

Tuscola County, Michigan Comprehensive Annual Financial Report



Fiscal Year Ended
December 31, 2018

TUSCOLA COUNTY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Board of Commissioners

Tom Young
Thomas Bardwell
Kim Vaughan
Mark Jensen
Dan Grimshaw

Prepared by: Finance Department

Administrator / Controller

Michael R. Hoagland

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Appointed and Elected Officials List	x
Organizational Charts	1
Certificate of Achievement for Excellence in Financial Reporting	3
FINANCIAL SECTION	
Independent Auditor's Report	5
Management's Discussion and Analysis	9
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Governmental Funds	
Balance Sheet	21
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balance	23
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	24
Proprietary Funds	
Statement of Net Position	25
Statement of Revenues, Expenses, and Changes in Net Position	26
Statement of Cash Flows	27
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities	28
Component Units	
Combining Statement of Net Position	29
Combining Statement of Activities	30
Notes to the Financial Statements	32

TABLE OF CONTENTS

Page

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	73
Road Patrol Fund	75
Health Department (9/30/18) Fund	76
Employees Retirement System/Other Postemployment Benefit Plans	
Schedule of Changes in Net Pension Liability and Related Ratios	77
Schedule of Contributions	78
Schedule of Changes in Net Pension Liability and Related Ratios - Health Department	79
Schedule of Contributions - Health Department	80
Schedule of Changes in Net Pension Liability and Related Ratios - Medical Care Community	81
Schedule of Contributions - Medical Care Community	82

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Description of Nonmajor Governmental Funds	84
Combining Balance Sheet - Nonmajor Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Governmental Funds	103

Internal Service Funds

Description of Internal Service Funds	140
Combining Statement of Net Position - Internal Service Funds	141
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	142
Combining Statement of Cash Flows - Internal Service Funds	143

Fiduciary Funds

Description of Agency Funds	145
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	146
Combining Statement of Changes in Fiduciary Assets and Liabilities- Agency Funds	147

TABLE OF CONTENTS

	<u>Page</u>
Drains Commission Component Unit	
Statement of Net Position	149
Statement of Activities	150
Balance Sheet	151
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	154
Statement of Revenues, Expenditures, and Changes in Fund Balance	155
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	158
STATISTICAL SECTION (Unaudited)	
<hr/>	
Financial Trends	
Net Position by Component	161
Changes in Net Position	162
Fund Balances - Governmental Funds	165
Changes in Fund Balances:	
Governmental Funds	166
Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property	168
Direct and Overlapping Property Tax Rates	169
Principal Property Tax Payers	170
Property Tax Levies and Collections	171
Debt Capacity	
Ratios of Outstanding Debt by Type	172
Ratios of General Bonded Debt Outstanding	173
Computation of Direct and Overlapping Bonded Debt	174
Legal Debt Margin Information	175
Demographic and Economic Information	
Demographic and Economic Statistics	176
Principal Employers	177
Full-Time Equivalent County Governmental Employees by Function	178
Operating Information	
Operating Indicators by Function/Program	179
Capital Asset Statistics by Function/Program	180

Introductory Section

**TUSCOLA COUNTY
CONTROLLER/ADMINISTRATOR'S OFFICE**

Clayette A. Zechmeister
Interim Controller/Administrator
zclay@tuscolacounty.org

125 Lincoln Street
Caro, Michigan 48723

Telephone
989-672-3700

June 28, 2019

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, 2018.

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 Gabridge & Company, 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, 2018 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, 2018 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 52,516.

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. 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/Financial Officer of the County. This is the lead financial and accounting office of the county. Other 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 Controller-Administrator and office staff have been instrumental in keeping the county in good financial standing for many years. The effectiveness of this position and office has been created by integrating budgeting, auditing, general ledger, accounts payable, payroll, labor negotiations, fringe benefit administration and financial planning. Centralizing these critical functions has produced significant efficiency and capabilities that otherwise would not be possible.

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; indigent defense; 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 multi-year financial planning. 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

Even with economic challenges, 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 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 (WT) and transmission line development by the International Transmission Company. County assessed value increased 1.53% from 2018 to 2019. All land classifications increased except agriculture which decreased.

County per capita income continues to increase. The per capita income increase from 2017 to 2018 was 3.6%. However, the effective buying income of the county is only 79% of the national level. The county annualized unemployment rate at the end of 2018 was 5.5% which was higher than the state and nation. However, the 2018 unemployment rate is much lower compared to the recessionary period of 2008 to 2013.

Negative Indicators

The county continues to recover from the 2008 to 2013 major recession that severely impacted the state and nation. With the exception of agriculture and WT, residential land values have been slow to recover after unprecedented land value 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. 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 including Flint, Saginaw and Bay City. 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 52,516 in 2018. This is a 15 year loss of 5,525 people or 9.5%. The declining population is also evidenced by school enrollment declines. In 2000, school enrollment in the county was 12,080 compared to only 8,271 in 2018. This is an 18 year decline of 3,809 students or 32%.

County unemployment rates remain higher than the state and nation. Approximately 28% of the county residents receive some form of public assistance. Over 14% of the population is living below poverty levels. Median household income is substantially lower in the county than the state and nation. Home values are much lower in the county than state and nation. The number of residents in the county with a bachelor's degree or higher is only 14% which is well below the state and nation percentage with higher degrees. This creates more challenges in trying to create employment opportunities.

Positive Steps Taken To Revitalize the Economy

The Tuscola County Economic Development Corporation (EDC) has continued economic development efforts in Tuscola County. Recent positive 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.

Job Retention/Creation

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. Worked with Quality Roast to locate a \$13 million dollar soybean processing plant in Gilford Township
2. Provided an economic impact study that helped secure the Caro Regional Center remaining in Tuscola County
3. Secured an expansion grant of \$250,000 for the TI Automotive in the City of Caro
4. Located Dyna Products which is a world-wide forestry products manufacturer in a 89,000 square foot empty-distressed building in the Village of Millington
5. Worked on funding for rejuvenating apartment space in Downtown Cass City and Downtown Millington
6. Provided funding for Human Hoist in Mayville, Riverside Grill in Vassar and Dyna Products in Millington and other small businesses using monies from the Equipment Lease Fund
7. Continued to work with Chinese contacts representing the government of China
8. Helped to facilitate negotiations regarding County agricultural product sales
9. Worked to locate Wilkinson Chemical Plant in Tuscola County
10. Wrote the USDA grant for the fire department for Elmwood Township/Village of Gagetown
11. Received a Brownfield Grant of \$600,000 of which \$101,708 has been spent to date – funds are used to put brownfield properties back into usable revenue generating properties
12. Continued to work with DTE Energy to solve increased power needs in Tuscola County
13. Assisted in establishing a business incubator in Caro - the Roth Business Development Center is available to help start-up businesses with low-cost office space leasing, free business planning and assistance with logos, business cards and available meeting rooms

Important Tools Used by the EDC to Promote Economic Development Include

Roth Business Development Center

The EDC assisted in the establishment of a business incubator which is available to help start-up businesses with low-cost office space leasing, free business planning and assistance with logos, business cards and available meeting rooms.

Revolving Loan Fund

The EDC has administered a Revolving Loan Fund designated for Tuscola County projects. This has been an important 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.

Equipment Lease Program

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.

IV – 2018 County Activity Summary

There is no question 2018 was another productive year for the county. There were many accomplishments. These positive actions and developments are outlined below. We are truly advancing the county for an even more efficient county government in the future. We must continue to challenge ourselves to achieve more successes for 2019 and future years. Some of the significant positive activities for county government in 2018 are outlined below.

New \$115 Million State Psychiatric Hospital

In 2016, the state decided that a new \$115 million psychiatric hospital would be built to help solve an overall state-wide psychiatric bed shortage. However, state officials had not decided on a location. County officials, and state officials prepared significant information documenting why building the new hospital in Tuscola County at the current Caro Regional Center location was the logical choice.

In July of 2017, then Governor Snyder and the Department of Human Services (DHHS) Director decided that building the new hospital at the Caro Regional Center was the correct choice. Ground breaking ceremonies were held in October of 2018. The state approved a \$5.4 million contract with Integrated Design Solutions, to design a new 200 bed hospital (increase of 150 beds at the Caro Center). The DHHS Director said the state made a commitment to the Caro community that the new psychiatric hospital would remain in the community and they were going to keep that promise.

County officials then received a shocking and disturbing announcement. On March 13, 2019, Governor Whitmer halted construction after spending over \$3 million, and contracted with a private consulting firm, at a cost of \$277,000, to re-assess the location of a new state psychiatric facility. This could potentially delay the availability of new psychiatric beds and the replacement of the aging Caro facility by another 2-4 years.

The county has a consulting firm (Capital Services) to assist the county with restating the reasons and convince the state for the second time that building the new hospital in Tuscola County is the logical choice. At the current site there is a 100-year community tradition of caring. Seventy percent of employees travel less than 30 miles to work. The site is centrally located for family visits and patient transportation with 80% of patients coming from Genesee, Oakland and Macomb Counties, just to the south of Tuscola County. The 600 acre site is already state-owned and infrastructure is already in place. County engineers determined the on-site water system can be economically upgraded to serve the new hospital. It is accessible to state highways and near area medical providers.

The facility is a vital economic engine for this entire region of Michigan. An economic impact study determined that the operation infuses \$54 million annually into the regional economy while directly employing 350 people and indirectly employing another 400 people, making it the second largest employer in Tuscola County. Relocation of the facility would have dramatic, devastating negative repercussions to businesses, schools and families living in communities throughout this region of the state. The area economy is already struggling from the previous closure of State Prisons.

Wind Turbine Development Major New Source of Revenue for Public Services

Without question the most significant event that has impacted finances in Tuscola County over the last six years is the construction of wind turbines (WT). WT development has become a critical source of revenue to fund not only county operations, but also other government services. From 2013 to 2018, nearly \$32 million in WT revenue has been received. (See Table on next page).

There are 18 public services that directly benefit from WT revenue including, schools, road repairs, bridge repairs, libraries, senior citizen programs, recycling, Medical Care Facility, veteran services, Michigan State University extension services, mosquito control, fire protection, drains, ambulance, emergency services, sheriff road patrol, and county-township operational costs.

Beneficiaries of wind development include: property owners that have leases with the wind companies in addition to governmental entities that levy millage to provide public services. The amount of funds received is based on the number of mills levied and the taxable value of the WT located in the political jurisdiction. WT revenue has helped to maintain current levels of service that otherwise would not have been possible without millage increases or some other major new source of revenue. 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.

WIND TURBINE REVENUE ORGANIZED BY PUBLIC SERVICES THAT BENEFIT 2013-2018 (Estimated)							
Benefitting Public Service	2013	2014	2015	2016	2017	2018	Six Year Total
Schools (Intermediate and Local)	\$0	\$1,023,789	\$2,657,793	\$3,911,111	\$3,288,042	\$3,475,661	\$14,356,396
County General Operating	\$383,161	\$721,120	\$1,247,050	\$1,166,396	\$1,177,324	\$1,076,413	\$5,771,464
Road Improvements (Local and County Roads)	\$0	\$298,705	\$649,645	\$1,078,512	\$1,014,892	\$851,870	\$3,893,624
Township General Operating	\$0	\$156,240	\$325,654	\$479,048	\$448,263	\$455,145	\$1,864,350
Sheriff Police Services (Road Patrol)	\$0	\$82,105	\$165,786	\$299,680	\$287,985	\$400,051	\$1,235,607
Local Libraries	\$0	\$101,127	\$195,856	\$268,746	\$252,609	\$264,827	\$1,083,165
Mosquito Control Program	\$0	\$57,620	\$116,344	\$210,308	\$202,100	\$189,979	\$776,351
Bridge Repair and Replacement	\$0	\$43,853	\$88,548	\$160,062	\$153,815	\$144,589	\$590,867
Fire Protection	\$0	\$49,382	\$87,470	\$82,356	\$52,092	\$182,688	\$453,988
Medical Care Facility (Operating and Debt)	\$0	\$114,035	\$46,051	\$83,244	\$79,995	\$75,197	\$398,522
Emergency Services	\$0	\$3,459	\$30,736	\$112,551	\$104,565	\$91,899	\$343,210
Senior Citizen Programs/Needs	\$0	\$18,246	\$36,841	\$66,596	\$63,997	\$96,252	\$281,932
Drains	\$0	\$49,382	\$58,652	\$54,900	\$52,092	\$0	\$215,026
Recycling	\$0	\$13,685	\$27,631	\$49,946	\$47,997	\$45,118	\$184,377
Veteran Service Needs	\$0	\$0	\$0	\$56,606	\$54,396	\$51,134	\$162,136
Ambulance	\$0	\$0	\$3,789	\$37,908	\$34,695	\$70,934	\$147,326
Michigan State University Extension	\$0	\$0	\$0	\$0	\$31,998	\$30,079	\$62,077
TOTAL ALL PUBLIC SERVICES	\$383,161	\$2,732,748	\$5,737,846	\$8,117,970	\$7,346,857	\$7,501,836	\$31,820,418

Working for Fair Wind Turbine Assessing/Taxation

Unfortunately, WT are not being assessed and taxed fairly. This problem is occurring because the State Tax Commission (STC) arbitrarily changed the original multiplier table (MT). The MT is the annual value placed on WT. Most disturbing is the STC change was made without the support of any studies, market research or analysis. It resulted in an unacceptable potential reduction of an estimated 27% in WT revenue. This amounts to millions of dollars lost to local governments which are needed for essential public services.

