payments, including employee refunds	(90,080)	(20,182)
Administrative expense	(82)	(721)
Other	-	-
Net change in fiduciary net position	9,399	14,479
Plan fiduciary net position - beginning	163,658	149,179
Plan fiduciary net position - ending	173,057	163,658
Net pension liability - ending	\$ 401,759	\$ 460,056
Fiduciary net position as a percentage of the total pension liability	30.11%	26.24%
Covered-employee payroll	\$ 1,685,581	\$ 1,900,055
Net pension liability as a percentage of covered-employee payroll	24%	24%

Notes to Schedule

Benefit changes - there were no changes of benefit terms.

Changes of assumptions - there were no changes of assumptions.

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. Information from 2007 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, 2016**

	2016	2015
Actuarially determined contributions	\$ 38,417	\$ 44,539
Contribution in relation to the actuarially determined contribution	8,169	89,547
Contribution deficiency (excess)	\$ 30,248	\$ (45,008)
 Covered-employee payroll	 \$ 1,638,925	 \$ 1,762,985
 Contribution as a percentage of covered-employee payroll	 0.5%	 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

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 2015 Non-annuitant table per 1.430(h) (sex distinct)
Post-retirement mortality	IRS 2015 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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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.

SPECIAL REVENUE FUNDS: (continued)

Homeland Security (261) Tuscola County is part of the 3rd District Regional Homeland Security. 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.

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 or online access to Westlaw will be located in one central location.

Drug Enforcement Grant (278) The Michigan Medical Marihuana Program (MMMP) is a state registry program. Law enforcement agencies within each Michigan county are eligible to receive funding to be used for the education, communication and enforcement of the MMMP Act.

Voted MSU (279) A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides services for the local MSU extension programs such as 4-H programs.

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.

SPECIAL REVENUE FUNDS: (continued)

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.

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.

ADDITIONAL SUPPLEMENTARY INFORMATION

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - Pension Obligation Bond</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 2,215,046	\$ 19,960	\$ 1,661,580	\$ 6,826	\$ 3,903,412
Investments	-	-	510,292	-	510,292
Taxes receivable	897,525	-	-	-	897,525
Taxes receivable - delinquent	6,070	-	-	-	6,070
Accounts receivable	712,749	-	140,000	-	852,749
Due from other funds	57,522	30,662	550,000	-	638,184
Due from federal	4,231	-	-	-	4,231
Due from state	326,833	-	11,040	-	337,873
Total assets	<u>\$ 4,219,976</u>	<u>\$ 50,622</u>	<u>\$ 2,872,912</u>	<u>\$ 6,826</u>	<u>\$ 7,150,336</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 203,433	\$ -	\$ 9,782	\$ -	\$ 213,215
Accrued liabilities	68,538	-	-	-	68,538
Due to other governments	38,084	-	-	-	38,084
Due to other funds	187,869	-	-	-	187,869
Advances	120,652	-	-	-	120,652
Total liabilities	<u>618,576</u>	<u>-</u>	<u>9,782</u>	<u>-</u>	<u>628,358</u>
Deferred inflows of resources					
Unavailable revenue - land contract	-	-	140,000	-	140,000
Unavailable revenue - property taxes	6,411	-	-	-	6,411
Taxes levied for a subsequent period	1,069,719	-	-	-	1,069,719
Total deferred inflows of resources	<u>1,076,130</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>1,216,130</u>
Fund balance					
Restricted for:					
Capital projects	-	-	2,614,881	-	2,614,881
Cemetery	-	-	-	6,826	6,826
Debt service	-	50,622	-	-	50,622
Special revenue funds	2,145,952	-	-	-	2,145,952
Committed for:					
County resident hospital program	5,000	-	-	-	5,000
Assigned for:					
Subsequent year expenditures	331,209	-	108,249	-	439,458
Wind tax	43,109	-	-	-	43,109
Total fund balance	<u>2,525,270</u>	<u>50,622</u>	<u>2,723,130</u>	<u>6,826</u>	<u>5,305,848</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 4,219,976</u>	<u>\$ 50,622</u>	<u>\$ 2,872,912</u>	<u>\$ 6,826</u>	<u>\$ 7,150,336</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - Pension Obligation Bond</u>	<u>Debt Service Purdy Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues						
Taxes	\$ 611,796	\$ -	\$ -	\$ -	\$ -	\$ 611,796
Intergovernmental						
Federal	732,323	-	-	-	-	732,323
State	1,271,844	-	-	-	-	1,271,844
Local	902,315	-	-	-	-	902,315
Charges for services	1,408,039	-	-	-	-	1,408,039
Fines and forfeits	171,080	-	-	-	-	171,080
Interest and rent	6,606	4,017	13	29,210	35	39,881
Reimbursements and refunds	21,467	-	-	19,719	-	41,186
Other	55,875	-	-	-	-	55,875
Total revenues	5,181,345	4,017	13	48,929	35	5,234,339
Expenditures						
Current						
Judicial	951,890	-	-	-	-	951,890
General government	767,150	500	750	-	-	768,400
Public safety	2,146,954	-	-	-	-	2,146,954
Health and welfare	1,553,721	-	-	-	-	1,553,721
Culture and recreation	11,508	-	-	-	34	11,542
Capital outlay	86,803	-	-	185,409	-	272,212
Debt service - principal	-	175,000	40,000	-	-	215,000
Debt service - interest	-	93,917	34,837	-	-	128,754
Bond issuance costs	-	76,268	-	-	-	76,268
Total expenditures	5,518,026	345,685	75,587	185,409	34	6,124,741
Revenues over (under) expenditures	(336,681)	(341,668)	(75,574)	(136,480)	1	(890,402)
Other financing sources (uses)						
Face value of debt issue		6,980,000				6,980,000
Discounts on bonds issued		(2,172)				(2,172)
Sale of assets	-	-	-	68,629	-	68,629
Transfer in	1,053,724	280,043	75,574	933,300	-	2,342,641
Transfer out	(118,378)	-	-	-	-	(118,378)
Total other financing sources (uses)	935,346	7,257,871	75,574	1,001,929	-	9,270,720
Special items - pension pre-funding		(6,900,000)				(6,900,000)
Special Items - pension pre-funding paid on behalf of enterprise fund		34,419				34,419
Net change in fund balance	598,665	50,622	-	865,449	1	1,514,737
Fund balance, beginning of year	1,926,605	-	-	1,857,681	6,825	3,791,111
Fund balance, end of year	\$ 2,525,270	\$ 50,622	\$ -	\$ 2,723,130	\$ 6,826	\$ 5,305,848

TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	<u>Friend of the the Court Act 294</u>	<u>Parks and Recreation</u>	<u>Arbela Township Police Contract</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 144,464	\$ 1,311	\$ -
Taxes receivable	-	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	104,558	614	19,467
Due from other funds	5,136	-	-
Due from federal	-	-	-
Due from state	48,105	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u><u>\$ 302,263</u></u>	<u><u>\$ 1,925</u></u>	<u><u>\$ 19,467</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 610	\$ 885	\$ 13
Accrued liabilities	10,893	-	5,646
Due to other governments	-	-	-
Due to other funds	892	-	13,808
Advance to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>12,395</u>	<u>885</u>	<u>19,467</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	-
Taxes levied for a subsequent period	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted	289,868	1,040	-
Committed	-	-	-
Assigned	-	-	-
Subsequent year expenditures	-	-	-
Wind tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>289,868</u>	<u>1,040</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 302,263</u></u>	<u><u>\$ 1,925</u></u>	<u><u>\$ 19,467</u></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>Hazard Mitigation Grant Program</u>
\$ 51,045	\$ 446,988	\$ -	\$ 418,351	\$ -	\$ -
-	-	-	258,803	-	-
-	-	-	1,969	-	-
-	320,551	9,912	2,000	18,814	-
-	3,698	-	562	-	-
-	-	-	-	-	4,231
-	-	-	-	-	-
<u>\$ 51,045</u>	<u>\$ 771,237</u>	<u>\$ 9,912</u>	<u>\$ 681,685</u>	<u>\$ 18,814</u>	<u>\$ 4,231</u>
\$ 1,251	\$ 425	\$ 935	\$ 21,355	\$ -	\$ -
-	31,042	2,186	6,317	4,885	-
-	-	-	-	-	-
-	1,699	6,791	880	13,929	4,231
-	-	-	-	-	-
<u>1,251</u>	<u>33,166</u>	<u>9,912</u>	<u>28,552</u>	<u>18,814</u>	<u>4,231</u>
-	-	-	1,969	-	-
-	-	-	258,803	-	-
-	-	-	260,772	-	-
49,794	652,880	-	378,301	-	-
-	-	-	-	-	-
-	85,191	-	-	-	-
-	-	-	14,060	-	-
<u>49,794</u>	<u>738,071</u>	<u>-</u>	<u>392,361</u>	<u>-</u>	<u>-</u>
<u>\$ 51,045</u>	<u>\$ 771,237</u>	<u>\$ 9,912</u>	<u>\$ 681,685</u>	<u>\$ 18,814</u>	<u>\$ 4,231</u>

(Continued)

TUSCOLA COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	<u>Victim Services</u>	<u>Voted MSU</u>	<u>Voted Veterans</u>	<u>CPL</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 93	\$ 106,410	\$ 43,259
Investments	-	-	-	-
Taxes receivable	-	-	293,652	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	18,342	172,535	-	-
Prepaid expenditures	-	-	-	-
Due from other funds	-	-	-	-
Due from federal	-	-	-	-
Due from state	-	-	-	-
Total assets	<u>\$ 18,342</u>	<u>\$ 172,628</u>	<u>\$ 400,062</u>	<u>\$ 43,259</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 120	\$ -	\$ 31,348	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	17,927	-	-	80
Advance to other funds	-	120,652	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>18,047</u>	<u>120,652</u>	<u>31,348</u>	<u>80</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	341	-
Taxes levied for a subsequent period	-	172,535	293,311	-
Total deferred inflows of resources	<u>-</u>	<u>172,535</u>	<u>293,652</u>	<u>-</u>
Fund balance				
Nonspendable for prepaid expenditures	-	-	-	-
Restricted	295	(120,559)	64,759	43,179
Committed	-	-	-	-
Assigned	-	-	-	-
Subsequent year expenditures	-	-	-	-
Wind tax	-	-	10,303	-
Total fund balance	<u>295</u>	<u>(120,559)</u>	<u>75,062</u>	<u>43,179</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 18,342</u>	<u>\$ 172,628</u>	<u>\$ 400,062</u>	<u>\$ 43,259</u>

<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>
\$ 30,184	\$ 119,038	\$ -	\$ 102,359	\$ -	\$ -	\$ 56,812
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	671	41,988	75
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,384	-	-	35,761	-
<u>\$ 30,184</u>	<u>\$ 119,038</u>	<u>\$ 8,384</u>	<u>\$ 102,359</u>	<u>\$ 671</u>	<u>\$ 77,749</u>	<u>\$ 56,887</u>

\$ -	\$ -	\$ 289	\$ 40,000	\$ -	\$ 7,580	\$ -
-	-	-	-	-	3,596	-
-	-	-	-	-	-	-
-	-	7,011	-	671	49,920	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>7,300</u>	<u>40,000</u>	<u>671</u>	<u>61,096</u>	<u>-</u>

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

30,184	119,038	1,084	52,127	-	16,653	56,887
-	-	-	-	-	-	-
-	-	-	10,232	-	-	-
<u>30,184</u>	<u>119,038</u>	<u>1,084</u>	<u>62,359</u>	<u>-</u>	<u>16,653</u>	<u>56,887</u>

<u>\$ 30,184</u>	<u>\$ 119,038</u>	<u>\$ 8,384</u>	<u>\$ 102,359</u>	<u>\$ 671</u>	<u>\$ 77,749</u>	<u>\$ 56,887</u>
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TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	Community Corrections Services	Local Correction Officer Training	Homeland Security	Forfeiture Sheriff/ Prosecutor	Law Library
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 4,978	\$ 35,353	\$ -	\$ 95,732	\$ 16,303
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	862	2,360	-	-
Prepaid expenditures	-	-	-	-	-
Due from other funds	-	-	(231)	-	-
Due from federal	-	-	-	-	-
Due from state	174	-	-	-	-
	<u>174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 5,152	\$ 36,215	\$ 2,129	\$ 95,732	\$ 16,303
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ -	\$ 364	\$ -	\$ 5,870	\$ 532
Accrued liabilities	2,308	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	580	1,025	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	2,308	944	1,025	5,870	532
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-	-	-
Fund balance					
Nonspendable for prepaid expenditures	-	-	-	-	-
Restricted	2,844	31,271	1,104	69,913	15,771
Committed - county resident hospital program	-	-	-	-	-
Assigned	-	-	-	-	-
Subsequent year expenditures	-	4,000	-	19,949	-
Wind tax	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	2,844	35,271	1,104	89,862	15,771
Total liabilities, deferred inflows of resources and fund balance	\$ 5,152	\$ 36,215	\$ 2,129	\$ 95,732	\$ 16,303

<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>
\$ 6,966	\$ 196,228	\$ 35,505	\$ 223,349	\$ 9,953	\$ 55,232	\$ 15,133
-	-	-	-	-	-	-
-	-	-	-	-	345,070	-
-	-	-	-	-	4,101	-
-	-	-	-	-	-	-
-	47,219	-	1,138	-	-	-
-	-	-	-	-	-	-
-	-	-	234,409	-	-	-
<u>\$ 6,966</u>	<u>\$ 243,447</u>	<u>\$ 35,505</u>	<u>\$ 458,896</u>	<u>\$ 9,953</u>	<u>\$ 404,403</u>	<u>\$ 15,133</u>
\$ -	\$ 61,927	\$ -	\$ 21,426	\$ -	\$ 8,503	\$ -
-	-	-	1,450	-	215	-
-	-	-	38,084	-	-	-
-	-	-	68,131	-	294	-
-	-	-	-	-	-	-
-	61,927	-	129,091	-	9,012	-
-	-	-	-	-	4,101	-
-	-	-	-	-	345,070	-
-	-	-	-	-	349,171	-
-	-	-	-	-	-	-
6,966	135,142	30,505	176,731	9,953	15,089	15,133
-	-	5,000	-	-	-	-
-	46,378	-	153,074	-	12,385	-
-	-	-	-	-	18,746	-
<u>6,966</u>	<u>181,520</u>	<u>35,505</u>	<u>329,805</u>	<u>9,953</u>	<u>46,220</u>	<u>15,133</u>
<u>\$ 6,966</u>	<u>\$ 243,447</u>	<u>\$ 35,505</u>	<u>\$ 458,896</u>	<u>\$ 9,953</u>	<u>\$ 404,403</u>	<u>\$ 15,133</u>

(Continued)

TUSCOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Totals
<u>ASSETS</u>	
Assets	
Cash and cash equivalents	\$ 2,215,046
Taxes receivable	897,525
Taxes receivable - delinquent	6,070
Accounts receivable	712,749
Due from other funds	57,522
Due from federal	4,231
Due from state	326,833
	326,833
Total assets	\$ 4,219,976
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>	
Liabilities	
Accounts payable	\$ 203,433
Accrued liabilities	68,538
Due to other governments	38,084
Due to other funds	187,869
Advance to other funds	120,652
	120,652
Total liabilities	618,576
Deferred inflows of resources	
Unavailable revenue - property taxes	6,411
Taxes levied for a subsequent period	1,069,719
	1,069,719
Total deferred inflows of resources	1,076,130
Fund balance	
Restricted	2,145,952
Committed	5,000
Assigned	
Subsequent year expenditures	331,209
Wind tax	43,109
	43,109
Total fund balance	2,525,270
Total liabilities, deferred inflows of resources and fund balance	\$ 4,219,976



TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Parks and Recreation</u>	<u>Arbela Township Police Contract</u>	<u>Friend of the the Court Act 294</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	-	-	587,268
State	-	-	50,257
Local	-	168,047	-
Charges for services	5,637	-	85,634
Fines and forfeits	-	-	-
Interest and rent	-	-	810
Reimbursements and refunds	-	-	-
Other	-	-	4,925
	<u>5,637</u>	<u>168,047</u>	<u>728,894</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	937,907
General government	-	-	-
Public safety	-	164,221	-
Health and welfare	-	-	-
Culture and recreation	11,508	-	-
Capital outlay	-	-	-
	<u>11,508</u>	<u>164,221</u>	<u>937,907</u>
Total expenditures			
Revenues over (under) expenditures	<u>(5,871)</u>	<u>3,826</u>	<u>(209,013)</u>
Other financing sources (uses)			
Transfer in	6,500	-	242,970
Transfer out	-	(3,826)	(23,142)
	<u>6,500</u>	<u>(3,826)</u>	<u>219,828</u>
Total other financing sources (uses)			
Net change in fund balance	629	-	10,815
Fund balance, beginning of year	<u>411</u>	<u>-</u>	<u>279,053</u>
Fund balance, end of year	<u>\$ 1,040</u>	<u>\$ -</u>	<u>\$ 289,868</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>
\$ -	\$ -	\$ -	\$ 262,165	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	204,291	-	34,669	-	2,473	-
-	-	77,091	-	162,607	296,747	-
5,340	1,112,677	-	60,212	-	-	-
-	-	-	-	-	-	-
-	1,503	-	2,191	-	594	-
2,702	11,715	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,042</u>	<u>1,330,186</u>	<u>77,091</u>	<u>359,237</u>	<u>162,607</u>	<u>299,814</u>	<u>-</u>
7,601	-	-	-	-	-	-
-	-	-	313,328	-	173,730	-
-	1,004,195	75,366	-	158,734	-	2,239
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	26,268	-	33,774	-	16,073	-
<u>7,601</u>	<u>1,030,463</u>	<u>75,366</u>	<u>347,102</u>	<u>158,734</u>	<u>189,803</u>	<u>2,239</u>
<u>441</u>	<u>299,723</u>	<u>1,725</u>	<u>12,135</u>	<u>3,873</u>	<u>110,011</u>	<u>(2,239)</u>
-	-	-	-	-	-	1,617
-	(22,800)	(1,725)	(6,133)	(3,873)	(40,000)	-
-	(22,800)	(1,725)	(6,133)	(3,873)	(40,000)	1,617
441	276,923	-	6,002	-	70,011	(622)
49,353	461,148	-	386,359	-	5,051	622
<u>\$ 49,794</u>	<u>\$ 738,071</u>	<u>\$ -</u>	<u>\$ 392,361</u>	<u>\$ -</u>	<u>\$ 75,062</u>	<u>\$ -</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Victim Services</u>	<u>Drug Enforcement Grant</u>	<u>Voted MSU</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	-	-	-
State	76,715	-	-	207,033	-
Local	-	23,581	-	-	-
Charges for services	-	-	-	-	44,920
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	92	-	167
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>76,715</u>	<u>23,581</u>	<u>92</u>	<u>207,033</u>	<u>45,087</u>
Expenditures					
Current					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	74,914	23,581	120,651	201,834	11,307
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>74,914</u>	<u>23,581</u>	<u>120,651</u>	<u>201,834</u>	<u>11,307</u>
Revenues over (under) expenditures	<u>1,801</u>	<u>-</u>	<u>(120,559)</u>	<u>5,199</u>	<u>33,780</u>
Other financing sources (uses)					
Transfer in	-	-	-	-	-
Transfer out	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>(1,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>(1,800)</u>	<u>-</u>
Net change in fund balance	1	-	(120,559)	3,399	33,780
Fund balance, beginning of year	<u>294</u>	<u>-</u>	<u>-</u>	<u>13,254</u>	<u>23,107</u>
Fund balance, end of year	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ (120,559)</u>	<u>\$ 16,653</u>	<u>\$ 56,887</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59,268	-	-	76,752	-	-	-
51	-	49,578	946	-	-	-
-	154,032	-	-	-	20,210	-
-	-	-	-	-	-	33,394
-	-	-	-	-	-	-
-	462	-	-	433	-	-
-	-	-	-	-	-	-
-	-	-	275	50,424	-	-
<u>59,319</u>	<u>154,494</u>	<u>49,578</u>	<u>77,973</u>	<u>50,857</u>	<u>20,210</u>	<u>33,394</u>
-	-	-	-	-	-	-
61,442	112,033	49,715	-	56,902	-	-
-	-	-	75,424	-	20,210	4,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	995	-	-
<u>61,442</u>	<u>112,033</u>	<u>49,715</u>	<u>75,424</u>	<u>57,897</u>	<u>20,210</u>	<u>4,489</u>
(2,123)	42,461	(137)	2,549	(7,040)	-	28,905
-	-	137	-	-	-	-
-	(1,218)	-	(1,800)	-	-	-
<u>-</u>	<u>(1,218)</u>	<u>137</u>	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,123)	41,243	-	749	(7,040)	-	28,905
<u>32,307</u>	<u>77,795</u>	<u>-</u>	<u>335</u>	<u>69,399</u>	<u>-</u>	<u>14,274</u>
<u>\$ 30,184</u>	<u>\$ 119,038</u>	<u>\$ -</u>	<u>\$ 1,084</u>	<u>\$ 62,359</u>	<u>\$ -</u>	<u>\$ 43,179</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Community Corrections Services	Local Correction Officer Training	Homeland Security	Forfeiture Sheriff/ Prosecutor	Law Library
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	9,035	-	-
State	25,538	-	-	-	-
Local	-	-	-	-	-
Charges for services	5,586	11,069	-	-	-
Fines and forfeits	-	-	-	164,580	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	-	-	251	-
Total revenues	<u>31,124</u>	<u>11,069</u>	<u>9,035</u>	<u>164,831</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,382
General government	-	-	-	-	-
Public safety	56,271	15,705	2,887	131,313	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	9,693	-	-
Total expenditures	<u>56,271</u>	<u>15,705</u>	<u>12,580</u>	<u>131,313</u>	<u>6,382</u>
Revenues over (under) expenditures	<u>(25,147)</u>	<u>(4,636)</u>	<u>(3,545)</u>	<u>33,518</u>	<u>118</u>
Other financing sources (uses)					
Transfer in	28,500	-	-	-	-
Transfer out	<u>(1,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>26,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,555	(4,636)	(3,545)	33,518	118
Fund balance, beginning of year	<u>1,289</u>	<u>39,907</u>	<u>4,649</u>	<u>56,344</u>	<u>15,653</u>
Fund balance, end of year	<u><u>\$ 2,844</u></u>	<u><u>\$ 35,271</u></u>	<u><u>\$ 1,104</u></u>	<u><u>\$ 89,862</u></u>	<u><u>\$ 15,771</u></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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,631	\$ -
-	-	-	-	-	-	-
4,869	246,119	-	369,305	-	-	-
-	-	-	-	-	-	-
-	19,234	-	24,336	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	354	-
-	2,648	-	4,402	-	-	-
-	-	-	-	-	-	-
<u>4,869</u>	<u>268,001</u>	<u>-</u>	<u>398,043</u>	<u>-</u>	<u>349,985</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,613	-	-	-	-	-	-
-	451,189	8,348	721,618	30,047	340,919	1,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,613</u>	<u>451,189</u>	<u>8,348</u>	<u>721,618</u>	<u>30,047</u>	<u>340,919</u>	<u>1,600</u>
1,256	(183,188)	(8,348)	(323,575)	(30,047)	9,066	(1,600)
-	250,000	9,000	475,000	40,000	-	-
-	-	-	(7,463)	-	-	(1,000)
<u>-</u>	<u>250,000</u>	<u>9,000</u>	<u>467,537</u>	<u>40,000</u>	<u>-</u>	<u>(1,000)</u>
1,256	66,812	652	143,962	9,953	9,066	(2,600)
<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>
<u>\$ 6,966</u>	<u>\$ 181,520</u>	<u>\$ 35,505</u>	<u>\$ 329,805</u>	<u>\$ 9,953</u>	<u>\$ 46,220</u>	<u>\$ 15,133</u>