Approximately \$8,136,000 in WT revenue was collected in Tuscola County in 2017. If this had to be reduced by 27% based on the STC MT, the estimated revenue loss would be \$2,196,000. This reduction would impact police, schools, roads, bridges, townships, senior citizens, recycling, libraries, medical care facility, veterans, fire, ambulance, mosquito control and other millage funded services. Calculated over 20 years these losses increase tremendously. Considering WT are currently in seven or eight other counties (and potentially more in the future), the collective revenue loss is tens of millions of dollars.

This seven year costly dispute between county/local governments, DTE and Consumers Energy needs resolution. Members of the Michigan Renewable Energy Collaborative (MREC) firmly believe citizens in communities hosting WT deserve a fair MT that does not under or over value WT. Appraisal Economics was hired by MREC to conduct a professional study to determine a fair fact based method of assessing/taxing WT. The study was completed and a well-reasoned MT was developed. It was presented to the STC, but unfortunately it was not adopted which has opened the door for more costly tax appeals. Meetings will be scheduled early in 2019 with MREC and senate/house members from WT counties to further explain the problem and potential solution.

Michigan Indigent Defense Commission Program Successfully Implemented

The MIDC was established to make improvements to the indigent defense system throughout the state. A first year plan was developed in 2018 over several months by county-court personnel and local defense attorneys.

The plan included a cost analysis to strengthen indigent defense in the county and to comply with state standards to assure fair legal representation. The October 1, 2018 to September 30, 2019 budget is \$993,507 with a state share of \$745,017 and a county share of \$248,490.

A separate county fund has been established to account for and administer the program. The MIDC requires the program to be operated independent of the court. To accomplish this important objective the Board of Commissioners assigned overall program responsibility and administration to the County Controller-Administrator. The contract for the program has been signed and a program Director has been hired. The new program began operation at the end of November.

Continued Successful Financial Management and Strong Bond Rating

County officials continue to practice highly effective financial management. This is accomplished through the annual All Funds Budget, the Comprehensive Annual Financial Report (Audit), multi-year financial planning and on-going financial monitoring/reporting. The County continues to receive the Government Finance Officers highest award for Excellence in Financial Reporting for the annual budget and audit.

All county funds continue to have positive fund balance positions and the annual budget remains balanced with adequate reserves. Importantly, funds continued to be transferred for equipment/technology and capital improvement needs in 2018. The county bond rating remains strong at AA- which documents the stable financial position of the county to financial markets which lowers the costs of borrowing funds for needed infrastructure and other projects. The county continues to operate within its financial means.

Establishing a County Animal Control Department has Improved Service Delivery

Notice was received in mid-year 2018 that Sanilac County was terminating the 14 year animal control contract with Tuscola County. This two county contractual program was less than optimum with limited funding and staff. There were only three staff serving both counties covering 1,700 square miles with a combined population of about 95,000. Because animal control is a public safety operation, a solution to the possibility of there being no county animal control in Tuscola County was needed.

After reviewing the potential of contracting with other counties it was decided the best option was to re-establish a county operated program. Implementing this new program was a major task. The county program has been in operation for only a few months but improved service is already occurring. Adequate staffing is now in place with two full-time and two part-time employees. Trucks have been purchased with one of the trucks funded by a grant from USDA. Improvements to the shelter have been implemented for housing and providing other animal control services. More animals are being rescued and the community is pleased with the progress and improvements that have been made.

Sale of Former Vassar Foundry Solves Major Problem

The last owner of the foundry was Metavation LLC. Several years ago this company went through Chapter 11 bankruptcy proceedings. Property taxes were delinquent and there were lien holders on the property. It was unknown whether there were environmental issues with the property. Because it was privately owned most of the environmental testing could not be conducted. County and local government did not want to foreclose for fear of assuming environmental liability. Significant time and cost was incurred attempting to determine solutions to this problem. Recently it was determined that the property was sold to a private party. It was confirmed that this party has paid the delinquent taxes which has solved this long-standing issue.

County Jail Study – Review of Potential New Jail

A comprehensive study of the county jail was conducted by the National Sheriff's Association. The study results were presented to the Board of Commissioners in November of 2018. It explained many of the deficiencies of the current jail and provided short and long term recommendations. It was concluded that the current jail is understaffed, outdated and poorly designed for current needs. There is a significant overall lack of space for inmate recreation, record storage, food, laundry, supplies, inmate visitation, etc.

The jail planning committee has begun reviewing details from the study. Architectural firms will be invited to develop conceptual drawings and a footprint for a new jail. Also, cost estimates will be requested. Potential methods of financing construction and possibly certain operational costs will be reviewed. The jail committee will continue to develop plans in 2019. It is anticipated that by the end of 2019 more specific plans and strategy for implementation will be completed.

Geographic Information System Advanced in 2018

Tuscola County GIS has seen rapid development over the past few years. The basic framework of the county GIS was completed in fall of 2015 and full time management responsibility was handed over to the new GIS Coordinator in summer of 2018. Since then GIS has become increasingly integrated within the county. The first major project was the completion of an inventory of county owned properties for the Board of Commissioners. Following that, the process of certifying deeds saw improvements with the introduction of GIS software and user training in the Treasurer's. Most recently a series of well received land value maps was produced for local assessors as a requirement of the state mandated AMAR review.

The New Year will see exciting changes at Tuscola County GIS. The purchase of a large scale map plotter will allow the county to produce high quality printed maps which will also serve as a revenue source. A template for tax map books is under construction with plans to produce one for each township. Development of web apps aimed at both county departments and the public at large is a high priority with plans for a Delinquent Tax app. already in the works.

Technological Advancements Strengthen Operational Efficiency

In 2018, approximately \$350,000 was invested in technology advancements. These funds were used for expanded security measures, strengthening computer system infrastructure and speed, and implementation of new software applications for increased efficiency.

Several important security upgrades were accomplished. The "Knowbe4" campaign was launched which is a system to evaluate users aptitude for the computer systems they use daily for their work functions. This allows Information Technology staff to provide professional development for employees that need this assistance to help make the computer system more secure. Core switching equipment was added providing more control for enhanced security. Another important security measure is the installation of new security cameras in the Courthouse providing longer storage retention, more camera angles, clearer videos and more control. The telephone system in the Courthouse was also upgraded with a public address system which allows mass notification should an emergency occur in the building.

Important network system infrastructure upgrades were implemented. The network was upgraded to 10 gigabyte capabilities. This enables faster connection from building to building and lays the ground work for future expansion needs.

New computer software applications continue to be implemented for increased efficiency. The "OnBase" system installation in Probate Court is almost completed. The software will provide for a paperless work flow in

Probate Court. The county time and attendance software is being changed to “Kronos”. This “State of the Art” software will add functionality and scheduling for accurate recording of time and attendance. This system is anticipated to go live in February or March of 2019. Upgraded computers continue to be purchased to accommodate the Windows 10 application beginning in 2020.

Tuscola Officials Continue to be Recycling Leaders

Over the years Tuscola County has proven to be a regional recycling leader. Progress has been made in completing the relocation to the new location (former Riverview Auto). Stained soil will be removed and disposed at an appropriate landfill. The building is being completely remodeled with the financial assistance from state recycling grants. It is anticipated that by the spring or summer of 2019 the relocation will occur. This new location will provide the added space needed to expand recycling programs for Tuscola County and potentially other surrounding counties.

Highly Successful Thumb Regional Sobriety Court

For the past six years, Tuscola County Courts have operated a highly successful Thumb Regional Sobriety program to reduce recidivism for people who have been convicted of driving while under the influence of alcohol. This is a treatment program that is funded in part by a \$197,000 grant from the State Court Administrative Office. The program is administered by Tuscola County courts. It is available to residents of Tuscola, Huron and Sanilac Counties if the individual is referred by the courts.

There are currently 33 active participants and several pending referrals. In 2018, 20 out of 24 individuals in the program were discharged after successful program completion. In order to be discharged they must complete intensive substance abuse treatment, drug/alcohol testing requirements, attend frequent case management appointments and court review hearings. This program has improved public safety by ensuring that graduates will not be operating a vehicle while intoxicated but it also aids them in becoming gainfully employed and productive members of society.

Other Accomplishments/Activities in 2018

- A. A different firm was chosen to provide a new perspective and insights when preparing the county audit.
- B. The County Road Commission has made some progress in improving the funding status of their retirement and health insurance programs. This was accomplished by allocating increased funding to these programs over the last few years.
- C. Tuscola County entered into the Opioid Lawsuit and has supplied considerable information regarding how the opioid crisis has negatively impacted the county socio-economically.
- D. The County Medical Care Facility millage was successfully renewed in 2018.
- E. Steps to establish a county land bank were initiated in 2018.
- F. Moore Drain bonds were refinanced resulting in a significant reduction in bond costs.
- G. The public voted and approved the Sunday sale of liquor.
- H. Methods of making improvements to the Caro Dam continued.

- I. Significant improvements at Vanderbilt Park have been completed. A waste disposal drain field will be built in 2019. Another objective is to clear vegetation to establish a view of the bay from the park.
- J. Federal Homeland Security funding was received to establish a K9 funding unit for the Sheriff's Department.

V- 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.


VI - 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, 2017. The county has received this prestigious award for 18 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,



Clayette A. Zechmeister
Interim Controller/Administrator

The Board of Commissioners

Thomas Bardwell
District 2
Chairperson

District 1 Thomas Young
District 5 Daniel Grimshaw

District 3 Kim Vaughan
District 4 Mark Jensen

Administration

County Controller/Administrator

Michael R. Hoagland

Elected Officials

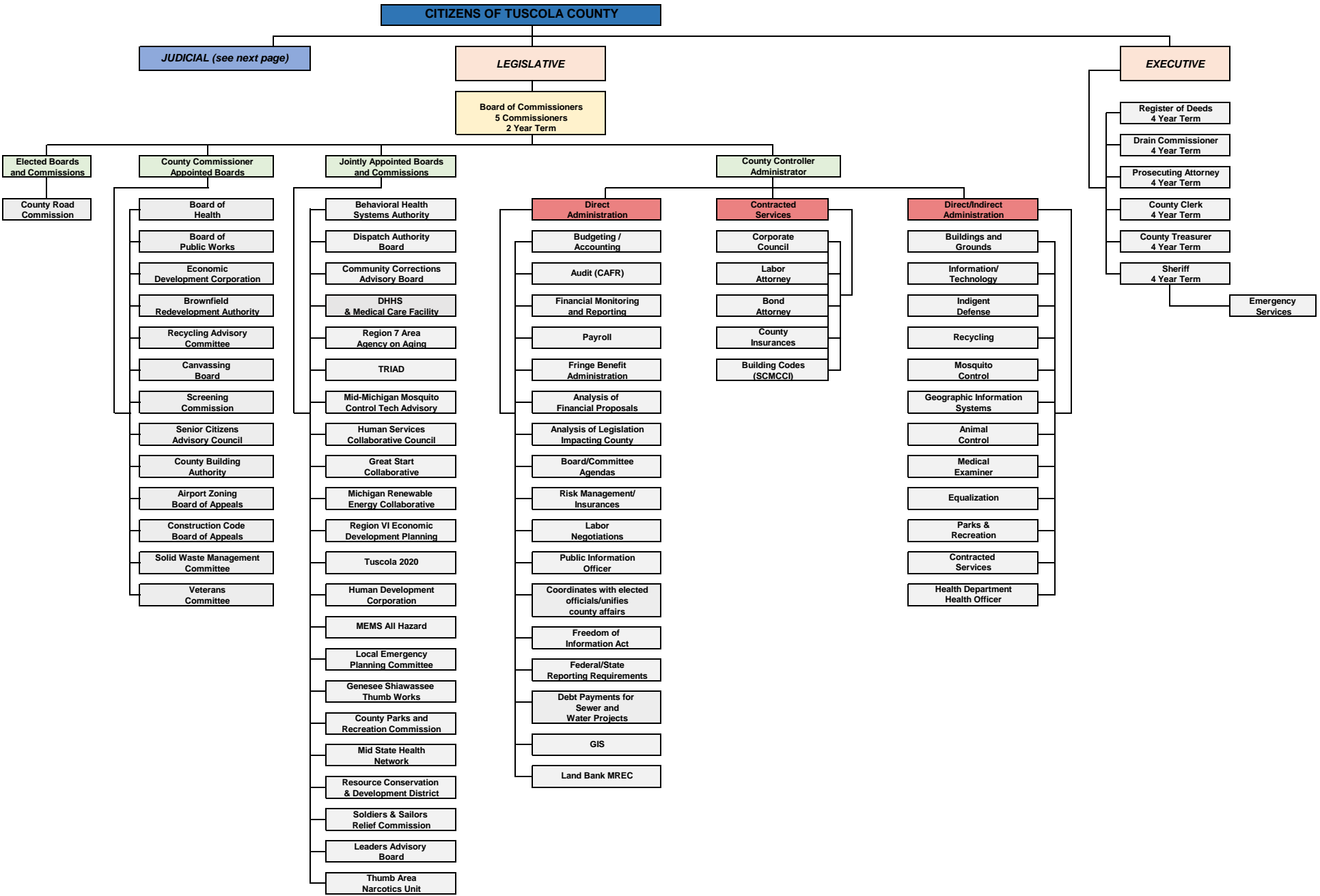
Circuit Court Judge
County Clerk
District Court Judge
Drain Commissioner
Probate Court Judge
Prosecutor
Register of Deeds
Sheriff
Treasurer

Amy Grace Gierhart
Jodi Fetting
Kim Glaspie
Robert Mantey
Nancy Thane
Mark Reene
John Bishop
Glen Skrent
Patricia Donovan-Gray

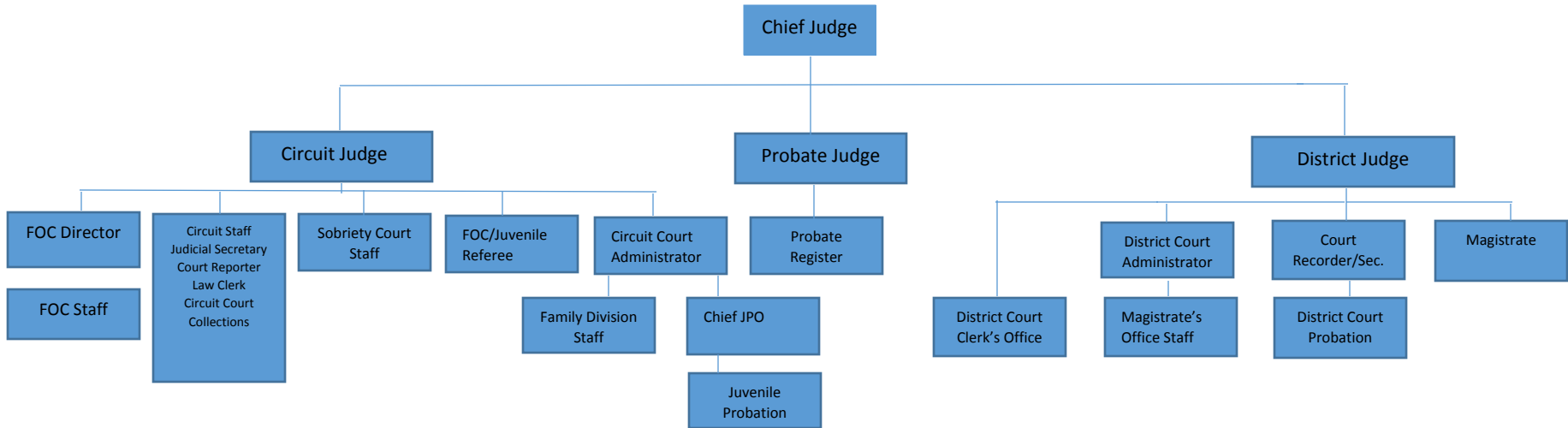
Appointed Officials

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

Sheila Long
Mike Miller
Eean Lee
Sandy Nielsen
Angela Daniels
Sandy Erskine
Ann Hepfer
Kim Green
Jerry Johnson
Mike Miller
Robert Baxter



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, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Tuscola County, Michigan
Caro, 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, 2018, 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 5.5% of assets and deferred outflows of resources, (19.4%) of net position, and 12.5% of revenues of the governmental activities. We also did not audit the Tuscola County Medical Care Community, a major enterprise fund, which represents 73.6% of assets and deferred outflows of resources, 64.9% of net position, and 98.4% of revenues of the business-type activities. Also, we did not audit the financial statements of the Tuscola County Road Commission, which represents 81.3% of assets and deferred outflows of resources, 81.4% of net position, and 90.7% of revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tuscola County Health Department, the Tuscola County Medical Care Community, and the Tuscola County Road Commission, 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 from material misstatement. The financial statements of the Tuscola County Medical Care Community and the Tuscola County Road Commission 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 entity'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 entity'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 report 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, as of December 31, 2018, and the respective changes in 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, the pension and OPEB schedules, and budgetary comparison schedules, 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 schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 report of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 28, 2019, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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 the County's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
June 28, 2019

Management's Discussion and Analysis

Tuscola County
Management's Discussion and Analysis
December 31, 2018

As management of *Tuscola County, Michigan* (the "County" or "government") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

Key metrics and financial highlights of the County for the year ended December 31, 2018 are as follows:

- The assets and deferred outflows of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$25,574,899 (net position), a decrease of \$3,636,717 in 2018.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, debt service, and permanent funds) reported combined ending fund balances of \$14,128,753, an increase of \$745,394 in comparison with the prior year. Of the fund balance amount, \$2,849,223 is available for spending at the government's discretion (unassigned fund balance).
- Total fund balance for the general fund was \$3,015,969, an increase of \$407,927 for 2018. At the end of the year, the unassigned portion of the fund balance in the general fund was \$2,926,260, or approximately 24.2 percent of total general fund expenditures and net transfers out for the year.
- The County's investment in capital assets was \$20,717,124 at the end of 2018, which compares to \$21,568,579 at the end of 2017.
- The County's total long-term installment debt decreased by \$1,174,698 during the year, from \$24,175,790 to \$23,001,092 as of year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual 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 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., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Tuscola County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, public safety, public works, health and welfare, recreation and cultural, and community and economic development activities. The business-type activities of the County include delinquent tax administration and operation of a medical care facility.

The government-wide financial statements include not only Tuscola County itself (known as the *primary government*), but also the legally separate Road Commission and Drain Commission, for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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. Tuscola 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 funds balance sheet and the governmental funds

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 numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, health department, road patrol fund, and the Caro Sewer Series 2007 fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Tuscola County uses enterprise funds to account for its delinquent tax collection and administration, Medical Care Community, and tax foreclosures.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its motor pool fund, workers' compensation insurance, and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within 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 combined revolving tax fund, Medical Care Community, and tax foreclosure fund, which are considered to be major funds of the County.

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.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis, budgetary comparison schedules, and the schedules for the County pension plan.

The combining statements and schedules referred to earlier in connection with nonmajor funds are presented following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Summary information on the County assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position is as follows:

Tuscola County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 13,123,780	\$ 9,923,867	\$ 8,236,717	\$ 8,590,569	\$ 21,360,497	\$ 18,514,436
Receivables, net	9,557,395	8,156,713	5,798,810	5,322,269	15,356,205	13,478,982
Due from other governments	1,094,841	-	150,716	-	1,245,557	-
Other assets	82,979	92,576	47,209	38,589	130,188	131,165
Total Current Assets	23,858,995	18,173,156	14,233,452	13,951,427	38,092,447	32,124,583
<i>Noncurrent Assets</i>						
Contracts receivable	9,125,651	9,596,114	-	-	9,125,651	9,596,114
Restricted cash	-	132,438	27,320	27,320	27,320	159,758
Capital assets, net	6,870,593	6,806,831	13,846,531	14,761,748	20,717,124	21,568,579
Total Assets	39,855,239	34,708,539	28,107,303	28,740,495	67,962,542	63,449,034
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	966,397	3,966,897	1,659,998	560,356	2,626,395	4,527,253
Total Deferred Outflows of Resources	966,397	3,966,897	1,659,998	560,356	2,626,395	4,527,253
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	765,910	826,723	810,723	948,163	1,576,633	1,774,886
Accrued liabilities	582,916	520,755	331,584	302,772	914,500	823,527
Accrued interest	157,058	161,856	10,706	11,405	167,764	173,261
Unearned revenue	387,274	75,722	34,310	4,720	421,584	80,442
Due to other governmental units	82,860	100,543	-	-	82,860	100,543
Compensated absences, current	183,714	189,739	195,336	37,629	379,050	227,368
Current portion of long-term debt	1,046,729	921,324	190,000	255,000	1,236,729	1,176,324
Internal balances	(808,037)	(871,739)	808,037	871,739	-	-
Total Current Liabilities	2,398,424	1,924,923	2,380,696	2,431,428	4,779,120	4,356,351
<i>Noncurrent Liabilities</i>						
Compensated absences	220,968	228,214	238,030	356,339	458,998	584,553
Long-term debt	18,049,363	19,094,466	3,715,000	3,905,000	21,764,363	22,999,466
Net pension liability	4,514,072	3,438,930	2,790,452	853,791	7,304,524	4,292,721
Total Liabilities	25,182,827	24,686,533	9,124,178	7,546,558	34,307,005	32,233,091
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	2,694,056	3,157,405	138,231	426,178	2,832,287	3,583,583
Property taxes levied for subsequent year	7,428,065	4,710,325	446,681	434,465	7,874,746	5,144,790
Total Deferred Inflows of Resources	10,122,121	7,867,730	584,912	860,643	10,707,033	8,728,373
NET POSITION						
Net investment in capital assets	6,071,911	5,943,571	9,941,531	10,601,748	16,013,442	16,545,319
Restricted	10,745,988	11,460,684	-	-	10,745,988	11,460,684
Unrestricted	(11,301,211)	(11,283,082)	10,116,680	10,291,902	(1,184,531)	(991,180)
Total Net Position	\$ 5,516,688	\$ 6,121,173	\$ 20,058,211	\$ 20,893,650	\$ 25,574,899	\$ 27,014,823

A portion of the County's net position is unrestricted and available for future operations, while a significant portion of net position relates to its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Significant changes from the prior year include:

- The net pension liability increased from \$3,438,930 to \$4,514,072 as of December 31, 2018. This primarily relates to a market loss on the general county plan's investment of \$1,336,847 during 2018. The plan was projected to earn \$2,736,924 based on the estimated rate of return of 8%. So, not only did the total net pension liability increase significantly, the pension related deferred inflows and outflows of the County were impacted by \$3,259,017 (for the general county plan only). This \$3,259,017 represents deferred expenses that will be amortized over the next four years.
- Pension related deferred outflows decreased from \$4,527,253 to \$2,626,395 as of December 31, 2018 most significantly as a result of an additional payment made by the Health Department into the Health Department's plan in the amount of \$2,401,983. Because this payment was made subsequent to the measurement date of the 2017 report, the additional payment was reported as a deferred inflow. During 2018 the additional payment was included as a reduction of the Health Department's net pension liability, which in turn reduced deferred outflows by the corresponding amount.
- Cash increased from \$18,514,436 to \$21,360,497 as of December 31, 2018. This increase was caused by the County including the Voted Bridge and Voted Primary Roads funds on its financial statements during 2018, whereas in 2017 they were reported on the Road Commission's statements. Management determined that these funds were most appropriately included as resources on the County given that the millage is in the County's name. This led to an increase in cash of \$969,122 reported by the Voted Bridge fund another \$8,571 reported by the Voted Primary Road fund. January 1, 2018 governmental activities net position and governmental fund fund balance were increased by \$2,196,793 as a result of this, see the notes to the financial statements for a description of the impact on fund equity.