(Continued)

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Totals
Revenues	
Taxes	\$ 611,796
Intergovernmental	
Federal	732,323
State	1,271,844
Local	902,315
Charges for services	1,408,039
Fines and forfeits	171,080
Interest and rent	6,606
Reimbursements and refunds	21,467
Other	55,875
Total revenues	5,181,345
Expenditures	
Current	
Judicial	951,890
General government	767,150
Public safety	2,146,954
Health and welfare	1,553,721
Culture and recreation	11,508
Capital outlay	86,803
Total expenditures	5,518,026
Revenues over (under) expenditures	(336,681)
Other financing sources (uses)	
Transfer in	1,053,724
Transfer out	(118,378)
Total other financing sources (uses)	935,346
Net change in fund balance	598,665
Fund balance, beginning of year	1,926,605
Fund balance, end of year	\$ 2,525,270



TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Friend of the Court Act 294			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	548,458	548,458	587,268	38,810
State	51,553	51,553	50,257	(1,296)
Local	-	-	-	-
Charges for services	110,234	110,234	85,634	(24,600)
Fines and forfeits	-	-	-	-
Interest and rent	500	500	810	310
Reimbursements and refunds	-	-	-	-
Other	5,500	5,500	4,925	(575)
Total revenues	716,245	716,245	728,894	12,649
Expenditures				
Current				
Judicial	999,314	1,001,049	937,907	(63,142)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	7,000	7,000	-	(7,000)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	1,006,314	1,008,049	937,907	(70,142)
Revenues over (under) expenditures	(290,069)	(291,804)	(209,013)	82,791
Other financing sources (uses)				
Transfer in	242,970	242,970	242,970	-
Transfer out	-	-	(23,142)	(23,142)
Total other financing sources (uses)	242,970	242,970	219,828	(23,142)
Net change in fund balance	(47,099)	(48,834)	10,815	59,649
Fund balance, beginning of year	279,053	279,053	279,053	-
Fund balance, end of year	<u>\$ 231,954</u>	<u>\$ 230,219</u>	<u>\$ 289,868</u>	<u>\$ 59,649</u>

Parks and Recreation				Arbela Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	5,103	5,637	534	170,176	170,271	168,047	(2,224)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,000</u>	<u>5,103</u>	<u>5,637</u>	<u>534</u>	<u>170,176</u>	<u>170,271</u>	<u>168,047</u>	<u>(2,224)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	170,176	170,176	164,221	(5,955)
8,750	11,650	11,508	(142)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,750</u>	<u>11,650</u>	<u>11,508</u>	<u>(142)</u>	<u>170,176</u>	<u>170,176</u>	<u>164,221</u>	<u>(5,955)</u>
<u>(2,750)</u>	<u>(6,547)</u>	<u>(5,871)</u>	<u>676</u>	<u>-</u>	<u>95</u>	<u>3,826</u>	<u>3,731</u>
3,000	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	(3,826)	(3,826)
<u>3,000</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,826)</u>	<u>(3,826)</u>
250	(47)	629	676	-	95	-	(95)
411	411	411	-	-	-	-	-
<u>\$ 661</u>	<u>\$ 364</u>	<u>\$ 1,040</u>	<u>\$ 676</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ (95)</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, 2016**

	CPL Fund			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	30,000	34,700	33,394	(1,306)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	30,000	34,700	33,394	(1,306)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	30,000	30,000	4,489	(25,511)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	30,000	30,000	4,489	(25,511)
Revenues over (under) expenditures	-	4,700	28,905	24,205
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	4,700	28,905	24,205
Fund balance, beginning of year	14,274	14,274	14,274	-
Fund balance, end of year	<u>\$ 14,274</u>	<u>\$ 18,974</u>	<u>\$ 43,179</u>	<u>\$ 24,205</u>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	204,500	204,500	204,291	(209)
-	-	-	-	-	-	-	-
5,000	5,000	5,340	340	1,110,500	1,110,500	1,112,677	2,177
-	-	-	-	-	-	-	-
-	-	-	-	500	500	1,503	1,003
8,000	8,000	2,702	(5,298)	9,500	9,500	11,715	2,215
-	-	-	-	-	-	-	-
<u>13,000</u>	<u>13,000</u>	<u>8,042</u>	<u>(4,958)</u>	<u>1,325,000</u>	<u>1,325,000</u>	<u>1,330,186</u>	<u>5,186</u>
8,000	8,000	7,601	(399)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,311,960	1,311,960	1,004,195	(307,765)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	246,500	246,500	26,268	(220,232)
<u>8,000</u>	<u>8,000</u>	<u>7,601</u>	<u>(399)</u>	<u>1,558,460</u>	<u>1,558,460</u>	<u>1,030,463</u>	<u>(527,997)</u>
5,000	5,000	441	(4,559)	(233,460)	(233,460)	299,723	533,183
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(22,800)	(22,800)
-	-	-	-	-	-	(22,800)	(22,800)
5,000	5,000	441	(4,559)	(233,460)	(233,460)	276,923	510,383
<u>49,353</u>	<u>49,353</u>	<u>49,353</u>	<u>-</u>	<u>461,148</u>	<u>461,148</u>	<u>461,148</u>	<u>-</u>
<u>\$ 54,353</u>	<u>\$ 54,353</u>	<u>\$ 49,794</u>	<u>\$ (4,559)</u>	<u>\$ 227,688</u>	<u>\$ 227,688</u>	<u>\$ 738,071</u>	<u>\$ 510,383</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, 2016

	Vassar Township Police Contract			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	76,339	76,339	77,091	752
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	76,339	76,339	77,091	752
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	76,339	76,339	75,366	(973)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	76,339	76,339	75,366	(973)
Revenues over (under) expenditures	-	-	1,725	1,725
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(1,725)	(1,725)
Total other financing sources (uses)	-	-	(1,725)	(1,725)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<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
\$ 261,836	\$ 261,836	\$ 262,165	\$ 329	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	36,429	34,669	(1,760)	-	-	-	-
56,210	61,810	60,212	(1,598)	164,715	164,715	162,607	(2,108)
-	-	-	-	-	-	-	-
2,005	2,005	2,191	186	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>320,051</u>	<u>362,080</u>	<u>359,237</u>	<u>(2,843)</u>	<u>164,715</u>	<u>164,715</u>	<u>162,607</u>	<u>(2,108)</u>
-	-	-	-	-	-	-	-
299,533	338,218	313,328	(24,890)	-	-	-	-
-	-	-	-	164,715	164,715	158,734	(5,981)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	21,540	33,774	12,234	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>302,533</u>	<u>359,758</u>	<u>347,102</u>	<u>(12,656)</u>	<u>164,715</u>	<u>164,715</u>	<u>158,734</u>	<u>(5,981)</u>
17,518	2,322	12,135	9,813	-	-	3,873	3,873
-	-	-	-	-	-	-	-
-	-	(6,133)	(6,133)	-	-	(3,873)	(3,873)
-	-	(6,133)	(6,133)	-	-	(3,873)	(3,873)
17,518	2,322	6,002	3,680	-	-	-	-
386,359	386,359	386,359	-	-	-	-	-
<u>\$ 403,877</u>	<u>\$ 388,681</u>	<u>\$ 392,361</u>	<u>\$ 3,680</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, 2016

	Hazard Mitigation Grant Program			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	2,240	2,239	(1)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	-	2,240	2,239	(1)
Revenues over (under) expenditures	-	(2,240)	(2,239)	1
Other financing sources (uses)				
Transfer in	-	1,617	1,617	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	1,617	1,617	-
Net change in fund balance	-	(623)	(622)	1
Fund balance, beginning of year	622	622	622	-
Fund balance, end of year	\$ 622	\$ (1)	\$ -	\$ 1

Victim Services				Voted Veterans			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
78,550	78,550	76,715	(1,835)	-	2,474	2,473	(1)
-	-	-	-	295,400	295,400	296,747	1,347
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	594	(406)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>78,550</u>	<u>78,550</u>	<u>76,715</u>	<u>(1,835)</u>	<u>296,400</u>	<u>298,874</u>	<u>299,814</u>	<u>940</u>
-	-	-	-	-	-	-	-
-	-	-	-	177,353	223,153	173,730	(49,423)
78,881	78,881	74,914	(3,967)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	35,000	35,000	16,073	(18,927)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>78,881</u>	<u>78,881</u>	<u>74,914</u>	<u>(3,967)</u>	<u>212,353</u>	<u>258,153</u>	<u>189,803</u>	<u>(68,350)</u>
<u>(331)</u>	<u>(331)</u>	<u>1,801</u>	<u>2,132</u>	<u>84,047</u>	<u>40,721</u>	<u>110,011</u>	<u>69,290</u>
-	-	-	-	-	-	-	-
-	-	(1,800)	(1,800)	(40,000)	(40,000)	(40,000)	-
-	-	(1,800)	(1,800)	(40,000)	(40,000)	(40,000)	-
(331)	(331)	1	332	44,047	721	70,011	69,290
294	294	294	-	5,051	5,051	5,051	-
<u>\$ (37)</u>	<u>\$ (37)</u>	<u>\$ 295</u>	<u>\$ 332</u>	<u>\$ 49,098</u>	<u>\$ 5,772</u>	<u>\$ 75,062</u>	<u>\$ 69,290</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, 2016**

	<u>CDBG Housing Grant</u>			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	147,500	60,000	59,268	(732)
State	-	-	51	51
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>147,500</u>	<u>60,000</u>	<u>59,319</u>	<u>(681)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	147,500	62,000	61,442	(558)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>147,500</u>	<u>62,000</u>	<u>61,442</u>	<u>(558)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(2,000)</u>	<u>(2,123)</u>	<u>(123)</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	-	(2,000)	(2,123)	(123)
Fund balance, beginning of year	<u>32,307</u>	<u>32,307</u>	<u>32,307</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 32,307</u></u>	<u><u>\$ 30,307</u></u>	<u><u>\$ 30,184</u></u>	<u><u>\$ (123)</u></u>

Principal Residence Exemption				State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	49,578	49,578	49,578	-
114,500	135,500	154,032	18,532	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
400	400	462	62	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>114,900</u>	<u>135,900</u>	<u>154,494</u>	<u>18,594</u>	<u>49,578</u>	<u>49,578</u>	<u>49,578</u>	<u>-</u>
-	-	-	-	-	-	-	-
115,000	115,000	112,033	(2,967)	49,578	49,578	49,715	137
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>115,000</u>	<u>115,000</u>	<u>112,033</u>	<u>(2,967)</u>	<u>49,578</u>	<u>49,578</u>	<u>49,715</u>	<u>137</u>
<u>(100)</u>	<u>20,900</u>	<u>42,461</u>	<u>21,561</u>	<u>-</u>	<u>-</u>	<u>(137)</u>	<u>(137)</u>
-	-	-	-	-	137	137	-
<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>137</u>	<u>137</u>	<u>-</u>
<u>(1,318)</u>	<u>19,682</u>	<u>41,243</u>	<u>21,561</u>	<u>-</u>	<u>137</u>	<u>-</u>	<u>(137)</u>
<u>77,795</u>	<u>77,795</u>	<u>77,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 76,477</u>	<u>\$ 97,477</u>	<u>\$ 119,038</u>	<u>\$ 21,561</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ (137)</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, 2016**