Tuscola County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	\$ 6,153,543	\$ 6,724,735	\$24,159,090	\$22,943,298	\$30,312,633	\$29,668,033
Operating grants and contributions	5,884,161	5,451,111	-	-	5,884,161	5,451,111
General Revenues						
Taxes	14,500,060	10,335,424	435,791	427,358	14,935,851	10,762,782
Intergovernmental	1,293,320	1,215,686	-	-	1,293,320	1,215,686
Interest income	163,578	518,143	118,611	72,648	282,189	590,791
Total Revenues	27,994,662	24,245,099	24,713,492	23,443,304	52,708,154	47,688,403
Expenses						
Legislative	189,753	121,672	-	-	189,753	121,672
Judicial	4,239,644	3,336,249	-	-	4,239,644	3,336,249
General government	6,020,818	7,237,274	-	-	6,020,818	7,237,274
Public safety	8,527,437	5,972,439	-	-	8,527,437	5,972,439
Public works	3,957,531	746,700	-	-	3,957,531	746,700
Health and welfare	8,087,982	5,990,088	-	-	8,087,982	5,990,088
Culture and recreation	24,640	66,959	-	-	24,640	66,959
Interest on long-term debt	604,798	654,566	-	-	604,798	654,566
Medical Care Facility	-	-	24,446,586	23,180,306	24,446,586	23,180,306
Tax foreclosure fund	-	-	245,596	249,585	245,596	249,585
Combined tax revolving fund	-	-	86	143	86	143
Total Expenses	31,652,603	24,125,947	24,692,268	23,430,034	56,344,871	47,555,981
Changes in Net Position Before Transfers	(3,657,941)	119,152	21,224	13,270	(3,636,717)	132,422
Transfers	856,663	1,068,047	(856,663)	(803,695)	-	264,352
Changes in Net Position	(2,801,278)	1,187,199	(835,439)	(790,425)	(3,636,717)	396,774
<i>Net Position at the Beginning of Period *</i>	<i>8,317,966</i>	<i>4,933,974</i>	<i>20,893,650</i>	<i>21,684,075</i>	<i>29,211,616</i>	<i>26,618,049</i>
Net Position at the End of Period	\$ 5,516,688	\$ 6,121,173	\$20,058,211	\$20,893,650	\$25,574,899	\$27,014,823

Net position of the County decreased by \$3,363,717 during 2018. The governmental activities decreased by \$2,801,278 when compared to the prior year. This is primarily due to a loss on pension plan assets of the general county plan during 2018, which created the need to recognize an additional \$3,612,293 of pension expense when converting from the modified accrual pension cost to the full pension cost. The business-type activities decreased by \$835,439 when compared to the prior year. This is primarily due to transfers out to governmental activities in the amount of \$856,439.

Additional significant items to note during 2018 include:

- Public works expenses increased from \$746,700 to \$3,957,531 largely as a result of the voted primary road and voted bridge fund expenses being recognized by the County during 2018. This reporting change increased public works expenses by approximately \$2.7 million.
- Tax revenues had an increase for the same reason above, the voted bridge fund reported \$837,996 of additional revenues during 2018 while the voted primary road fund reported another \$1,683,663.

Governmental Activities

During the year, the County invested \$6,020,818, or 19.0 percent, of governmental activities expenses to general government activities. Health and welfare expenses totaled \$8,087,982 or 25.5 percent of governmental activities. Public safety expenses totaled \$8,527,437 or 26.9 percent of governmental activities expenses. Public works, legislative, judicial, culture and recreation, and

interest on long-term debt made up the remaining 28.6 percent of governmental activities expenses. In the current year expenses increased by \$7,526,656, which was primarily the result of the significant increase in pension expense, as stated in the above paragraphs.

Business-type activities

Business type activities decreased the County's net position by \$835,439. The cause of this decrease is described above.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,128,753, an increase of \$745,394 in comparison with the prior year. The overall increase in fund balance is described later in this analysis. Approximately 3.2 percent of this total amount constitutes *unassigned fund balance*. The remainder of fund balance is *restricted, committed, or assigned* to indicate that it cannot be used at the County's discretion, or it is *nonspendable* because it has already been committed, in this case, for prepaid items and inventory.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$524,324. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and net transfers out. Unassigned fund balance represents 4.3 percent of total general fund expenditures and net transfers out.

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

Net position of the enterprise funds decreased \$835,439. Key elements of this change have been addressed elsewhere in this analysis.

The combined revolving tax fund ended the year with net position of \$5,742,118, which was an increase of \$60,194.

The Medical Care Community ended the year with net position of \$13,015,703, an overall decrease of \$1,138,336.

The tax foreclosure fund ended the year with net position of \$1,300,390. This is an increase of \$242,703 from the prior year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for expenditures incurred. Generally, the movement of the appropriations between departments was not significant.

Final budget compared to actual results. Actual expenditures came in under budgeted expenditures across all departments. The only budget exception was transfers out, which came in higher as subsidies to other funds were higher than expected during 2018.

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, 2018, amounted to \$20,780,123 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and vehicles.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 408,891	\$ 408,991	\$ 327,926	\$ 327,926	\$ 736,817	\$ 736,917
Construction in progress	-	-	3,750	7,670	3,750	7,670
Buildings	7,769,005	7,769,005	14,215,511	14,303,134	21,984,516	22,072,139
Improvements	3,794,495	3,547,791	2,357,717	2,418,804	6,152,212	5,966,595
Equipment	4,039,676	3,761,630	9,502,649	10,816,779	13,542,325	14,578,409
Vehicles	1,851,640	1,644,848	-	-	1,851,640	1,644,848
Accumulated depreciation	(10,993,114)	(10,325,334)	(12,561,022)	(13,112,665)	(23,554,136)	(23,437,999)
Total	\$ 6,870,593	\$ 6,806,931	\$ 13,846,531	\$ 14,761,648	\$ 20,717,124	\$ 21,568,579

Additional information on the County's capital assets can be found in Note 4 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding, exclusive of compensated absences, of \$23,001,092. Of this amount, \$19,096,092 was debt of governmental activities and \$3,905,000 was debt of business-type activities.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 14,363,956	\$ 15,148,330	\$ -	\$ -	\$ 14,363,956	\$ 15,148,330
USDA loans	4,659,000	4,769,000	-	-	-	-
Other liabilities	73,136	98,460	3,905,000	4,160,000	3,978,136	4,258,460
Total	\$ 19,096,092	\$ 20,015,790	\$ 3,905,000	\$ 4,160,000	\$ 23,001,092	\$ 24,175,790

Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for 2019:

Management estimates that \$13,746,971 of revenues will be available for appropriation in the general fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2018. The County continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2019, the County plans again to use current revenues to provide essential services and to maintain the County's financial reserves at similar levels. The ongoing costs of providing essential services for the citizens of the County will again need to be monitored in order to maintain the financial condition of the County.

In order to maintain long-term financial stability, the County will continue to adopt realistic and balanced budgets for all funds that and manage them such that actual expenditures do not exceed actual revenues in any given year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Tuscola County Administrator, 125 Lincoln Street, Caro, Michigan 48723, 989-672-3700.

Basic Financial Statements

Tuscola County
Statement of Net Position
December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 13,123,780	\$ 8,236,717	\$ 21,360,497	\$ 8,455,542
Taxes receivable	7,842,146	3,095,481	10,937,627	2,199,571
Special assessments receivable, current	--	--	--	523,358
Contracts receivable, current	546,844	--	546,844	--
Due from other governments	1,094,841	150,716	1,245,557	3,130,497
Accounts receivable	1,168,405	2,703,329	3,871,734	386,016
Prepays	46,360	47,209	93,569	239,537
Inventory	36,619	--	36,619	397,975
Total Current Assets	23,858,995	14,233,452	38,092,447	15,332,496
<i>Noncurrent Assets</i>				
Contracts receivable	9,125,651	--	9,125,651	--
Special assessments receivable	--	--	--	3,806,479
Restricted cash	--	27,320	27,320	--
Capital assets not being depreciated	408,891	331,676	740,567	34,975,347
Capital assets being depreciated, net	6,461,702	13,514,855	19,976,557	86,468,061
Total Assets	39,855,239	28,107,303	67,962,542	140,582,383
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	966,397	1,659,998	2,626,395	587,386
Total Deferred Outflows of Resources	966,397	1,659,998	2,626,395	587,386
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	765,910	810,723	1,576,633	337,442
Accrued liabilities	582,916	331,584	914,500	75,085
Accrued interest	157,058	10,706	167,764	12,174
Unearned revenue	387,274	34,310	421,584	160,289
Due to other governmental units	82,860	--	82,860	510,000
Compensated absences, current	183,714	195,336	379,050	--
Current portion of long-term debt	1,046,729	190,000	1,236,729	511,184
Internal Balances	(808,037)	808,037	--	--
Total Current Liabilities	2,398,424	2,380,696	4,779,120	1,606,174
<i>Noncurrent Liabilities</i>				
Compensated absences	220,968	238,030	458,998	53,452
Long-term debt	18,049,363	3,715,000	21,764,363	3,143,657
Net pension liability	4,514,072	2,790,452	7,304,524	2,514,129
Net OPEB liability	--	--	--	14,140,579
Total Liabilities	25,182,827	9,124,178	34,307,005	21,457,991
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	2,694,056	138,231	2,832,287	139,488
OPEB related deferred inflows	--	--	--	69,149
Taxes levied for a subsequent period	7,428,065	446,681	7,874,746	--
Total Deferred Inflows of Resources	10,122,121	584,912	10,707,033	208,637
NET POSITION				
Net investment in capital assets	6,071,911	9,941,531	16,013,442	117,788,567
<i>Restricted for:</i>				
Drains	--	--	--	3,877,312
Debt service	960	--	960	1,414,691
General government	381,647	--	381,647	--
Judicial	285,025	--	285,025	--
Public safety	2,518,949	--	2,518,949	--
Public works	1,200,373	--	1,200,373	977,251
Health and welfare	2,938,900	--	2,938,900	--
Culture and recreation	19,269	--	19,269	--
Capital projects	3,400,865	--	3,400,865	--
<i>Unrestricted</i>	(11,301,211)	10,116,680	(1,184,531)	(4,554,680)
Total Net Position	\$ 5,516,688	\$ 20,058,211	\$ 25,574,899	\$ 119,503,141

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Statement of Activities
For the year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Legislative	\$ 189,753	\$ --	\$ --	\$ --	\$ (189,753)	\$ --	\$ (189,753)	\$ --
Judicial	4,239,642	1,035,461	1,419,642	--	(1,784,539)	--	(1,784,539)	--
General government	6,020,818	1,783,175	653,207	--	(3,584,436)	--	(3,584,436)	--
Public safety	8,527,439	2,491,334	708,921	--	(5,327,184)	--	(5,327,184)	--
Public works	3,957,531	62,963	--	--	(3,894,568)	--	(3,894,568)	--
Health and welfare	8,087,982	764,428	3,101,141	--	(4,222,413)	--	(4,222,413)	--
Culture and recreation	24,640	16,182	1,250	--	(7,208)	--	(7,208)	--
Interest on long-term debt	604,798	--	--	--	(604,798)	--	(604,798)	--
Total Governmental Activities	31,652,603	6,153,543	5,884,161	--	(19,614,899)	--	(19,614,899)	--
Business-type Activities:								
Medical Care Facility	24,446,586	22,838,849	--	--	--	(1,607,737)	(1,607,737)	--
Tax Foreclosure Fund	245,596	555,174	--	--	--	309,578	309,578	--
Combined Revolving Tax Fund	86	765,067	--	--	--	764,981	764,981	--
Total Business-type Activities	24,692,268	24,159,090	--	--	--	(533,178)	(533,178)	--
Total Primary Government	\$ 56,344,871	\$ 30,312,633	\$ 5,884,161	\$ --	\$ (19,614,899)	\$ (533,178)	\$ (20,148,077)	--
Component Units								
Tuscola County Road Commission	\$ 13,560,206	\$ 4,694,872	\$ 15,158,126	\$ --	--	--	--	6,292,792
Drain Commission	2,143,775	--	--	--	--	--	--	(2,143,775)
Total Component Units	\$ 15,703,981	\$ 4,694,872	\$ 15,158,126	\$ --	--	--	--	4,149,017
General Purpose Revenues and Transfers:								
Revenues								
Property taxes					14,500,060	435,791	14,935,851	--
Intergovernmental					1,293,320	--	1,293,320	--
Interest and rents					--	--	--	75,627
Special assessments					--	--	--	1,967,827
Interest income					163,578	118,611	282,189	31,690
Transfers					856,663	(856,663)	--	--
Total General Revenues and Transfers					16,813,621	(302,261)	16,511,360	2,075,144
Change in Net Position					(2,801,278)	(835,439)	(3,636,717)	6,224,161
<i>Net Position at Beginning of Period (Restated, Note 17)</i>					8,317,966	20,893,650	29,211,616	113,278,980
Net Position at End of Period					\$ 5,516,688	\$ 20,058,211	\$ 25,574,899	\$ 119,503,141

The Notes to the Financial Statements are an integral part of these Financial Statements