	Victim of Crime Act Grant			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	86,000	86,000	76,752	(9,248)
State	-	-	946	946
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	75	275	200
Total revenues	86,000	86,075	77,973	(8,102)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	86,000	86,075	75,424	(10,651)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	86,000	86,075	75,424	(10,651)
Revenues over (under) expenditures	-	-	2,549	2,549
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(1,800)	(1,800)
Total other financing sources (uses)	-	-	(1,800)	(1,800)
Net change in fund balance	-	-	749	749
Fund balance, beginning of year	335	335	335	-
Fund balance, end of year	<u>\$ 335</u>	<u>\$ 335</u>	<u>\$ 1,084</u>	<u>\$ 749</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,716	146,368	20,210	(126,158)
-	-	-	-	-	-	-	-
500	500	433	(67)	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	50,424	424	-	-	-	-
50,500	50,500	50,857	357	25,716	146,368	20,210	(126,158)
-	-	-	-	-	-	-	-
49,150	49,150	56,902	7,752	-	-	-	-
-	-	-	-	25,716	146,368	20,210	(126,158)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,000	1,000	995	(5)	-	-	-	-
50,150	50,150	57,897	7,747	25,716	146,368	20,210	(126,158)
350	350	(7,040)	(7,390)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
350	350	(7,040)	(7,390)	-	-	-	-
69,399	69,399	69,399	-	-	-	-	-
\$ 69,749	\$ 69,749	\$ 62,359	\$ (7,390)	\$ -	\$ -	\$ -	\$ -

(Continued)

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Community Corrections Services</u>			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	32,120	25,120	25,538	418
Local	-	-	-	-
Charges for services	7,931	7,931	5,586	(2,345)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>40,051</u>	<u>33,051</u>	<u>31,124</u>	<u>(1,927)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	57,051	57,051	56,271	(780)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>57,051</u>	<u>57,051</u>	<u>56,271</u>	<u>(780)</u>
Revenues over (under) expenditures	<u>(17,000)</u>	<u>(24,000)</u>	<u>(25,147)</u>	<u>(1,147)</u>
Other financing sources (uses)				
Transfer in	17,000	28,500	28,500	-
Transfer out	-	-	(1,798)	(1,798)
Total other financing sources (uses)	<u>17,000</u>	<u>28,500</u>	<u>26,702</u>	<u>(1,798)</u>
Net change in fund balance	-	4,500	1,555	(2,945)
Fund balance, beginning of year	<u>1,289</u>	<u>1,289</u>	<u>1,289</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,289</u></u>	<u><u>\$ 5,789</u></u>	<u><u>\$ 2,844</u></u>	<u><u>\$ (2,945)</u></u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	60,000	9,035	9,035	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,000	11,069	11,069	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>12,000</u>	<u>11,069</u>	<u>11,069</u>	<u>-</u>	<u>60,000</u>	<u>9,035</u>	<u>9,035</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,000	15,706	15,705	(1)	-	2,900	2,887	(13)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	60,000	9,696	9,693	(3)
<u>16,000</u>	<u>15,706</u>	<u>15,705</u>	<u>(1)</u>	<u>60,000</u>	<u>12,596</u>	<u>12,580</u>	<u>(16)</u>
<u>(4,000)</u>	<u>(4,637)</u>	<u>(4,636)</u>	<u>1</u>	<u>-</u>	<u>(3,561)</u>	<u>(3,545)</u>	<u>16</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(4,000)	(4,637)	(4,636)	1	-	(3,561)	(3,545)	16
<u>39,907</u>	<u>39,907</u>	<u>39,907</u>	<u>-</u>	<u>4,649</u>	<u>4,649</u>	<u>4,649</u>	<u>-</u>
<u>\$ 35,907</u>	<u>\$ 35,270</u>	<u>\$ 35,271</u>	<u>\$ 1</u>	<u>\$ 4,649</u>	<u>\$ 1,088</u>	<u>\$ 1,104</u>	<u>\$ 16</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, 2016**

	<u>Forfeiture Sheriff/Prosecutor</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	20,000	165,050	164,580	(470)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	(251)	251	502
	<u>20,000</u>	<u>164,799</u>	<u>164,831</u>	<u>32</u>
Total revenues				
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	20,000	125,608	131,313	5,705
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u>20,000</u>	<u>125,608</u>	<u>131,313</u>	<u>5,705</u>
Total expenditures				
Revenues over (under) expenditures	<u>-</u>	<u>39,191</u>	<u>33,518</u>	<u>(5,673)</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	-	39,191	33,518	(5,673)
Fund balance, beginning of year	<u>56,344</u>	<u>56,344</u>	<u>56,344</u>	<u>-</u>
Fund balance, end of year	<u>\$ 56,344</u>	<u>\$ 95,535</u>	<u>\$ 89,862</u>	<u>\$ (5,673)</u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	4,869	(131)
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>4,869</u>	<u>(131)</u>
6,500	6,500	6,382	(118)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,700	6,700	3,613	(3,087)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,382</u>	<u>(118)</u>	<u>6,700</u>	<u>6,700</u>	<u>3,613</u>	<u>(3,087)</u>
-	-	118	118	(1,700)	(1,700)	1,256	2,956
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	118	118	(1,700)	(1,700)	1,256	2,956
<u>15,653</u>	<u>15,653</u>	<u>15,653</u>	<u>-</u>	<u>5,710</u>	<u>5,710</u>	<u>5,710</u>	<u>-</u>
<u>\$ 15,653</u>	<u>\$ 15,653</u>	<u>\$ 15,771</u>	<u>\$ 118</u>	<u>\$ 4,010</u>	<u>\$ 4,010</u>	<u>\$ 6,966</u>	<u>\$ 2,956</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, 2016**

	Child Care DHS			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	300,000	389,000	246,119	(142,881)
Local	-	-	-	-
Charges for services	30,000	30,000	19,234	(10,766)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	3,000	2,648	(352)
Other	-	-	-	-
Total revenues	330,000	422,000	268,001	(153,999)
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	660,000	796,684	451,189	(345,495)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	660,000	796,684	451,189	(345,495)
Revenues over (under) expenditures	(330,000)	(374,684)	(183,188)	191,496
Other financing sources (uses)				
Transfer in	250,000	325,000	250,000	(75,000)
Transfer out	-	-	-	-
Total other financing sources (uses)	250,000	325,000	250,000	(75,000)
Net change in fund balance	(80,000)	(49,684)	66,812	116,496
Fund balance, beginning of year	114,708	114,708	114,708	-
Fund balance, end of year	<u>\$ 34,708</u>	<u>\$ 65,024</u>	<u>\$ 181,520</u>	<u>\$ 116,496</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	137,317	137,317	369,305	231,988
-	-	-	-	-	-	-	-
-	-	-	-	26,000	26,000	24,336	(1,664)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	93,500	93,500	4,402	(89,098)
-	-	-	-	-	-	-	-
-	-	-	-	256,817	256,817	398,043	141,226
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,575	13,575	8,348	(5,227)	836,977	836,977	721,618	(115,359)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,575	13,575	8,348	(5,227)	836,977	836,977	721,618	(115,359)
(13,575)	(13,575)	(8,348)	5,227	(580,160)	(580,160)	(323,575)	256,585
9,000	9,000	9,000	-	475,000	475,000	475,000	-
-	-	-	-	-	-	(7,463)	(7,463)
9,000	9,000	9,000	-	475,000	475,000	467,537	(7,463)
(4,575)	(4,575)	652	5,227	(105,160)	(105,160)	143,962	249,122
34,853	34,853	34,853	-	185,843	185,843	185,843	-
<u>\$ 30,278</u>	<u>\$ 30,278</u>	<u>\$ 35,505</u>	<u>\$ 5,227</u>	<u>\$ 80,683</u>	<u>\$ 80,683</u>	<u>\$ 329,805</u>	<u>\$ 249,122</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, 2016**

	Soldiers Relief			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	40,000	40,000	30,047	(9,953)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	40,000	40,000	30,047	(9,953)
Revenues over (under) expenditures	(40,000)	(40,000)	(30,047)	9,953
Other financing sources (uses)				
Transfer in	40,000	40,000	40,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	40,000	40,000	40,000	-
Net change in fund balance	-	-	9,953	9,953
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,953</u>	<u>\$ 9,953</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 349,000	\$ 349,000	\$ 349,631	\$ 631
-	-	-	-	-	-	-	-
15,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	1,000	354	(646)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>349,985</u>	<u>(15)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,000	2,000	1,600	(400)	341,193	359,323	340,919	(18,404)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>14,000</u>	<u>2,000</u>	<u>1,600</u>	<u>(400)</u>	<u>341,193</u>	<u>359,323</u>	<u>340,919</u>	<u>(18,404)</u>
<u>1,000</u>	<u>(2,000)</u>	<u>(1,600)</u>	<u>400</u>	<u>8,807</u>	<u>(9,323)</u>	<u>9,066</u>	<u>18,389</u>
-	-	-	-	-	-	-	-
<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(3,000)	(2,600)	400	8,807	(9,323)	9,066	18,389
<u>17,733</u>	<u>17,733</u>	<u>17,733</u>	<u>-</u>	<u>37,154</u>	<u>37,154</u>	<u>37,154</u>	<u>-</u>
<u>\$ 17,733</u>	<u>\$ 14,733</u>	<u>\$ 15,133</u>	<u>\$ 400</u>	<u>\$ 45,961</u>	<u>\$ 27,831</u>	<u>\$ 46,220</u>	<u>\$ 18,389</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, 2016**

	<u>Regional DWI Court Grants</u>			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	230,000	230,000	207,033	(22,967)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>207,033</u>	<u>(22,967)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	232,132	233,682	201,834	(31,848)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>232,132</u>	<u>233,682</u>	<u>201,834</u>	<u>(31,848)</u>
Revenues over (under) expenditures	<u>(2,132)</u>	<u>(3,682)</u>	<u>5,199</u>	<u>8,881</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(1,800)	(1,800)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,800)</u>	<u>(1,800)</u>
Net change in fund balance	(2,132)	(3,682)	3,399	7,081
Fund balance, beginning of year	<u>13,254</u>	<u>13,254</u>	<u>13,254</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,122</u>	<u>\$ 9,572</u>	<u>\$ 16,653</u>	<u>\$ 7,081</u>

TUSCOLA COUNTY

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Voted MSU			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	92	92
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	92	92
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	120,651	120,651	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	120,651	120,651	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	(120,651)	(120,559)	92
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfer in	-	120,651	-	(120,651)
Transfer out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	120,651	-	(120,651)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	(120,559)	(120,559)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,559)</u>	<u>\$ (120,559)</u>