**Tuscola County
Balance Sheet
Governmental Funds
December 31, 2018**

	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Road Patrol</u>	<u>Health Department (September 30, 2018)</u>	<u>Caro Sewer Series 2007</u>	<u>Other Governmental Funds</u>	
ASSETS						
Cash and investments	\$ 2,066,306	\$ 938,749	\$ 1,686,653	\$ --	\$ 7,656,759	\$ 12,348,467
Taxes receivable	326,197	2,406,677	--	--	5,109,272	7,842,146
Due from other governments	558,704	--	149,679	--	386,458	1,094,841
Accounts receivable	351,269	10	105,686	--	711,440	1,168,405
Prepays	9,274	--	10,265	--	700	20,239
Inventory	--	--	36,619	--	--	36,619
Advances	80,435	--	--	--	--	80,435
Due from other funds	966,091	10,233	--	--	994,734	1,971,058
Contracts receivable	--	--	--	3,963,149	5,709,346	9,672,495
Total Assets	\$ 4,358,276	\$ 3,355,669	\$ 1,988,902	\$ 3,963,149	\$ 20,568,709	\$ 34,234,705
LIABILITIES						
Accounts payable	\$ 240,613	\$ 3,017	\$ 125,143	\$ --	\$ 396,729	\$ 765,502
Accrued liabilities	239,510	64,598	28,108	--	129,266	461,482
Unearned revenue	--	--	91,052	--	296,222	387,274
Due to other governmental units	--	--	--	--	82,860	82,860
Due to other funds	807,453	1,414	--	--	276,357	1,085,224
Advance payable	--	--	--	--	80,435	80,435
Total Liabilities	1,287,576	69,029	244,303	--	1,261,869	2,862,777
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	54,731	24,837	--	3,963,149	5,772,393	9,815,110
Taxes levied for a subsequent period	--	2,381,840	--	--	5,046,225	7,428,065
Total Liabilities and Deferred Inflows of Resources	1,342,307	2,475,706	244,303	3,963,149	12,080,487	20,105,952
FUND BALANCE						
Nonspendable	599,709	--	46,884	--	700	647,293
Restricted	--	879,963	1,253,882	--	8,564,559	10,698,404
Committed	5,000	--	365,490	--	--	370,490
Assigned	1,886,936	--	78,343	--	--	1,965,279
Unassigned	524,324	--	--	--	(77,037)	447,287
Total Fund Balance	3,015,969	879,963	1,744,599	--	8,488,222	14,128,753
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,358,276	\$ 3,355,669	\$ 1,988,902	\$ 3,963,149	\$ 20,568,709	\$ 34,234,705

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$	14,128,753
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		601,795
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(157,058)
General government capital assets of \$17,863,707, net of accumulated depreciation of \$10,993,114, are not financial resources, and accordingly are not reported in the funds.		6,870,593
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(404,682)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		(19,096,092)
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		9,815,110
Net pension liabilities are not due and payable in the current period and, accordingly, are not reported in the funds.		(4,514,072)
Deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as County contributions made after the measurement date of the net pension liability are not reported in the funds.		(1,727,659)
Total Net Position - Governmental Activities	\$	<u>5,516,688</u>

Tuscola County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Special Revenue			Debt Service		Total Governmental Funds
	General	Road Patrol	Health Department (September 30, 2018)	Caro Sewer Series 2007	Other Governmental Funds	
Revenues						
Taxes	\$ 7,092,548	\$ 2,318,357	\$ --	\$ --	\$ 5,347,961	\$ 14,758,866
Licenses and permits	407,553	--	167,786	--	153,854	729,193
Intergovernmental	2,200,070	7,298	2,493,655	427,066	2,859,952	7,988,041
Charges for services	1,976,345	--	530,786	--	1,476,443	3,983,574
Fines and forfeits	84,345	--	--	--	9,000	93,345
Interest and rents	413,675	7,300	--	--	93,499	514,474
Reimbursements and refunds	--	5,103	--	--	16,736	21,839
Other	348,169	43	2,544	--	457,596	808,352
Total Revenues	12,522,705	2,338,101	3,194,771	427,066	10,415,041	28,897,684
Expenditures						
Legislative	135,881	--	--	--	--	135,881
Judicial	2,396,355	--	--	--	930,407	3,326,762
General government	4,393,966	--	--	--	460,067	4,854,033
Public safety	2,763,478	2,042,344	--	--	2,041,745	6,847,567
Public works	808,244	--	--	--	3,001,956	3,810,200
Health and welfare	468,735	--	3,276,493	--	3,749,898	7,495,126
Culture and recreation	--	--	--	--	24,440	24,440
Other	199,364	--	--	--	--	199,364
Capital outlay	--	--	--	--	786,286	786,286
Debt service - principal	18,278	--	--	360,000	543,046	921,324
Debt service - interest	2,881	--	--	67,066	538,023	607,970
Total Expenditures	11,187,182	2,042,344	3,276,493	427,066	12,075,868	29,008,953
Excess of Revenues Over (Under) Expenditures	1,335,523	295,757	(81,722)	--	(1,660,827)	(111,269)
Other Financing Sources (Uses)						
Transfers in	1,356,881	--	315,000	--	2,282,507	3,954,388
Transfers out	(2,284,477)	(57,458)	(180,005)	--	(575,785)	(3,097,725)
Net Other Financing Sources (Uses)	(927,596)	(57,458)	134,995	--	1,706,722	856,663
Net Change in Fund Balance	407,927	238,299	53,273	--	45,895	745,394
<i>Fund Balance at Beginning of Period (Restated, Note 17)</i>	2,608,042	641,664	1,691,326	--	8,442,327	13,383,359
Fund Balance at End of Period	\$ 3,015,969	\$ 879,963	\$ 1,744,599	\$ --	\$ 8,488,222	\$ 14,128,753

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	745,394
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		(32,886)
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$786,286 exceeds depreciation expense of \$722,524.		63,762
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		4,798
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		13,271
The change in net pension liability, and the pension related deferrals, does not require the use of current resources and is not reported in the governmental funds.		(3,612,293)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. This is the sum of the principal payments on long-term debt of \$921,324 and the changes in related bond premiums and discounts of \$1,626 during the year.		919,698
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 year. This represents the change in unavailable revenues during the year.		(903,022)
Changes in Net Position - Governmental Activities	\$	<u>(2,801,278)</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Medical Care Facility	Tax Foreclosure Fund	Combined Revolving Tax Fund	Total Enterprise Funds	
ASSETS					
<i>Current Assets</i>					
Cash and investments	\$ 3,182,481	\$ 1,332,546	\$ 3,721,690	\$ 8,236,717	\$ 775,313
Taxes receivable	446,681	--	2,648,800	3,095,481	--
Due from other governments	--	--	150,716	150,716	--
Accounts receivable	2,703,329	--	--	2,703,329	--
Prepays	47,209	--	--	47,209	26,121
Total Current Assets	6,379,700	1,332,546	6,521,206	14,233,452	801,434
<i>Noncurrent Assets</i>					
Restricted cash	27,320	--	--	27,320	--
Capital assets not being depreciated	331,676	--	--	331,676	--
Capital assets being depreciated, net	13,514,855	--	--	13,514,855	--
Total Assets	20,253,551	1,332,546	6,521,206	28,107,303	801,434
DEFERRED OUTFLOWS OF RESOURCES					
Pension	1,659,998	--	--	1,659,998	--
Total Deferred Outflows of Resources	1,659,998	--	--	1,659,998	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	807,516	1,494	1,713	810,723	408
Accrued liabilities	331,584	--	--	331,584	121,434
Accrued interest	10,706	--	--	10,706	--
Unearned revenue	34,310	--	--	34,310	--
Compensated absences, current	195,336	--	--	195,336	--
Current portion of long-term debt	190,000	--	--	190,000	--
Due to other funds	--	30,662	777,375	808,037	77,797
Total Current Liabilities	1,569,452	32,156	779,088	2,380,696	199,639
<i>Noncurrent Liabilities</i>					
Compensated absences	238,030	--	--	238,030	--
Long-term debt	3,715,000	--	--	3,715,000	--
Net pension liability	2,790,452	--	--	2,790,452	--
Total Liabilities	8,312,934	32,156	779,088	9,124,178	199,639
DEFERRED INFLOWS OF RESOURCES					
Pension	138,321	--	--	138,321	--
Taxes levied for a subsequent period	446,681	--	--	446,681	--
Total Deferred Inflows of Resources	584,912	--	--	584,912	--
NET POSITION					
Net investment in capital assets	9,941,531	--	--	9,941,531	--
<i>Unrestricted</i>	3,074,172	1,300,390	5,742,118	10,116,680	601,795
Total Net Position	\$ 13,015,703	\$ 1,300,390	\$ 5,742,118	\$ 20,058,211	\$ 601,795

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Funds
	Medical Care Facility	Tax Foreclosure Fund	Combined Revolving Tax Fund		
Operating Revenues					
Charges for services	\$ 22,390,547	\$ 553,174	\$ 765,067	\$ 23,708,788	\$ 2,688,249
Other	448,302	2,000	--	450,302	--
Total Operating Revenues	<u>22,838,849</u>	<u>555,174</u>	<u>765,067</u>	<u>24,159,090</u>	<u>2,688,249</u>
Operating Expenses					
Operation and maintenance	23,092,672	--	--	23,092,672	2,721,135
Administration	--	245,596	86	245,682	--
Depreciation	1,195,947	--	--	1,195,947	--
Total Operating Expenses	<u>24,288,619</u>	<u>245,596</u>	<u>86</u>	<u>24,534,301</u>	<u>2,721,135</u>
Operating Income (Loss)	<u>(1,449,770)</u>	<u>309,578</u>	<u>764,981</u>	<u>(375,211)</u>	<u>(32,886)</u>
Non-Operating Revenues (Expenses)					
Property taxes	435,791	--	--	435,791	--
Interest income	33,610	12,413	72,588	118,611	--
Loss on sale of capital assets	(12,700)	--	--	(12,700)	--
Interest expense and fiscal charges	(145,267)	--	--	(145,267)	--
Net Non-Operating Revenues (Expenses)	<u>311,434</u>	<u>12,413</u>	<u>72,588</u>	<u>396,435</u>	<u>--</u>
Income Before Contributions and Transfers	<u>(1,138,336)</u>	<u>321,991</u>	<u>837,569</u>	<u>21,224</u>	<u>(32,886)</u>
Transfers in	--	--	--	--	--
Transfers out	--	(79,288)	(777,375)	(856,663)	--
Change In Net Position	<u>(1,138,336)</u>	<u>242,703</u>	<u>60,194</u>	<u>(835,439)</u>	<u>(32,886)</u>
<i>Net Position at Beginning of Period</i>	14,154,039	1,057,687	5,681,924	20,893,650	634,681
Net Position at End of Period	<u>\$ 13,015,703</u>	<u>\$ 1,300,390</u>	<u>\$ 5,742,118</u>	<u>\$ 20,058,211</u>	<u>\$ 601,795</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Medical Care Facility	Tax Foreclosure Fund	Combined Revolving Tax Fund	Total Enterprise Funds	
Cash Flows from Operating Activities					
Cash received from customers	\$ 22,390,547	\$ 555,254	\$ 763,169	\$ 23,708,970	\$ -
Cash received from interfund services provided	-	-	-	-	2,747,110
Cash payments to suppliers for goods and services	(6,246,191)	(240,010)	(56,525)	(6,542,726)	(2,717,833)
Cash payments to employees for services	(16,325,329)	-	-	(16,325,329)	-
Net Cash Provided (Used) by Operating Activities	<u>(180,973)</u>	<u>315,244</u>	<u>706,644</u>	<u>840,915</u>	<u>29,277</u>
Cash Flows from Non-capital Related Financing Activities					
Property taxes	435,791	-	(135,107)	300,684	-
Transfers, net	-	(79,288)	(777,375)	(856,663)	-
Interfund balances, net	-	(161,763)	98,061	(63,702)	20,218
Net Cash Provided (Used) by Non-capital Related Financing Activities	<u>435,791</u>	<u>(241,051)</u>	<u>(814,421)</u>	<u>(619,681)</u>	<u>20,218</u>
Cash Flows from Capital and Related Financing Activities					
Principal paid on long-term debt	(255,000)	-	-	(255,000)	-
Interest paid on long-term debt	(145,267)	-	-	(145,267)	-
Purchases and construction of capital assets	(293,430)	-	-	(293,430)	-
Net Cash Used by Capital and Related Financing Activities	<u>(693,697)</u>	<u>-</u>	<u>-</u>	<u>(693,697)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest and rent	33,610	12,413	72,588	118,611	-
Net Cash Provided by Investing Activities	<u>33,610</u>	<u>12,413</u>	<u>72,588</u>	<u>118,611</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	(405,269)	86,606	(35,189)	(353,852)	49,495
<i>Cash and Investments - Beginning of Year</i>	3,615,070	1,245,940	3,756,879	8,617,889	725,818
<i>Cash and Investments - End of Year</i>	<u>\$ 3,209,801</u>	<u>\$ 1,332,546</u>	<u>\$ 3,721,690</u>	<u>\$ 8,264,037</u>	<u>\$ 775,313</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (1,449,770)	\$ 309,578	\$ 764,981	\$ (375,211)	\$ (32,886)
Adjustments to Reconcile Operating Income to Net Cash					
Depreciation	1,195,947	-	-	1,195,947	-
Provided (Used) by Operating Activities					
(Increase) decrease in:					
Accounts receivable	(490,332)	80	-	(490,252)	58,861
Prepaid expenses	(8,620)	-	-	(8,620)	3,124
Due from other governments	-	-	(1,898)	(1,898)	-
Accounts payable	(86,587)	5,586	(56,439)	(137,440)	343
Accrued liabilities	55,433	-	-	55,433	(165)
Unearned revenue	2,270	-	-	2,270	-
Compensated absences	39,398	-	-	39,398	-
Net pension liability and related deferred items	561,288	-	-	561,288	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (180,973)</u>	<u>\$ 315,244</u>	<u>\$ 706,644</u>	<u>\$ 840,915</u>	<u>\$ 29,277</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018