GIS				Totals			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 610,836	\$ 610,836	\$ 611,796	\$ 960
-	-	-	-	841,958	703,493	732,323	28,830
-	-	-	-	1,103,618	1,209,521	1,271,844	62,323
-	-	-	-	846,846	1,012,704	902,315	(110,389)
55,000	55,000	44,920	(10,080)	1,448,875	1,457,347	1,408,039	(49,308)
-	-	-	-	26,500	171,550	171,080	(470)
-	-	167	167	5,905	5,905	6,606	701
-	-	-	-	111,000	114,000	21,467	(92,533)
-	-	-	-	55,500	55,324	55,875	551
<u>55,000</u>	<u>55,000</u>	<u>45,087</u>	<u>(9,913)</u>	<u>5,051,038</u>	<u>5,340,680</u>	<u>5,181,345</u>	<u>(159,335)</u>
-	-	-	-	1,013,814	1,015,549	951,890	(63,659)
-	-	-	-	838,114	837,099	767,150	(69,949)
11,000	11,000	11,307	307	2,286,670	2,664,163	2,146,954	(517,209)
-	-	-	-	1,905,745	2,048,559	1,553,721	(494,838)
-	-	-	-	8,750	11,650	11,508	(142)
-	-	-	-	352,500	320,736	86,803	(233,933)
<u>11,000</u>	<u>11,000</u>	<u>11,307</u>	<u>307</u>	<u>6,405,593</u>	<u>6,897,756</u>	<u>5,518,026</u>	<u>(1,379,730)</u>
<u>44,000</u>	<u>44,000</u>	<u>33,780</u>	<u>(10,220)</u>	<u>(1,354,555)</u>	<u>(1,557,076)</u>	<u>(336,681)</u>	<u>1,220,395</u>
-	-	-	-	1,036,970	1,249,375	1,053,724	(195,651)
-	-	-	-	(42,218)	(42,218)	(118,378)	(76,160)
-	-	-	-	994,752	1,207,157	935,346	(271,811)
<u>44,000</u>	<u>44,000</u>	<u>33,780</u>	<u>(10,220)</u>	<u>(359,803)</u>	<u>(349,919)</u>	<u>598,665</u>	<u>948,584</u>
<u>23,107</u>	<u>23,107</u>	<u>23,107</u>	<u>-</u>	<u>1,926,605</u>	<u>1,926,605</u>	<u>1,926,605</u>	<u>-</u>
<u>\$ 67,107</u>	<u>\$ 67,107</u>	<u>\$ 56,887</u>	<u>\$ (10,220)</u>	<u>\$ 1,566,802</u>	<u>\$ 1,576,686</u>	<u>\$ 2,525,270</u>	<u>\$ 948,584</u>



TUSCOLA COUNTY

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2016**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 116,316	\$ 200,151	\$ 1,345,113	\$ 1,661,580
Investments	-	-	510,292	510,292
Accounts receivable	-	-	140,000	140,000
Due from other funds	-	200,000	350,000	550,000
Due from other governmental units	11,040	-	-	11,040
Total assets	\$ 127,356	\$ 400,151	\$ 2,345,405	\$ 2,872,912
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 6,171	\$ 3,611	\$ -	\$ 9,782
Total liabilities	6,171	3,611	-	9,782
Deferred inflows of resources				
Unavailable revenue - land contract	-	-	140,000	140,000
Total deferred inflows of resources	-	-	140,000	140,000
Fund balance				
Restricted for capital projects	121,185	288,291	2,205,405	2,614,881
Assigned				
Subsequent year expenditures		108,249		108,249
Total fund balance	121,185	396,540	2,205,405	2,723,130
Total liabilities, deferred inflows of resources, and fund balance	\$ 127,356	\$ 400,151	\$ 2,345,405	\$ 2,872,912

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 21,479	\$ -	\$ 7,731	\$ 29,210
Reimbursement	11,040	8,679	-	19,719
	<u>32,519</u>	<u>8,679</u>	<u>7,731</u>	<u>48,929</u>
Total revenues				
Expenditures				
Capital outlay	24,190	149,509	11,710	185,409
Revenues under expenditures	8,329	(140,830)	(3,979)	(136,480)
Other financing sources (uses)				
Sale of assets	-	-	68,629	68,629
Transfer in	-	383,300	550,000	933,300
Transfer out	-	-	-	-
	<u>-</u>	<u>383,300</u>	<u>618,629</u>	<u>1,001,929</u>
Total other financing source(uses)				
Net change in fund balance	8,329	242,470	614,650	865,449
Fund balance, beginning of year	112,856	154,070	1,590,755	1,857,681
Fund balance, end of year	<u>\$ 121,185</u>	<u>\$ 396,540</u>	<u>\$ 2,205,405</u>	<u>\$ 2,723,130</u>

NONMAJOR ENTERPRISE FUNDS

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, 2016**

	Mayville Storm Sewer	Richville Water System (Refunded)
	<u> </u>	<u> </u>
Assets		
Current assets		
Cash	\$ -	\$ -
Investments	-	-
Due from other funds	-	-
Accounts receivable	-	-
Contracts receivable - current	46,350	70,548
	<u>46,350</u>	<u>70,548</u>
Total current assets	<u>46,350</u>	<u>70,548</u>
Noncurrent assets		
Contracts receivable, net of current portion	951,000	140,000
	<u>951,000</u>	<u>140,000</u>
Total assets	<u>997,350</u>	<u>210,548</u>
Deferred outflows of resources		
Related to pensions	-	-
	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	-	-
Accrued liabilities	16,350	548
Due to other funds	-	-
Bonds payable, current	30,000	70,000
	<u>46,350</u>	<u>70,548</u>
Total current liabilities	<u>46,350</u>	<u>70,548</u>
Net pension liability	-	-
Bonds payable, net of current portion	951,000	140,000
	<u>951,000</u>	<u>140,000</u>
Total long-term liabilities	<u>951,000</u>	<u>140,000</u>
Total liabilities	<u>997,350</u>	<u>210,548</u>
Deferred inflows of resources		
Related to pensions	-	-
	<u>-</u>	<u>-</u>
Net position		
Unrestricted	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 803,869	\$ 803,869
-	-	298,161	298,161
-	-	684	684
-	-	1,425	1,425
-	52,615	-	169,513
-	52,615	1,104,139	1,273,652
-	1,869,000	-	2,960,000
-	1,921,615	1,104,139	4,233,652
-	-	5,809	5,809
-	-	5,809	5,809
-	-	6,381	6,381
-	19,615	9,687	46,200
-	-	118,548	118,548
-	33,000	-	133,000
-	52,615	134,616	304,129
-	-	11,740	11,740
-	1,869,000	-	2,960,000
-	1,869,000	11,740	2,971,740
-	1,921,615	146,356	3,275,869
-	-	14,767	14,767
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,825</u>	<u>\$ 948,825</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Operating revenues		
Charges for services	\$ -	\$ -
Other	-	-
	<hr/>	<hr/>
Total operating revenues	-	-
Operating expenses		
Administration	-	-
	<hr/>	<hr/>
Operating income	-	-
	<hr/>	<hr/>
Nonoperating revenues (expenses)		
Interest and rent	-	-
Interest expense and fiscal charges	(49,983)	(3,960)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(49,983)	(3,960)
	<hr/>	<hr/>
Income (loss) before capital contributions and transfers	(49,983)	(3,960)
	<hr/>	<hr/>
Capital contributions	49,983	3,960
	<hr/>	<hr/>
Transfers		
Transfers out	-	-
	<hr/>	<hr/>
Change in net position	-	-
Net position, beginning of year	-	-
	<hr/>	<hr/>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 194,918	\$ 194,918
-	-	303,095	303,095
-	-	498,013	498,013
-	-	335,392	335,392
-	-	162,621	162,621
-	-	4,553	4,553
(469)	(79,449)		(133,861)
(469)	(79,449)	4,553	(129,308)
(469)	(79,449)	167,174	33,313
469	79,449		133,861
-	-	(87,886)	(87,886)
-	-	79,288	79,288
-	-	869,537	869,537
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,825</u>	<u>\$ 948,825</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<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	-	-
Cash payments to employees for services	-	-
Other operating revenue	-	-
	<hr/>	<hr/>
Net cash provided by operating activities	<hr/> -	<hr/> -
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(28,000)	(70,000)
Interest paid on long-term debt	(49,983)	(3,960)
Contributions from local units	77,983	73,960
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	<hr/> -	<hr/> -
Cash flows from investing activities		
Interest and rent	-	-
Sale (purchase) of investments	-	-
	<hr/>	<hr/>
Net cash provided (used) by investing activities	<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	<hr/> <u>\$ -</u>	<hr/> <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	1,533	135
Related to pensions		
Accounts payable		
Accrued liabilities	(1,533)	(135)
Due to other funds		
	<hr/>	<hr/>
Net cash provided by operating activities	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ 193,493	\$ 193,493
-	-	(339)	(339)
-	-	(233,320)	(233,320)
-	-	(77,380)	(77,380)
-	-	303,095	303,095
-	-	185,549	185,549
(5,000)	(32,000)	-	(135,000)
(469)	(79,449)	-	(133,861)
5,469	111,449	-	268,861
-	-	-	-
-	-	4,553	4,553
-	-	(298,161)	(298,161)
-	-	(293,608)	(293,608)
-	-	(108,059)	(108,059)
-	-	911,928	911,928
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,869</u>	<u>\$ 803,869</u>
\$ -	\$ -	\$ 162,621	\$ 162,621
		(1,425)	(1,425)
		(339)	(339)
56	671		2,395
		(5,975)	(5,975)
		5	5
(56)	(671)		(2,395)
-	-	30,662	30,662
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,549</u>	<u>\$ 185,549</u>



INTERNAL SERVICE FUNDS

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, 2016**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 241,331	\$ 24,619	\$ 449,296	\$ 715,246
Accounts receivable	-	-	46,925	46,925
Prepaid expenses	31,343	-	-	31,343
Due from other funds	-	3,278	-	3,278
Total assets	<u>\$ 272,674</u>	<u>\$ 27,897</u>	<u>\$ 496,221</u>	<u>\$ 796,792</u>
Liabilities				
Current liabilities				
Accounts payable	\$ -	\$ 46	\$ -	\$ 46
Accrued liabilities	-	-	137,578	137,578
Due to other funds	-	-	49,221	49,221
Total liabilities	<u>-</u>	<u>46</u>	<u>186,799</u>	<u>186,845</u>
Net position				
Unrestricted	<u>\$ 272,674</u>	<u>\$ 27,851</u>	<u>\$ 309,422</u>	<u>\$ 609,947</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 38,788	\$ 8,611	\$ 2,299,860	\$ 2,347,259
Operating expenses				
Vehicle expenses		919		919
Insurance costs	113,795	-	2,203,206	2,317,001
Settlements and claims	1,890	-	-	1,890
Total operating expenses	115,685	919	2,203,206	2,319,810
Change in net position	(76,897)	7,692	96,654	27,449
Net position, beginning of year	349,571	20,159	212,768	582,498
Net position, end of year	<u>\$ 272,674</u>	<u>\$ 27,851</u>	<u>\$ 309,422</u>	<u>\$ 609,947</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Workers' Compensation Insurance	Motor Pool Fund	Health Insurance	Total
Cash flows from operating activities				
Cash received from interfund services provided	\$ 46,355	\$ 8,611	\$ 2,290,060	\$ 2,345,026
Cash received from interfund services provided	-	(3,278)	12,096	8,818
Cash payments to suppliers for goods and services	(120,777)	(891)	(2,224,817)	(2,346,485)
Net cash provided (used) by operating activities	(74,422)	4,442	77,339	7,359
Cash and cash equivalents, beginning of year	315,753	20,177	371,957	707,887
Cash and cash equivalents, end of year	\$ 241,331	\$ 24,619	\$ 449,296	\$ 715,246
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (76,897)	\$ 7,692	\$ 96,654	\$ 27,449
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	7,567		(9,800)	(2,233)
Due from other funds		(3,278)		(3,278)
Prepaid expenses	(5,092)			(5,092)
Accounts payable		28		28
Accrued liabilities			(21,611)	(21,611)
Due to other funds			12,096	12,096
Net cash provided (used) by operating activities	\$ (74,422)	\$ 4,442	\$ 77,339	\$ 7,359



FIDUCIARY FUNDS

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

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

TUSCOLA COUNTY
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Agency Funds		Total
	Trust and Agency	Library Penal Fines	
Assets			
Cash and cash equivalents	\$ 1,108,103	\$ 24,730	\$ 1,132,833
Accounts receivable	2,414	25	2,439
	<u>\$ 1,110,517</u>	<u>\$ 24,755</u>	<u>\$ 1,135,272</u>
Total assets	<u>\$ 1,110,517</u>	<u>\$ 24,755</u>	<u>\$ 1,135,272</u>
 Liabilities			
Accrued liabilities	\$ 502,839		\$ 502,839
Due to other governmental units	594,409		594,409
Undistributed receipts	13,269	\$ 24,755	38,024
	<u>\$ 1,110,517</u>	<u>\$ 24,755</u>	<u>\$ 1,135,272</u>
Total liabilities	<u>\$ 1,110,517</u>	<u>\$ 24,755</u>	<u>\$ 1,135,272</u>

TUSCOLA COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2016</u>
Trust and Agency				
Assets				
Cash and cash equivalents	\$ 1,170,877	\$ 17,748,294	\$ 17,811,068	\$ 1,108,103
Accounts receivable	-	2,596	182	2,414
Total assets	<u>\$ 1,170,877</u>	<u>\$ 17,750,890</u>	<u>\$ 17,811,250</u>	<u>\$ 1,110,517</u>
Liabilities				
Accounts payable	\$ -	\$ 10,566,549	\$ 10,566,549	\$ -
Accrued liabilities	400,237	1,294,208	1,396,810	502,839
Due to other governmental units	763,812	16,816,859	16,647,456	594,409
Undistributed receipts	6,828	350	6,791	13,269
Total liabilities	<u>\$ 1,170,877</u>	<u>\$ 28,677,966</u>	<u>\$ 28,617,606</u>	<u>\$ 1,110,517</u>
Library Penal Fines				
Assets				
Cash and cash equivalents	\$ 37,664	\$ 302,617	\$ 315,551	\$ 24,730
Accounts receivable	-	25	-	25
Total assets	<u>\$ 37,664</u>	<u>\$ 302,642</u>	<u>\$ 315,551</u>	<u>\$ 24,755</u>
Liabilities				
Accounts payable	\$ -	\$ 309,051	\$ 309,051	\$ -
Undistributed receipts	37,664	315,551	302,642	24,755
Total liabilities	<u>\$ 37,664</u>	<u>\$ 624,602</u>	<u>\$ 611,693</u>	<u>\$ 24,755</u>
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,208,541	\$ 18,050,911	\$ 18,126,619	\$ 1,132,833
Accounts receivable	-	2,621	182	2,439
Total assets	<u>\$ 1,208,541</u>	<u>\$ 18,053,532</u>	<u>\$ 18,126,801</u>	<u>\$ 1,135,272</u>
Liabilities				
Accounts payable	\$ -	\$ 10,875,600	\$ 10,875,600	\$ -
Accrued liabilities	400,237	1,294,208	1,396,810	502,839
Due to other governmental units	763,812	16,816,859	16,647,456	594,409
Undistributed receipts	44,492	315,901	309,433	38,024
Total liabilities	<u>\$ 1,208,541</u>	<u>\$ 29,302,568</u>	<u>\$ 29,229,299</u>	<u>\$ 1,135,272</u>

COMPONENT UNIT

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2016**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>Revolving Drain</u>			
Assets						
Cash and cash equivalents	\$ 787,463	\$ 2,296,349	\$ 39,629	\$ 3,123,441	\$ -	\$ 3,123,441
Investments	1,690,609	1,976,404	-	3,667,013	-	3,667,013
Special assessments receivable	4,400,765	1,017,776	-	5,418,541	-	5,418,541
Due from other component units	-	-	697,047	697,047	(697,047)	-
Advance to Revolving Drain	-	200,000	-	200,000	-	200,000
Capital assets, not being depreciated	-	-	-	-	466,460	466,460
Capital assets, net of depreciation	-	-	-	-	15,532,728	15,532,728
Total assets	\$ 6,878,837	\$ 5,490,529	\$ 736,676	\$ 13,106,042	\$ 15,302,141	\$ 28,408,183
Liabilities						
Accounts payable	\$ 8,227	\$ 228,390	\$ 26,676	\$ 263,293	\$ -	\$ 263,293
Accrued interest payable	-	-	-	-	21,204	21,204
Due to other component units	-	697,047	-	697,047	(697,047)	-
Drain bonds payable	-	-	-	-	4,554,639	4,554,639
Drain notes payable	-	-	-	-	931,080	931,080
Advance from primary government	-	-	710,000	710,000	-	710,000
Total liabilities	8,227	925,437	736,676	1,670,340	4,809,876	6,480,216
Deferred inflows of resources						
Taxes levied for a subsequent period	4,400,765	1,017,776	-	5,418,541	(5,418,541)	-
Fund equity						
Fund balance						
Restricted for debt service	2,469,845	-	-	2,469,845	(2,469,845)	-
Restricted for drain projects	-	3,547,316	-	3,547,316	(3,547,316)	-
Total fund equity	2,469,845	3,547,316	-	6,017,161	(6,017,161)	-
Total liabilities, deferred inflows of resources, and fund equity	\$ 6,878,837	\$ 5,490,529	\$ 736,676	\$ 13,106,042		
Net position:						
Net investment in capital assets					10,513,469	10,513,469
Restricted for:						
Debt service					2,469,845	2,469,845
Acquisition/construction of capital assets					3,547,316	3,547,316
Unrestricted					5,397,337	5,397,337
Total net position					\$ 21,927,967	\$ 21,927,967

TUSCOLA COUNTY

**DRAIN COMMISSION COMPONENT UNIT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 944,162	\$ 666,535	\$ 1,610,697	\$ 1,609,288	\$ 3,219,985
Interest and rents	14,168	23,111	37,279		37,279
Total revenues	<u>958,330</u>	<u>689,646</u>	<u>1,647,976</u>	<u>1,609,288</u>	<u>3,257,264</u>
Expenditures / expenses					
Capital outlay	5,977	1,647,016	1,652,993	(466,460)	1,186,533
Depreciation			-	407,107	407,107
Debt service					
Principal	768,174	51,446	819,620	167,622	987,242
Interest and charges	188,269	4,258	192,527	(735)	191,792
Total expenditures / expenses	<u>962,420</u>	<u>1,702,720</u>	<u>2,665,140</u>	<u>107,534</u>	<u>2,772,674</u>
Revenues over (under) expenditures	<u>(4,090)</u>	<u>(1,013,074)</u>	<u>(1,017,164)</u>	<u>1,501,754</u>	<u>484,590</u>
Other financing sources (uses)					
Loan proceeds	-	1,080,000	1,080,000	(1,080,000)	-
Grant proceeds	-	199,914	199,914	(199,914)	-
Transfers in	-	10,000	10,000	(10,000)	-
Transfers out	-	(10,000)	(10,000)	10,000	-
Total other financing sources (uses)	<u>-</u>	<u>1,279,914</u>	<u>1,279,914</u>	<u>(1,279,914)</u>	<u>-</u>
Net change in fund balance	(4,090)	266,840	262,750	(262,750)	-
Change in net position	-	-	-	484,590	484,590
Fund balance / net position, beginning of year	<u>2,473,935</u>	<u>3,280,476</u>	<u>5,754,411</u>	<u>15,688,966</u>	<u>21,443,377</u>
Fund balance / net position, end of year	<u>\$ 2,469,845</u>	<u>\$ 3,547,316</u>	<u>\$ 6,017,161</u>	<u>\$ 15,910,806</u>	<u>\$ 21,927,967</u>

III. STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	142-148
Revenue Capacity These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	149-152
Debt Capacity These schedules present information to help the reader assess the affordability of the county’s current levels of outstanding debt and the county’s ability to issue additional debt in the future.	153-156
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	157-158
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the county’s financial report relates to the services the county provides and the activities it performs.	159-161

TUSCOLA COUNTY, MICHIGAN

Table 1

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 5,380,615
Restricted	2,415,673	2,407,986	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781	1,195,900	1,864,506	2,672,329
Unrestricted	7,242,269	6,252,969	6,218,185	6,254,015	6,120,317	6,853,468	6,312,514	6,644,960	(944,404)	(3,118,970)
Total governmental activities net position	<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>	<u>\$ 4,933,974</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 11,154,645
Restricted	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	290,258
Unrestricted	18,225,519	18,994,109	19,169,261	12,657,056	12,337,630	14,309,485	14,056,322	12,932,697	10,871,364	10,239,172
Total business-type activities net position	<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>	<u>\$ 21,684,075</u>
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 16,535,260
Restricted	3,657,515	3,649,828	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435	3,775,065	3,295,178	2,962,587
Unrestricted	25,467,788	25,247,078	25,387,446	18,911,071	18,457,947	21,162,953	20,368,836	19,577,657	9,926,960	7,120,202
Total primary government net position	<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>	<u>\$ 26,618,049</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Legislative	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073	\$ 103,402	\$ 115,714	\$ 148,172
Judicial	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	4,156,591
General government	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	7,160,516
Public safety	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	7,415,067
Public works	913,182	939,794	865,143	769,984	693,296	795,586	924,147	815,625	678,023	777,630
Health and welfare	5,159,902	5,463,407	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444	5,216,376	5,234,005	5,598,219
Culture and recreation	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542
Interest on debt	75,153	50,441	42,620	36,004	41,826	60,669	52,768	44,999	36,862	278,897
Total governmental activities expenses	20,035,204	21,454,657	21,930,342	21,159,398	22,282,522	20,999,000	21,727,407	21,449,723	22,652,959	25,546,634
Business-type activities:										
Medical care facility	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	22,315,039
Delinquent property tax	4,412	2,478	1,455	90	85	21	48	832	1,494	843
Water/sewage systems	527,715	3,778,099	312,675	299,672	284,295	258,873	242,510	526,639	304,173	293,015
Tax foreclosure	112,853	114,590	215,711	253,288	343,287	336,683	446,017	405,857	332,487	335,392
Total business-type activities expenses	14,062,142	18,372,129	16,919,959	17,742,546	18,527,497	18,663,991	19,538,500	20,585,367	21,791,721	22,944,289
Total primary government expenses	\$ 34,097,346	\$ 39,826,786	\$ 38,850,301	\$ 38,901,944	\$ 40,810,019	\$ 39,662,991	\$ 41,265,907	\$ 42,035,090	\$ 44,444,680	\$ 48,490,923
Program Revenues										
Governmental activities:										
Charges for services										
Judicial	\$ 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	\$ 1,074,291
General government	859,655	844,975	806,527	761,439	689,760	749,121	744,192	740,750	874,213	1,095,603
Public safety	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	2,320,821
Public works	396,643	418,363	324,593	275,567	269,213	376,012	472,183	369,043	252,391	369,007
Health and welfare	896,500	1,007,945	1,191,633	742,876	810,346	822,751	683,951	586,366	620,213	672,883
Culture and recreation	4,751	2,209	2,414	3,861	1,548	2,800	3,902	3,987	5,454	5,637
Operating grants and contributions										
Judicial	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	1,201,303
General government	345,126	252,725	230,215	159,249	547,666	246,226	190,582	234,953	151,018	146,039
Public Safety	750,387	914,234	1,016,033	690,258	883,561	655,231	860,223	638,185	718,542	523,665
Health and welfare	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	2,642,757
Capital grants and contributions	142,617	127,155	50,264	-	-	-	-	-	-	-
Total governmental activities program revenues	10,250,100	10,360,771	10,413,785	9,587,350	10,145,608	9,847,490	9,229,529	9,495,404	10,245,376	10,052,006

TUSCOLA COUNTY, MICHIGAN

Table 2

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

(continued)

	Fiscal Year									
	<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>	<u>2016</u>
Business-type activities:										
Charges for services										
Medical Care Community	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	19,807,248
Delinquent Tax	538,748	603,172	710,041	714,369	787,947	718,620	754,501	582,800	673,670	636,870
Water/Sewer Systems	14,099	81,248	-	-	-	-	-	-	-	-
Tax Foreclosure	121,257	144,563	159,146	187,921	-	175,909	179,424	175,250	193,571	194,918
Operating grants and contributions	-	-	-	-	207,628	-	-	-	-	-
Capital grants and contributions	<u>7,120,155</u>	<u>3,495,097</u>	<u>589,188</u>	<u>299,672</u>	<u>284,295</u>	<u>258,856</u>	<u>242,510</u>	<u>400,446</u>	<u>304,173</u>	<u>293,015</u>
Total business-type activities program revenues	<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>	<u>20,932,051</u>
Total primary government program revenues	<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>	<u>\$ 30,984,057</u>
Net (Expenses)/Revenue										
Governmental activities	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)	\$ (11,954,319)	\$ (12,407,583)	\$ (15,494,628)
Business-type activities	<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>	<u>(2,012,238)</u>
Total primary government net expense	<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>\$ (13,713,104)</u>	<u>\$ (17,506,866)</u>