	Agency Funds
ASSETS	
Cash and investments	\$ 1,353,060
<i>Total Assets</i>	1,353,060
LIABILITIES	
Accrued liabilities	966,168
Undistributed receipts	20,041
Due to other governmental units	366,851
<i>Total Liabilities</i>	\$ 1,353,060

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Combining Statement of Net Position
Component Units
December 31, 2018

	Tuscola County Road Commission	Drain Commission	Total Component Units
ASSETS			
<i>Current Assets</i>			
Cash and investments	\$ 2,616,679	\$ 5,838,863	\$ 8,455,542
Taxes receivable	2,199,571	--	2,199,571
Special assessments receivable, current	--	523,358	523,358
Due from other governments	3,130,497	--	3,130,497
Accounts receivable	386,016	--	386,016
Prepays	239,537	--	239,537
Inventory	397,975	--	397,975
Total Current Assets	8,970,275	6,362,221	15,332,496
<i>Noncurrent Assets</i>			
Special assessments receivable	--	3,806,479	3,806,479
Capital assets not being depreciated	34,975,347	--	34,975,347
Capital assets being depreciated, net	70,167,577	16,300,484	86,468,061
Total Assets	114,113,199	26,469,184	140,582,383
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	587,386	--	587,386
Total Deferred Outflows of Resources	587,386	--	587,386
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	300,582	36,860	337,442
Accrued liabilities	75,085	--	75,085
Accrued interest	--	12,174	12,174
Unearned revenue	160,289	--	160,289
Due to other governmental units	--	510,000	510,000
Current portion of long-term debt	--	511,184	511,184
Total Current Liabilities	535,956	1,070,218	1,606,174
<i>Noncurrent Liabilities</i>			
Compensated absences	53,452	--	53,452
Long-term debt	--	3,143,657	3,143,657
Net pension liability	2,514,129	--	2,514,129
Net OPEB liability	14,140,579	--	14,140,579
Total Liabilities	17,244,116	4,213,875	21,457,991
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	139,488	--	139,488
OPEB related deferred inflows	69,149	--	69,149
Total Deferred Inflows of Resources	208,637	--	208,637
NET POSITION			
Net investment in capital assets	105,142,924	12,645,643	117,788,567
<i>Restricted for:</i>			
Drains	--	3,877,312	3,877,312
Debt service	--	1,414,691	1,414,691
Public works	977,251	--	977,251
<i>Unrestricted</i>	(8,872,343)	4,317,663	(4,554,680)
Total Net Position	\$ 97,247,832	\$ 22,255,309	\$ 119,503,141

The Notes to the Financial Statements are an integral part of these Financial Statements

Tuscola County
Combining Statement of Activities
Component Units
For the year Ended December 31, 2018

	Tuscola County Road Commission	Drain Commission	Total Component Units
Expenses			
Public works	\$ 13,560,206	\$ 1,974,569	\$ 15,534,775
Interest on long-term debt	--	169,206	169,206
Total Expenses	13,560,206	2,143,775	15,703,981
Program Revenues			
Charges for services	4,694,872	--	4,694,872
Operating grants and contributions	15,158,126	--	15,158,126
Total Program Revenues	19,852,998	--	19,852,998
Net Program Revenues (Expenses)	6,292,792	(2,143,775)	4,149,017
General Revenue			
Special assessments	--	1,967,827	1,967,827
Interest and rents	--	75,627	75,627
Interest income	31,690	--	31,690
Total General Revenues	31,690	2,043,454	2,075,144
Change in Net Position	6,324,482	(100,321)	6,224,161
<i>Net Position at Beginning of Period</i>	<i>90,923,350</i>	<i>22,355,630</i>	<i>113,278,980</i>
Net Position at End of Period	\$ 97,247,832	\$ 22,255,309	\$ 119,503,141

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Tuscola County

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The *County of Tuscola, Michigan* (the “County” or “government”) was incorporated in 1840 and covers an area of approximately 914 square miles in eastern Michigan. The County operates under a five-member elected Board of Commissioners and an appointed County Administrator /Controller. The County seat is located in the City of Caro, Michigan.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

The *Tuscola County Building Authority* (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 bonds secured by lease agreements with, and serviced through lease payments from, the County.

Discretely Presented Component Units

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. Complete financial statements for the Road Commission may be obtained at the entity’s administrative offices:

Tuscola County Road Commission
1733 Mertz Road
Caro, Michigan 48723

Tuscola County

Notes to the Financial Statements

Tuscola County Drain Commission (the “***Drain Commission*”) – The Drain commission is considered a discretely presented 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. Complete financial statements for the Tuscola County Drain Commission may be obtained at the entity’s administrative offices:**

Tuscola County Drain Commission
125 W. Lincoln St. Suite 100
Caro, Michigan 48723

Funds With Other Year Ends - The financial statements of the Health Department are presented in the accompanying financial statements using its fiscal year-end of September 30, 2018.

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 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 component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Tuscola County

Notes to the Financial Statements

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 and fiduciary fund financial statements. 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The ***general fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***health department fund*** accounts for the charges of 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 ***Caro sewer series 2007 fund*** accounts for resources collected (against a long-term contract receivable from the City of Caro) to be used for servicing bond principal and interest payments.

Tuscola County

Notes to the Financial Statements

The County reports the following major proprietary funds:

The ***Medical Care Facility fund*** accounts for the operations of the Tuscola County Medical Care Facility. The primary revenue sources are charges for medical services and property taxes.

The ***tax foreclosure fund*** accounts for various fees and costs related to the new delinquent tax reversion process.

The ***combined revolving tax fund*** accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

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.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity, including tax collections. Agency funds, which only report a Statement of Fiduciary Net Position, use the accrual basis of accounting.

The ***Permanent fund*** accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's cemetery.

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 and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Tuscola County

Notes to the Financial Statements

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 enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, 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.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

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.

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.

Tuscola County

Notes to the Financial Statements

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.

Inventories and Prepaid Items

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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Cash and Investments

Restricted cash and investments are assets that have been set aside for future purposes in the Medical Care Facility and the delinquent tax revolving fund, as well as the general fund’s MMRMA deposits.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the donation date.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Tuscola County

Notes to the Financial Statements

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5-30
Equipment	5-10
Vehicles	5-10
Improvements	5-30
Infrastructure	8-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category, which are the differences between expected and actual experience and the difference in assumption for the County's defined benefit pension plan. The amount is amortized in the plan year in which it applies.

In addition to liabilities, the statement of financial position will sometimes report 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

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 2018 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2018, 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 for the financing of the County's operations. Therefore, the entire amount of the December 1, 2018 levy is reported as deferred inflows of resources at year-end.

Tuscola County

Notes to the Financial Statements

Defined Benefit Pension 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.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick time benefits, subject to certain limitations, according to personnel contracts. All vested benefits are 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 or retirements.

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 governmental 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.

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.

Net Position Flow Assumption

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 and proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

Tuscola County

Notes to the Financial Statements

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 report 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.

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.

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

Tuscola County

Notes to the Financial Statements

unassigned fund balance of approximately 10% of the most current Board approved general fund budget.

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.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

The County follows the following 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.
- 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.

Excess of Expenditures over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated.

Tuscola County

Notes to the Financial Statements

During the year ended December 31, 2018, the following activities of certain funds had expenditures in excess of appropriations as follows:

	Amended Budget	Actual	Variance
General Fund			
Transfers out	\$ 1,822,478	\$ 2,284,477	\$ 461,999
Health Department			
Health and welfare	3,114,347	3,276,493	162,146
Probate Child Care			
Health and welfare	887,507	896,959	9,452

These expenditures over budget were funded by available fund balance.

Net Position/Fund Balance Deficit

The County had an unrestricted net position deficit of \$(11,811,211) within governmental activities. The County also had one governmental fund, Voted MSU, with a deficit fund balance of \$(77,037) as of December 31, 2018.

Note 3 - Deposits and Investments

Following is a reconciliation of deposit and investments balances (including both pooled cash and investments) as of December 31, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 21,360,497	\$ 8,455,542	\$ 29,816,039
Restricted cash	27,320	-	27,320
Statement of Fiduciary Net Position			
Cash and investments	1,353,060	-	1,353,060
<i>Total Deposits and Investments</i>	\$ 22,740,877	\$ 8,455,542	\$ 31,196,419

Deposits and Investments

Bank deposits	\$ 16,844,572
Certificates of deposit	2,572,559
Cash equivalents	4,232,165
Cash audited by others	7,539,123
Cash on hand	8,000
<i>Total</i>	\$ 31,196,419

Tuscola County

Notes to the Financial Statements

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

	Carrying Amount (Fair Value)	No Maturity	Maturity Less Than 1 Year	Credit Rating (S&P)
Michigan Class accounts	\$ 2,258,092	\$ 2,258,092	\$ -	N/A
Negotiable certificates of deposit	831,986	-	831,986	N/A
Commercial paper	995,560	-	995,560	A1
MMRMA investment pool	146,527	146,527	-	N/A
CD's held in County's name	2,572,559	-	2,572,559	N/A
Total	\$ 6,804,724	\$ 2,404,619	\$ 4,400,105	

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 list of authorized investments 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 risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$17,317,831 of the combined bank balance of \$19,425,131 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 list of authorized investments in the summary of

Tuscola County

Notes to the Financial Statements

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 23 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.

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, 2018:

	Level 1	Level 2	Total
Michigan Class accounts	\$ -	\$ 2,258,092	\$ 2,258,092
Negotiable certificates of deposit	831,986	-	831,986
Commercial paper	995,560	-	995,560
MMRMA investment pool	-	146,527	146,527
Total Investments	\$ 1,827,546	\$ 2,404,619	\$ 4,232,165

Tuscola County

Notes to the Financial Statements

Note 4 - Capital Assets

Primary government

Capital asset activity for the primary government for the year ended December 31, 2018, was as follows:

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 408,891	\$ -	\$ -	\$ 408,891
<i>Total Capital Assets not Being Depreciated</i>	<u>408,891</u>	<u>-</u>	<u>-</u>	<u>408,891</u>
Capital Assets Being Depreciated				
Buildings	7,769,005	-	-	7,769,005
Improvements	3,547,791	246,704	-	3,794,495
Equipment	3,761,630	303,046	25,000	4,039,676
Vehicles	1,644,848	236,536	29,744	1,851,640
<i>Total Capital Assets Being Depreciated</i>	<u>16,723,274</u>	<u>786,286</u>	<u>54,744</u>	<u>17,454,816</u>
Less Accumulated Depreciation				
Buildings	5,035,241	185,210	-	5,220,451
Improvements	1,797,211	173,534	-	1,970,745
Equipment	2,026,593	192,181	25,000	2,193,774
Vehicles	985,659	145,218	29,744	1,101,133
Health Department	480,630	26,381	-	507,011
<i>Total Accumulated Depreciation</i>	<u>10,325,334</u>	<u>722,524</u>	<u>54,744</u>	<u>10,993,114</u>
<i>Total Net Capital Assets Being Depreciated</i>	<u>6,397,940</u>	<u>63,762</u>	<u>-</u>	<u>6,461,702</u>
<i>Total Governmental Capital Assets</i>	<u>\$ 6,806,831</u>	<u>\$ 63,762</u>	<u>\$ -</u>	<u>\$ 6,870,593</u>
	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 327,926	\$ -	\$ -	\$ 327,926
Construction in progress	7,670	-	3,920	3,750
<i>Total Capital Assets not Being Depreciated</i>	<u>335,596</u>	<u>-</u>	<u>3,920</u>	<u>331,676</u>
Capital Assets Being Depreciated				
Land Improvements	2,418,804	56,200	117,287	2,357,717
Buildings	14,303,134	61,195	148,818	14,215,511
Equipment	10,816,779	179,955	1,494,085	9,502,649
<i>Total Capital Assets Being Depreciated</i>	<u>27,538,717</u>	<u>297,350</u>	<u>1,760,190</u>	<u>26,075,877</u>
Less Accumulated Depreciation				
Land Improvements	965,682	132,645	117,287	981,040
Buildings	5,998,388	495,430	148,818	6,345,000
Equipment	6,148,495	567,872	1,481,385	5,234,982
<i>Total Accumulated Depreciation</i>	<u>13,112,565</u>	<u>1,195,947</u>	<u>1,747,490</u>	<u>12,561,022</u>
<i>Total Net Capital Assets Being Depreciated</i>	<u>14,426,152</u>	<u>(898,597)</u>	<u>12,700</u>	<u>13,514,855</u>
<i>Total Business-type Capital Assets</i>	<u>\$ 14,761,748</u>	<u>\$ (898,597)</u>	<u>\$ 16,620</u>	<u>\$ 13,846,531</u>

Tuscola County

Notes to the Financial Statements

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

Governmental Activities

Judicial	4,740
General Government	292,043
Public Safety	274,243
Health and Welfare	151,498
<i>Total Governmental Activities</i>	\$ 722,524

Business-type Activities

Medical Care Community	\$ 1,195,947
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Discretely presented component units

Drain Commission. Capital asset activity for the Drain Commission for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Component Unit - Drain Commission				
Capital Assets Being Depreciated				
Infrastructure	\$ 21,735,076	\$ 245,895	\$ -	\$ 21,980,971
Less Accumulated Depreciation				
Infrastructure	5,251,360	429,127	-	5,680,487
Total Net Capital Assets Being Depreciated	16,483,716	(183,232)	-	16,300,484
Total Drain Commission Capital Assets	\$ 16,483,716	\$ (183,232)	\$ -	\$ 16,300,484

Depreciation expense of \$429,127 was charged to the public works function during 2018 for the Drain Commission component unit.