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 10,186,530
Grants and contributions not restricted to specific programs	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	1,199,905
Unrestricted investment earnings	530,747	312,610	270,797	592,262	560,159	499,575	471,176	481,646	479,580	511,528
Loss on sale of assets	-	-	-	(86)	-	-	-	-	-	-
Other	-	-	11,241	672,730	1,139,163	858,469	1,052,109	796,222	691,488	978,112
Transfers - Internal activities	802,573	797,575	857,111	872,404	908,509	842,214	825,463	734,858	771,258	913,352
Total governmental activities	<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>	<u>13,789,427</u>
Business-type activities:										
Property taxes	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	438,417
Unrestricted investment earnings	439,658	229,178	137,287	103,738	75,249	66,403	35,869	51,914	55,512	64,945
Other	307,797	302,614	523,536	509,380	693,617	665,500	973,408	1,115,105	706,953	854,935
Transfers - Internal activities	(759,916)	(751,517)	(848,941)	(805,776)	(860,272)	(798,862)	(777,538)	(708,253)	(715,776)	(751,361)
Total business-type activities	<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>	<u>606,936</u>
Total primary government	<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>	<u>\$ 14,396,363</u>
Change in Net Position										
Governmental activities	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)	\$ 442,438	\$ 807,112	\$ (1,705,201)
Business-type activities	<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>	<u>(1,405,302)</u>
Total primary government	<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>\$ (49,202)</u>	<u>\$ (3,110,503)</u>

TUSCOLA COUNTY, MICHIGAN

Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,377,311	1,906,960	1,256,998	1,337,490	-	-	-	-	-	-
Nonspendable	-	-	-	-	416,551	310,000	418,867	417,310	417,494	643,918
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,248,368	1,212,000	1,272,000	1,462,000	1,463,900	2,031,720
Unassigned	-	-	-	-	691,679	1,024,692	955,077	883,279	1,035,936	418,032
Total general fund	\$ 1,987,311	\$ 2,216,960	\$ 1,571,893	\$ 1,661,213	\$ 2,356,598	\$ 2,546,692	\$ 2,645,944	\$ 2,762,589	\$ 2,917,330	\$ 3,093,670
Health Department										
Reserved	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	587,388	470,300	614,268	557,500	-	-	-	-	-	-
Nonspendable	-	-	-	-	72,939	99,596	86,687	65,630	42,385	31,931
Restricted	-	-	-	-	224,790	394,145	39,475	149,830	952,882	966,194
Committed	-	-	-	-	279,162	347,752	353,337	412,486	416,335	417,563
Assigned	-	-	-	-	-	-	-	-	-	1,943
Unassigned	-	-	-	-	-	-	26,779	-	-	-
Total Health Department	\$ 635,148	\$ 637,245	\$ 657,720	\$ 636,246	\$ 576,891	\$ 841,493	\$ 506,278	\$ 627,946	\$ 1,411,602	\$ 1,417,631
Road Patrol										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	218,087	358,260
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	41,741	84,358
Total Road Patrol	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,828	\$ 442,618
Voted Mosquito										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	16,413	9,447
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	160,098	146,176
Total Voted Mosquito	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,511	\$ 155,623
All Other Governmental Funds										
Reserved	\$ 2,423,520	\$ 2,313,327	\$ 2,004,243	\$ 1,930,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	3,162,689	2,365,336	2,621,574	2,732,624	-	-	-	-	-	-
Permanent funds	241	100	14	8	-	-	-	-	-	-
Nonspendable	-	-	-	-	6,800	6,800	99	-	-	-
Restricted	-	-	-	-	3,954,999	3,738,092	3,638,251	3,955,027	4,222,450	4,818,281
Committed	-	-	-	-	-	-	-	5,000	5,000	5,000
Assigned	-	-	-	-	-	-	250,000	-	-	482,567
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,586,450	\$ 4,678,763	\$ 4,625,831	\$ 4,662,810	\$ 3,961,799	\$ 3,744,892	\$ 3,888,350	\$ 3,960,027	\$ 4,227,450	\$ 5,305,848

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes	\$ 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	\$ 10,173,607
Licenses and permits	681,338	692,278	610,135	578,920	568,282	693,121	840,436	694,797	612,944	666,040
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Federal	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	2,839,403
State	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	3,034,908
Local	417,121	405,052	484,203	484,180	420,500	437,648	435,065	439,896	541,459	904,915
Charges for services	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	3,592,132
Fines and forfeits	82,030	54,515	50,138	42,306	56,072	51,423	43,272	235,787	84,408	214,513
Interest and rents	626,293	447,461	641,691	592,262	560,159	499,575	471,176	481,646	479,580	511,528
Reimbursements and refunds	531,317	553,645	544,238	693,980	1,155,875	883,282	1,101,760	806,479	742,895	823,772
Other	129,437	116,880	104,769	101,205	105,329	107,407	87,655	132,135	80,814	85,711
Total revenues	19,183,094	20,049,067	20,680,903	20,432,530	21,344,266	20,517,967	20,534,367	21,281,377	22,823,188	22,846,529
Expenditures										
Legislative	122,906	118,052	146,040	139,864	101,988	102,468	104,414	103,947	111,400	103,335
Judicial	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	3,228,250
General government	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	5,593,914
Public safety	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	6,225,193
Public works	910,866	939,330	864,916	769,096	693,338	795,703	921,486	814,993	680,315	774,919
Health and welfare	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	5,081,040
Culture and recreation	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542
Other	203,733	241,097	242,903	220,651	360,059	180,079	251,022	206,688	201,254	154,502
Capital outlay	540,621	692,935	1,109,845	657,795	2,569,679	1,030,783	905,437	439,982	1,068,837	583,532
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	126,987	171,579	125,565	131,538	120,000	165,000	170,000	175,000	165,000	215,000
Interest	58,022	52,567	44,490	37,959	40,626	62,963	55,147	47,463	39,156	128,754
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	76,268
Total expenditures	20,286,797	21,572,257	22,215,538	21,099,549	23,745,695	21,144,992	21,452,335	21,300,096	22,388,626	22,176,249
Excess of revenues over (under) expenditures	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)	(18,719)	434,562	670,280

(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

Other Financing Sources (Uses)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Face Value of debt issue	-	-	-	-	-	-	-	-	-	6,980,000
Discounts on bonds issued	-	-	-	-	-	-	-	-	-	(2,172)
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	94,500
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	68,629
Contract proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	22,600	-	-	-	-
Bond proceeds	-	-	-	-	1,029,156	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital	-	49,674	-	-	-	-	-	-	-	-
Transfer in	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	3,587,630
Transfer out	(2,915,377)	(2,599,194)	(1,704,478)	(1,371,598)	(1,646,637)	(1,528,551)	(1,776,223)	(1,907,377)	(2,632,089)	(2,674,278)
Total other financing sources (uses)	<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>	<u>8,054,309</u>
Special Items - Pension pre-fundin	-	-	-	-	-	-	-	-	-	(6,865,581)
Net change in fund balances	<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>	<u>\$ 1,859,008</u>
Debt service as a percentage of noncapital expenditures	0.937%	1.074%	0.806%	0.829%	0.759%	1.133%	1.096%	1.066%	0.96%	1.59%

Source: Tuscola County Financial Reports

Tuscola County, MICHIGAN

Table 5

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

Fiscal Year Ended December 31,	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Industrial, Commercial & Developmental	Residential	Timber-Cut & Agricultural						
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%	
2016	121,354,400	978,552,403	1,037,690,870	417,773,965	2,555,371,638	7.7621	5,110,743,276	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

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

	<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>	<u>2016</u>
County direct rates										
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	3.5705	3.5022	3.5780	3.5780	3.5780	3.5780	3.5780	3.7480	3.8480
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-	-	-
Total direct rate	8.4597	8.4846	8.4163	8.4921	8.4921	8.4921	8.4921	7.4921	7.6621	7.7621
City rate										
Vassar	17.5000	17.5000	17.5000	17.5000	17.0000	17.0000	17.0000	16.0000	16.0000	16.0000
Caro (2)	-	-	-	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643
Village rates	11.1658- 21.6884	12.0440- 21.6036	12.0440- 21.6036	11.0000- 21.6036	11.0000- 21.6036	11.0000- 18.1387	11.0000- 18.1387	11.0000- 21.7268	11.0000- 21.7268	11.0000- 21.7268
School district rates (1)	26.7817- 29.0998	26.7817- 29.0998	26.7817- 29.0998	26.7817- 29.0998	28.2409- 29.2409	28.2409- 28.4480	22.7079- 28.0409	22.7079- 28.4079	22.7079- 27.7079	22.7479- 27.3079
Township rates	1.0000- 5.4170	1.0000- 5.3957	1.0000- 5.3957	1.0000- 5.6563	1.0000- 6.3957	1.0000- 6.3957	1.0000- 6.4175	1.0000- 6.4026	1.0000- 6.3864	1.0000- 6.3864
District library rates	.7924- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4761	.7916- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909
Caro Transit Authority (3)	-	-	-	1.0000	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 2016			
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Consumers Energy	\$ 119,084,472	1	6.87%
Tuscola Bay Wind LLC	81,356,400	2	4.69%
Tuscola Bay Wind II LLC	74,576,250	3	4.30%
ITC Transmissions	60,358,180	4	3.48%
Detroit Edison Co	36,093,619	5	2.08%
Dairy Farmers of America	13,645,700	6	0.79%
POET-Biorefining - Caro	9,083,338	7	0.52%
Thumb Electric Co-Op	6,145,449	8	0.35%
Wal-Mart Stores #01-1798	3,933,750	9	0.23%
Russell Family Land Co LLC	3,321,195	10	0.19%
Totals	\$ 407,598,353		23.50%
2016 Taxable Value \$ 1,733,524,072			
9 Years ago 2007			
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Detroit Edison Co	\$ 23,985,045	1	1.70%
POET-Biorefining - Caro	14,503,600	2	1.03%
Dept of Natural Resources	8,915,050	3	0.63%
International Transmission	7,631,505	4	0.54%
Wal-Mat Stores #01-1798	5,621,077	5	0.40%
Consumers Power Company	5,480,752	6	0.39%
Thumb Electric Co-Op	4,232,390	7	0.30%
Millenium Industris, Inc.	2,952,800	8	0.21%
Michigan Sugar	2,605,401	9	0.18%
TI Group Automotive Systems	2,461,600	10	0.17%
Totals	\$ 78,389,220		5.55%
2007 Taxable Value \$ 1,413,750,488			

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
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%
2016	6,752,971	5,937,568	87.93%	309,983	394,996	6,642,547	98.36%

Source: Tuscola County Treasurer

TUSCOLA COUNTY, MICHIGAN

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita (2)
	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Bond Discount	Equipment Loan	Capital Lease Payable	Refunding Bonds	Medical Care Small House	Medical Care Land Contract	General Obligation Bonds	USDA Loans			
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	10.46%	332
2016	-	815,000	6,805,000	(13,032)	-	85,343	200,000	4,265,000	140,000	5,853,114	4,872,000	23,022,425	8.05%	432