Tuscola County

Notes to the Financial Statements

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. At December 31, 2018, due to/due from other funds consisted of the following:

	Due To Other Funds	Due From Other Funds
General fund	\$ 807,453	\$ 966,091
Road patrol	1,414	10,233
Nonmajor governmental funds	276,357	994,734
Tax foreclosure fund	30,662	-
Combined revolving tax fund	777,375	-
Internal service funds	77,797	-
	\$ 1,971,058	\$ 1,971,058

At December 31, 2018, advances to/advances from other funds consisted of the following:

	Receivable	Payable
General fund	\$ 80,435	\$ -
Nonmajor governmental funds	-	80,435
	\$ 80,435	\$ 80,435

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for 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. For the year ended December 31, 2018, interfund transfers consisted of the following:

Transfers Out	Transfers In			Total
	General fund	Health department	Nonmajor governmental funds	
General fund	\$ -	\$ 315,000	\$ 1,969,477	\$ 2,284,477
Road patrol	57,458	-	-	57,458
Health department	-	-	180,005	180,005
Nonmajor governmental funds	442,760	-	133,025	575,785
Combined revolving tax fund	777,375	-	-	777,375
Nonmajor enterprise funds	79,288	-	-	79,288
	\$ 1,356,881	\$ 315,000	\$ 2,282,507	\$ 3,954,388

Tuscola County

Notes to the Financial Statements

The above tables reconcile interfund transfers, payables, and receivables as of the County's December 31, 2018 year end. Values of interfund transfers, payables, and receivables presented in the financial statements of the Health Department do not reconcile to the above tables due to the Health Department's September 30, 2018 year end.

Note 6 - Capital Leases

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. For the year ended December 31, 2018, the County received lease revenue in the amount of \$327,507. The future minimum lease payments for the remainder of the lease are as follows:

<u>Year Ending December 31</u>	<u>Revenue</u>
2019	\$ 355,291
2020	355,291
2021	332,491
2022	332,491
2023	338,100
2024-2028	<u>1,769,686</u>
Total	<u>\$ 3,483,350</u>

Tuscola County
Notes to the Financial Statements

Note 7 - Long-term Debt

Primary Government

Long-term debt activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Pension - Tuscola County Series 2016	\$ 6,630,000	\$ -	\$ 185,000	\$ 6,445,000	\$ 275,000
Bond Discount - Pension	(1,972)	-	(114)	(1,858)	-
Pension - Health Department Series 2016	2,375,000	-	100,000	2,275,000	100,000
Bond Discount - Pension	(17,612)	-	(766)	(16,846)	-
Capital Improvement Series 2011	775,000	-	40,000	735,000	40,000
Bond Discount - Capital Improvement	(10,200)	-	(746)	(9,454)	-
Mayville Storm Sewer	951,000	-	31,000	920,000	33,000
Richville Water System	140,000	-	70,000	70,000	70,000
Caro Sewer System	4,307,114	-	360,000	3,947,114	370,000
USDA Loans:					
Denmark Sewer System	1,869,000	-	35,000	1,834,000	36,000
Wisner Water System	2,900,000	-	75,000	2,825,000	80,000
Other Liabilities:					
Capital Lease - Phone System	67,902	-	18,278	49,624	19,217
Capital Lease - Skid Steer Loader	30,558	-	7,046	23,512	23,512
Total Governmental Activities Long-term Debt	\$ 20,015,790	\$ -	\$ 919,698	\$ 19,096,092	\$ 1,046,729
Compensated Absences	\$ 417,953	\$ 141,057	\$ 154,328	\$ 404,682	\$ 183,714
Business-type Activities					
Medical Care - Small House	4,090,000	-	185,000	3,905,000	190,000
Medical Care - Land Contract	70,000	-	70,000	-	-
Total Business-type Activities Long-term Debt	\$ 4,160,000	\$ 141,057	\$ 255,000	\$ 3,905,000	\$ 190,000
Compensated Absences	\$ 393,968	\$ 1,171,210	\$ 1,131,812	\$ 433,366	\$ 195,336

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, Richville Water, 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:

Purpose	Interest Rates	Amount
Governmental activities	2.5 - 14.8%	\$ 19,096,092
Business-type activities	7.2 - 8.7%	\$ 3,905,000

Tuscola County

Notes to the Financial Statements

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

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,004,000	\$ 585,091	\$ 190,000	\$ 128,475
2020	976,000	562,617	195,000	122,224
2021	1,000,000	537,407	200,000	115,808
2022	1,034,000	511,165	210,000	109,228
2023	1,067,000	483,831	3,110,000	102,319
2024-2028	5,903,114	1,968,857	-	-
2029-2033	4,452,000	1,153,887	-	-
2034-2038	1,738,000	441,498	-	-
2039-2043	864,000	251,296	-	-
2044-2048	648,000	89,225	-	-
2049-2053	365,000	26,263	-	-
	<u>\$ 19,051,114</u>	<u>\$ 6,611,137</u>	<u>\$ 3,905,000</u>	<u>\$ 578,054</u>

Component Unit

Long-term activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Due Within One Year
Component Unit - Drain Commission					
General Obligation Bonds:					
Moore Drain	\$ 1,575,000	\$ 990,000	\$ 1,575,000	\$ 990,000	\$ 135,000
Bach and Branches Drain	600,000	-	150,000	450,000	150,000
Ambruster Intercounty Drain	110,298	-	15,757	94,541	15,757
Pigeon River Intercounty Drain	144,167	-	14,417	129,750	14,417
Fulton Street Drain	675,000	-	50,000	625,000	45,000
Indian Creek Intercounty Drain	385,560	-	26,010	359,550	26,010
Yax North Drain	495,000	-	30,000	465,000	30,000
Loans Payable:					
Akron Drain	298,000	-	23,000	275,000	13,000
Nutt Branch of Akron Drain	60,000	-	10,000	50,000	10,000
Wiscoggin Drain Phase 2	95,040	-	95,040	-	-
Hover Drain	100,000	-	25,000	75,000	25,000
Squaw Creek Drain	188,000	-	47,000	141,000	47,000
North Branch White Creek Drain	81,700	-	81,700	-	-
Total Component Unit - Drain Commission					
Long-term Debt	<u>\$ 4,807,765</u>	<u>\$ 990,000</u>	<u>\$ 2,142,924</u>	<u>\$ 3,654,841</u>	<u>\$ 511,184</u>

Tuscola County

Notes to the Financial Statements

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 Commissioner will be repaid through special assessments. General obligation bonds and notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.00 - 6.50%	\$ 3,654,841

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

Year Ending December 31	Principal	Interest
2019	\$ 511,184	\$ 100,316
2020	511,184	85,334
2021	511,184	70,164
2022	279,184	58,076
2023	279,184	50,026
2024-2028	1,026,941	143,698
2029-2033	452,980	41,520
2034-2038	60,000	10,650
2039-2043	23,000	1,740
	\$ 3,654,841	\$ 561,524

Note 8 - Pension Plans

General County 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 4.70% to 6.70%. The MERS plan is closed to all new hires.

Tuscola County

Notes to the Financial Statements

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	131
Inactive employees entitled to but not yet receiving benefits	27
Active employees	130
Total membership	288

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 a flat amount, ranging from \$0 to \$5,298, depending on bargaining unit.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75% net of investment expenses, 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.

Tuscola County

Notes to the Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.50%	8.65%
Global Fixed Income	18.50%	3.76%
Real Assets	13.50%	9.72%
Diversifying Strategies	12.50%	7.50%

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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 35,238,873	\$ 34,951,025	\$ 287,848
Changes for the year:			
Service cost	623,037	-	623,037
Interest	2,760,220	-	2,760,220
Difference between expected and actual experience	(219,902)	-	(219,902)
Employer contributions	-	367,047	(367,047)
Employee contributions	-	316,346	(316,346)
Net investment income	-	(1,336,847)	1,336,847
Benefit payments, including employee refunds	(2,095,285)	(2,095,285)	-
Administrative expense	-	(67,064)	67,064
Other changes	(67,737)	-	(67,737)
Net changes	1,000,333	(2,815,803)	3,816,136
Balances at December 31, 2018	\$ 36,239,206	\$ 32,135,222	\$ 4,103,984

Tuscola County

Notes to the Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate:

	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability at 12/31/2018	\$ 8,121,622	\$ 4,103,984	\$ 710,456

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

For the year ended December 31, 2018, the County recognized pension expense of \$1,089,092. At December 31, 2018, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (2,251,080)
Difference between expected and actual experience	102,182	(164,927)
Difference in assumptions	663,562	-
Total	\$ 765,744	\$ (2,416,007)

The amount reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	Amount
2019	\$ (394,672)
2020	59,663
2021	(500,498)
2022	(814,756)
Total	\$ (1,650,263)

Tuscola County

Notes to the Financial Statements

Major Fund - Medical Care Facility Plan

Plan Description. The Medical Care Facility participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing 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 requires 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 age at 55 with 25 years of service. Member contributions range from 3% to 5%.

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	96
Inactive employees entitled to but not yet receiving benefits	33
Active employees	334
Total membership	<u>463</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 were 2.74% of annual payroll for 2018.

Net Pension Liability. The employer's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2017.

Actuarial Assumptions. The total pension liability was rolled forward to December 31, 2018, using the December 31, 2017 actuarial valuation with the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75% net of investment expenses, including inflation

Tuscola County

Notes to the Financial Statements

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>
Global Equity	55.50%	8.65%
Global Fixed Income	18.50%	3.76%
Real Assets	13.50%	9.72%
Diversifying Strategies	12.50%	7.50%

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.

Tuscola County

Notes to the 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, 2017	\$ 17,239,479	\$ 16,385,688	\$ 853,791
Changes for the year:			
Service cost	775,341	-	775,341
Interest	1,372,873	-	1,372,873
Difference between expected and actual experience	(90,385)	-	(90,385)
Employer contributions	-	322,829	(322,829)
Employee contributions	-	590,815	(590,815)
Net investment income	-	(648,954)	648,954
Benefit payments, including employee refunds	(932,478)	(932,478)	-
Administrative expense	-	(31,896)	31,896
Other changes	111,626	-	111,626
Net changes	<u>1,236,977</u>	<u>(699,684)</u>	<u>1,936,661</u>
Balances at December 31, 2018	<u>\$ 18,476,456</u>	<u>\$ 15,686,004</u>	<u>\$ 2,790,452</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate:

	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability at 12/31/2018	<u>\$ 5,296,606</u>	<u>\$ 2,790,452</u>	<u>\$ 755,384</u>

Tuscola County

Notes to the Financial Statements

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

For the year ended December 31, 2018, the Medical Care Facility recognized pension expense of \$871,901. The Medical Care Facility reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,193,036	\$ -
Difference between expected and actual experience	84,296	(138,231)
Difference in assumptions	382,666	-
Total	\$ 1,659,998	\$ (138,231)

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

Year Ending December 31	Amount
2019	\$ 479,806
2020	227,768
2021	310,619
2022	463,794
2023	72,230
Thereafter	(32,450)
Total	\$ 1,521,767

Major Fund - Health Department 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

Tuscola County

Notes to the Financial Statements

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

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	0
Active employees	25
Total membership	<u>60</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 were \$8,047 for the general division and \$765 for new hires.

Net Pension Liability. The net pension liability was measured as of December 31, 2017 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75% net of investment expenses, including inflation

Tuscola County

Notes to the Financial Statements

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 weighing 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	55.50%	8.65%
Global Fixed Income	18.50%	3.76%
Real Assets	13.50%	9.72%
Diversifying Strategies	12.50%	7.50%

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.