(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	<u>General Bonded Debt Outstanding</u>						Total Taxable Value	Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Net Pension Obligation Bonds	Net Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded		
2007	\$ 1,005,000	\$ 2,936,000	\$ -	-	\$ 3,941,000	\$ -	\$ 1,413,750,488	0.0000%
2008	880,000	4,886,000	-	-	5,766,000	-	1,448,148,172	0.0000%
2009	770,000	4,641,000	-	-	5,411,000	-	1,495,175,733	0.0000%
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%
2016	-	10,725,114	6,802,914	804,054	10,725,114	7,606,968	1,975,936,615	0.3850%

Fiscal Year	<u>General Bonded Debt Outstanding</u>			Village	City	Percentage of Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate School				
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%
2016	52,429,998	7,120,679	20,392	3,268,193	6,994,088	69,833,350	3.5342%

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, 2016

2010 Census Totals 2016 Taxable Value	55,729 1,733,524,072	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Building Authority		\$ -	\$ -	\$ -
Sewer/Water		10,725,114	10,725,114	-
Capital Improvement		804,054	-	804,054
Pension Obligation Bond		6,802,914	-	6,802,914
		<u>\$ 18,332,082</u>	<u>\$ 10,725,114</u>	<u>\$ 7,606,968</u>
Per-Capita County Net Direct Debt				136.50
Percent County Net Direct Debt to 2016 Taxable				0.4388%
Overlapping Debt of County:				
School Districts				\$ 52,429,998
Townships				7,120,679
Intermediate School District				20,392
Village				3,268,193
City				6,994,088
Net Overlapping Debt				<u>\$ 69,833,350</u>
Net County and Overlapping Debt				<u>\$ 77,440,318</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 1,389.59
Percent Net Direct and Overlapping Debt to Taxable Value				4.4672%

(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
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%
2016	2015	1,975,936,615	197,593,662	18,332,082	\$ 179,261,580	9.28%

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>
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	1,869,902	32,820	8,772	7.8%
2016	53,338	1,852,898	34,739	8,570	5.6%

(1) Census Bureau 2007-2009 estimated census data. 2010 actual census data. 2011-2016 estimated

(2) Personal income consists of the income that persons receive in return for their provision of labor, land, capital used in current production as well as other income, such as personal current transfer receipts. (dollars stated in thousands)
BEA data not available for 2016. Estimates based on population changes, and state change in personal income.
2015 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 (1) and Nine Years Ago - Unaudited**

Table 14

<u>2016</u>					<u>2007</u>				
<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tuscola County (2)	Government	379	1	1.7%	Tuscola County (1)	Government	475	1	1.8%
Caro Regional Center	Health Care	362	2	1.6%	Caro Regional Center	Mental Health Care	412	2	1.6%
Walbro - Engine Management	Manufacturing	292	3	1.3%	Wolverine Human Services	Juvenile Rehabilitation	340	3	1.3%
Tuscola Intermediate School Dist.	Education	260	4	1.1%	Wal-Mart, Inc.	Retail	306	4	1.2%
Hills and Dales General Hospital	Health Care	218	5	1.0%	Caro Schools	Education	264	5	1.0%
Caro Community Schools	Education	175	6	0.8%	Hills and Dales General Hospital	Health Care	260	6	1.0%
Michigan Sugar Company	Manufacturing	150	7	0.7%	Vassar School District	Education	258	7	1.0%
Caro Community Hospital	Health Care	145	8	0.6%	Walbro - Engine Management	Manufacturing	250	8	1.0%
Human Development Comm.	Government Services	140	9	0.6%	Tuscola Intermediate School Dist.	Education	250	9	1.0%
Millennium Steering	Fuel System Rails	131	10	0.6%	Millington School District	Education	200	10	0.8%
Total		<u>2252</u>		<u>9.9%</u>	Total		<u>3015</u>		<u>11.5%</u>

(1) Full Time employee count

(2) Includes Primary Government

Sources: Tuscola Co Economic Development Corp., Michigan Bureau of Labor Market Information and Strategic Initiatives, and Tuscola Co Human Resources

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

Table 15

		<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>	<u>2016</u>
Function											
Legislative	(1)	5	5	5	5	5	5	5	5	-	-
Judicial	(2)	45	45	48	45	44	42	43	36	38	38
General Government		53	53	53	50	50	48	49	48	51	52
Public Safety		57	58	59	60	60	59	57	62	61	63
Public Works		-	-	-	-	-	-	-	-	-	-
Health and Welfare	(3)	190	190	196	189	196	200	203	215	228	226
Total		350	351	361	349	355	354	357	366	378	379

(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

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>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>	<u>2016</u>
Function/Program										
Public safety (1)										
Incarcerated offenders	2,160	2,247	2,157	2,025	2,002	2,054	1,761	1,987	1,742	1,521
First time offenders	603	608	589	562	577	547	514	474	548	511
Repeat offenders	1,557	1,639	1,568	1,463	1,425	1,507	1,247	1,513	1,194	1,010
Males	-	-	-	-	-	-	1,415	1,667	1,368	1,184
Females	-	-	-	-	-	-	346	320	374	337
Traffic violations and other summons issued	2,870	2,635	3,056	2,968	2,263	2,237	1,784	1,766	1,744	1,688
Complaints responded to	4,599	4,985	5,028	5,040	5,088	4,977	4,975	4,884	5,120	5,091
Physical arrests made	920	1,013	994	893	854	891	746	725	981	862
Accidents responded to	982	1,209	1,195	1,071	1,033	1,048	1,068	966	1,016	1,030
Fatal Crashes	3	7	5	2	1	11	2	8	2	2
Car Deer Accidents	518	623	667	644	621	614	609	549	599	591
Total 911 Calls received (2)	20,960	20,913	19,786	20,406	22,791	23,068	22,703	22,225	22,339	24,298
Wireless/Voip Calls	10,525	11,023	11,517	12,616	14,919	15,657	15,845	15,718	15,874	19,019
Landline Calls	10,435	9,890	8,269	7,790	7,872	7,411	6,858	6,507	6,465	5,279
Non-emergency calls	53,427	53,744	45,299	42,783	41,752	39,839	38,919	36,584	34,326	27,836
Calls for Service logged	27,632	26,752	30,165	32,604	32,165	33,226	37,850	39,283	40,512	40,521
Traffic Accidents	1,290	1,442	1,295	1,272	1,265	1,223	1,230	1,252	1,291	1,359
Car Deer	775	800	869	805	825	821	780	744	885	892
Traffic Stops	7,023	6,095	8,357	9,639	8,390	8,483	12,892	13,047	13,407	11,881
Fires	625	686	506	625	576	573	699	523	717	413
Medicals (not include accidents)	5,139	5,216	4,804	4,671	4,913	5,179	5,086	5,657	5,971	5,831
Judicial										
54th Circuit Court new case filings	1,595	1,533	1,375	1,368	1,311	1,407	1,314	1,212	1,096	1,124
71B District Court new case filings	10,120	9,335	9,451	8,922	7,670	7,680	7,783	7,111	6,975	6,806
Probate Court new case filings	322	388	349	325	343	347	400	394	379	380

(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>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>	<u>2016</u>
Public Safety										
Sheriffs Department										
Vehicles (1)	21	21	22	23	22	22	24	21	24	25
Mileage	435,970	398,914	425,351	383,335	364,153	317,250	330,004	356,320	335,880	340,893
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Stations	1	1	1	1	1	1	1	1	1	1
Dispatch										
Vehicles	1	1	1	1	1	1	2	2	2	2
Buildings	1	1	1	1	1	1	1	1	1	1
General Government										
Building and Grounds										
Vehicles	12	12	13	11	12	12	12	10	10	11
Buildings	16	16	16	16	16	17	17	17	15	15
Mosquito control										
Vehicles	17	19	19	19	17	17	17	21	21	21
Buildings	1	1	1	1	1	1	1	1	1	1
Recycling										
Vehicles	1	1	2	2	2	2	2	3	3	3
Trailers	2	2	2	3	3	4	4	6	6	6
Buildings	1	1	1	1	1	1	1	1	1	1
FOC										
Vehicles	1	1	1	1	1	1	1	1	1	1
Juvenile Probation										
Vehicles	1	1	1	1	1	1	2	2	2	2
Health and Welfare										
Health Department										
Vehicles	4	4	4	4	4	4	4	5	5	6
Buildings	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Vanderbilt Park										
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, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Amount Provided to Subrecipients	Federal Awards Expended
U.S. Department of Agriculture				
Communities Facilities Loans and Grants Loans and Grants	10.780		\$ -	\$ 40,500
Total U.S. Department of Agriculture			-	40,500
U.S. Department of Health and Human Services				
Passed-Through Michigan Department of Human Services Title IV-D Child Support Enforcement Program Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 13-79002	-	49,493
	93.563	CSPA 17-79002	-	15,939
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 13-79001	-	393,881
	93.563	CSFOC 17-79001	-	119,338
Title IV-D Incentive Program	93.563	CSFOC 13-79001	-	56,337
	93.563	CSFOC 17-79001	-	17,712
Total U.S. Department of Health and Human Services			-	652,700
U.S. Department of Homeland Security				
Passed-Through Iosco County Homeland Security Grant	97.067	EMW-2014-SS-00059	-	6,531
	97.067	EMW-2015-SS-00033	-	2,504
Passed-Through Michigan Department of State Police Emergency Management Performance	97.042	551 W6616565 001 2016	-	21,936
Emergency Management Performance	97.042	551 W7702530 001 2017	-	6,476
Hazardous Materials Emergency Preparedness	97.042	551 W7702726 001 2017	-	317
Passed-Through Michigan Department of Natural Resources: Marine Safety Program	97.012	751 W7705287 001 2017	-	14,381
Total U.S. Department of Homeland Security			-	52,145
U.S. Department of Justice				
Passed-Through Office of Community Health: Victims of Crime Act	16.575	2015-VA-GX-0020	-	60,278
Victims of Crime Act		2016-VA-GX-0020	-	16,472
Passed-Through Lapeer County Formula Edward Byrne Justice Assistance Grant	16.738	2014-MU-BX-1023	-	664
Total U.S. Department of Justice			-	77,414
U.S. Department of Housing and Urban Development				
Passed-Through Michigan State Housing Development Authority: Michigan Community Development Block Grant (CDBG) Housing Program	14.228	MSC-2014-0815-HOA	-	59,268
Total U.S. Department of Housing and Urban Development			-	59,268
U.S. Department of Transportation				
Passed-Through Michigan Department of State Police Office of Highway Safety Planning -Impaired	20.616	PT-16-38	-	8,731
Office of Highway Safety Planning -Seatbelt Enforcement		PT-16-38	-	4,810
Total U.S. Department of Transportation			-	13,541
Total Federal Financial Assistance			\$ -	\$ 895,568

TUSCOLA COUNTY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

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, 2016. 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, 2016, 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 \$2,970,000 at December 31, 2016.

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	\$109,204
Road Patrol	54,041
Nonmajor special revenue funds	<u>732,323</u>
Total federal revenue	<u>\$895,568</u>



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**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, 2016, 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 26, 2017. 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 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 26, 2017



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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, Michigan's (Tuscola County)** 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, 2016. **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 \$1,053,652 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2016. 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, 2016.

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 26, 2017

TUSCOLA COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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:

CFDA Number(s)
93.563

Name of Federal Program or Cluster
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, 2016

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None



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, 2016, and have issued our report thereon dated June 26, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

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 11, 2017.

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 2016, the County implemented GASB Statement No. 72, Fair Value Measurement and Application, and GASB Statement No. 77, Tax Abatement Disclosures. 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:

Management's estimate of the net pension liability is based on actuarial data. We evaluated the key factors and assumptions used to develop the balance of the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the payout of employee compensated absences upon their retirement is based on an expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates the lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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 26, 2017.

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 26, 2017.

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.
Certified Public Accountants
Caro, Michigan

June 26, 2017