Tuscola County

Notes to the 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, 2016	\$ 10,918,919	\$ 7,767,837	\$ 3,151,082
Changes for the year:			
Service cost	150,565	-	150,565
Interest	855,148	-	855,148
Difference between expected and actual experience	89,266	-	89,266
Changes in assumptions	-	-	-
Employer contributions	-	2,539,650	(2,539,650)
Employee contributions	-	62,602	(62,602)
Net investment income	-	1,253,297	(1,253,297)
Benefit payments, including employee refunds	(609,711)	(609,711)	-
Administrative expense	-	(19,576)	19,576
Net changes	485,268	3,226,262	(2,740,994)
Balances at December 31, 2017	\$ 11,404,187	\$ 10,994,099	\$ 410,088

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate:

	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability at 9/30/2018	\$ 1,663,958	\$ 410,088	\$ (659,393)

Note: the current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Tuscola County

Notes to the Financial Statements

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

For the year ended September 31, 2018, the Health Department recognized pension expense of \$491,410. At year end, the Health Department reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (278,049)
Difference between expected and actual experience	130,309	-
Employer contributions subsequent to the measurement date	70,344	-
Total	\$ 200,653	\$ (278,049)

The 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, 2018.

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

Year Ending September 30	Amount
2018	\$ 110,172
2019	12,959
2020	(160,282)
2021	(110,589)
Total	\$ (147,740)

Tuscola County

Notes to the Financial Statements

Aggregate Defined Benefit Pension Plan Information

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

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Governmental Activities				
General County	\$ 4,103,984	\$ 765,744	\$ (2,416,007)	\$ 1,089,092
Health Department	410,088	200,653	(278,049)	491,410
Total Governmental Activities	<u>4,514,072</u>	<u>966,397</u>	<u>(2,694,056)</u>	<u>1,580,502</u>
Business-type Activities				
Medical Care Facility	2,790,452	1,659,998	(138,231)	871,901
Total Business-type Activities	<u>2,790,452</u>	<u>1,659,998</u>	<u>(138,231)</u>	<u>871,901</u>
Grand Total	<u>\$ 7,304,524</u>	<u>\$ 2,626,395</u>	<u>\$ (2,832,287)</u>	<u>\$ 2,452,403</u>

NOTE 9 - RISK MANAGEMENT

General Liability

The 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, 2018, 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 unexpected member retention fund. At December 31, 2018, the balance of the County's member retention fund was \$0.

Tuscola County

Notes to the Financial Statements

Charges in the estimated claims liability are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ -	\$ 27,752
Claims incurred	32,467	-
Claims paid	<u>(32,467)</u>	<u>(27,752)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Workers' Compensation Benefits

The County has established a workers' compensation benefits Self-Insurance Plan which is accounted for in an internal service fund. The primary government, including the Health Department and Medical Care Facility as separate units, participates in the Self-Insurance Plan. The 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 by not reported (IBNR). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are no outstanding claims at the end of 2018.

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

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims (including IBNR)	1,200	-
Claims paid	<u>(1,200)</u>	<u>-</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Tuscola County

Notes to the Financial Statements

Employee Health Benefits

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

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$20,000 per occurrence. The co-insurance agreements 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). 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>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ 121,599	\$ 137,578
Incurred claims (including IBNR)	2,443,389	2,359,125
Claims paid	(2,443,554)	(2,375,104)
Unpaid claims, end of year	<u>\$ 121,434</u>	<u>\$ 121,599</u>

NOTE 10 - 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 2018 on the taxable valuation of property located in the County as of the preceding December 31. On July 1 or December 1, the property tax attachment

Tuscola County

Notes to the Financial Statements

is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2018 ad valorem tax is levied and collectible by December 1, 2018, 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, 2017 levy totaled \$1,737,861,448. The taxable value of real and personal property for the July 1, 2018, levy totaled \$1,786,725,302.

The tax levy for fiscal year 2018 operations was based on the following rates:

General Operating	3.9141 mills
Road Patrol	1.3300 mills
Senior Citizens	0.3200 mills
Mosquito	0.6316 mills
Recycling	0.1500 mills
Veterans	0.1700 mills
Medical Care Community	0.2500 mills
Voted MSU	0.1000 mills
Voted Bridge	0.4807 mills
Voted Roads	0.9657 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 (combined revolving tax fund).

NOTE 11 - TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended December 31, 2018, the County's property taxes were reduced by \$41,227 under this program.

Tuscola County

Notes to the Financial Statements

NOTE 12 - 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.

NOTE 13 - LEASES

Operating Lease as Lessee

The Health Department has entered into an operating lease with the County 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, 2018 was \$85,675. 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 that was signed on June 12, 2015 with quarterly payments of approximately \$495 through June of 2019. The amount expensed under the lease for the 2018 fiscal year was \$1,980. Future minimum payments of \$1,484 are due in full in 2019.

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

<u>Fiscal Year Ended</u>	<u>Principal</u>
2019	\$ 186,372
2020	138,292
2021	14,040
2022	5,850
Total	<u>\$ 344,554</u>

Capital Lease as Lessee

The County leased a phone system and a Bobcat skid steer under an agreement classified as a capital lease. The cost and accumulated depreciation as of December 31, 2018 related to such equipment is as follows:

Machinery and Equipment	\$ 143,707
Less: Accumulated Depreciation	<u>(29,601)</u>
Total	<u>\$ 114,106</u>

Tuscola County

Notes to the Financial Statements

The present value of future minimum lease payments under capital leases as of December 31, 2018 is as follows:

	Year Ending December 31	Amount
	2019	\$ 45,669
	2020	21,159
	2021	10,579
<i>Total Minimum Lease Payments</i>		\$ 77,407
Less: amount representing interest		(4,271)
<i>Present Value of Minimum Lease Payments</i>		\$ 73,136

Tuscola County

Notes to the Financial Statements

NOTE 14 - FUND BALANCES – GOVERNMENTAL FUNDS

The County reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Following is the composition of governmental fund's fund balance:

	General Fund	Road Patrol	Health Department (09/30/2018)	Caro Sewer Series 2007	Other Governmental Funds	Total
Nonspendable						
Advances	\$ 590,435	\$ -	\$ -	\$ -	\$ -	\$ 590,435
Prepaid Items	9,274	-	10,265	-	700	20,239
Inventory	-	-	36,619	-	-	36,619
Total Nonspendable	<u>599,709</u>	<u>-</u>	<u>46,884</u>	<u>-</u>	<u>700</u>	<u>647,293</u>
Restricted						
Judicial	-	-	-	-	285,025	285,025
General Government	-	-	-	-	377,394	377,394
Public Safety	-	879,963	-	-	1,504,999	2,384,962
Public Works	-	-	-	-	1,199,673	1,199,673
Health and Welfare	-	-	1,253,882	-	1,776,374	3,030,256
Recreation and Culture	-	-	-	-	19,269	19,269
Debt Service	-	-	-	-	960	960
Capital Improvements	-	-	-	-	3,400,865	3,400,865
Total Restricted	<u>-</u>	<u>879,963</u>	<u>1,253,882</u>	<u>-</u>	<u>8,564,559</u>	<u>10,698,404</u>
Committed						
Health and Welfare	5,000	-	365,490	-	-	370,490
Total Committed	<u>5,000</u>	<u>-</u>	<u>365,490</u>	<u>-</u>	<u>-</u>	<u>370,490</u>
Assigned						
Health and Welfare	-	-	78,343	-	-	78,343
Capital Improvements	1,886,936	-	-	-	-	1,886,936
Total Assigned	<u>1,886,936</u>	<u>-</u>	<u>78,343</u>	<u>-</u>	<u>-</u>	<u>1,965,279</u>
Unassigned	<u>524,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,037)</u>	<u>447,287</u>
Total Fund Balance	<u>\$ 3,015,969</u>	<u>\$ 879,963</u>	<u>\$ 1,744,599</u>	<u>\$ -</u>	<u>\$ 8,488,222</u>	<u>\$ 14,128,753</u>

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No.83, Certain Asset Retirement Obligations Effective for periods beginning after 06/15/2018 (FY 2019)

This standard addresses accounting and financial reporting for certain asset retirement obligations--legally enforceable liabilities associated with the retirement of a tangible capital asset. We do not expect this standard to have any significant effect on the County.

Tuscola County

Notes to the Financial Statements

GASB Statement No.84, Fiduciary Activities

Effective for periods beginning after 12/15/2018 (FY 2019)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, we will continue to assess the degree to which this standard may impact the County.

GASB Statement No.87, Leases

Effective for periods beginning after 12/15/2019 (FY 2020)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB Statement No.88, Certain Disclosures Related to Debt

Effective for periods beginning after 06/15/2018 (FY 2019)

This standard provides guidance on note disclosures related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. We do not expect this standard to have any significant effect on the County.

GASB Statement No.89, Accounting for Interest Cost Incurred before the End of a Construction Period

Effective for periods beginning after 12/15/2019 (FY 2020)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the County.

GASB Statement No.90, Majority Equity Interests

Effective for periods beginning after 12/15/2018 (FY 2019)

This standard addresses situations in which a government acquires a majority of the equity interest in a legally separate organization, and whether such holdings should be reported as an investment or a component unit. We do not expect this standard to have any significant effect on the County.

Tuscola County

Notes to the Financial Statements

NOTE 16 - POTENTIAL LIABILITY

The County has a potential issue with compliance with Federal tax rules regarding labor contract language allowing certain employee contributions to the Municipal Employee’s Retirement System (MERS) Health Care Saving Program in past years. There is a possibility that if a future Federal tax audit were to occur, it could potentially result in a tax liability for the County. The County, together with their labor attorney, are currently working on contract language amendments to ensure compliance with Federal tax rules.

NOTE 17 - ADDITION OF GOVERNMENTAL FUNDS

During the current year, the County added three funds, Voted Bridge, Voted Primary Road, and Voted Medical Care Facility that were not reported in prior years. However, management deemed during 2018 that these resources do belong on the County’s financial statements because the tax revenues are fully under the County’s control. As a result, governmental fund balance and governmental activities net position both increased.

Following is a summary of the restatement:

	Governmental Funds	Governmental Activities
Net Position/Fund Balance - December 31, 2017, as previously reported	\$ 11,186,566	\$ 6,121,173
Addition of Voted Bridge	1,162,818	1,162,818
Addition of Voted Primary Road	15,828	15,828
Addition of Voted Medical Care Facility	1,018,147	1,018,147
Net Position/Fund Balance - January 1, 2018, as restated	<u>\$ 13,383,359</u>	<u>\$ 8,317,966</u>

Further, the County reclassified the following funds as governmental debt service funds during 2018:

- Caro Sewer Series 2007
- Mayville Storm Sewer Debt
- Richville Water System Debt
- Denmark Township Sewer Debt
- Wisnder Township Sewer Debt

Each of the funds was previously reported as an enterprise fund with zero net position. So, the reclassification had no impact on fund balance or net position between governmental and business-type activities. The reclassification was necessary because the funds did not meet the intended purposes of enterprise funds. Rather, the purpose of each fund is to accumulate resources to cover required debt service payments fully meeting the definition of debt service funds.

Required Supplementary Information

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 7,153,300	\$ 7,123,300	\$ 7,092,548	\$ (30,752)
Licenses and permits	476,700	407,684	407,553	(131)
Intergovernmental	1,965,969	2,028,102	2,200,070	171,968
Charges for services	1,949,331	1,959,020	1,976,345	17,325
Fines and forfeits	67,820	88,320	84,345	(3,975)
Interest and rents	382,953	409,219	413,675	4,456
Other	237,391	405,787	348,169	(57,618)
Total Revenues	<u>12,233,464</u>	<u>12,421,432</u>	<u>12,522,705</u>	<u>101,273</u>
Other Financing Sources				
Transfers in	1,200,536	1,356,873	1,356,881	8
Total Revenues and Other Financing Sources	<u>13,434,000</u>	<u>13,778,305</u>	<u>13,879,586</u>	<u>101,281</u>
Expenditures				
Legislative	156,834	156,834	135,881	20,953
Judicial	2,480,443	2,597,754	2,396,355	201,399
General Government				
Elections	165,410	166,710	119,521	47,189
Accounting Services	52,000	52,000	49,505	2,495
Legal Counsel	80,000	157,000	147,446	9,554
Clerk	478,170	481,046	426,685	54,361
Controller	356,807	358,835	346,746	12,089
Equalization	215,769	216,922	211,462	5,460
City of Card Assessment	7,341	7,341	6,155	1,186
Prosecutor	726,216	761,042	755,686	5,356
Register of Deeds	285,207	287,114	283,418	3,696
Treasurer	407,683	379,912	364,366	15,546
Computer Operations	608,995	626,520	623,776	2,744
Building and Grounds	774,201	792,202	789,101	3,101
DHHS Building Maintenance	59,170	59,493	51,687	7,806
Drain Commission	218,717	220,478	218,412	2,066
Total General Government	<u>4,435,686</u>	<u>4,566,615</u>	<u>4,393,966</u>	<u>172,649</u>

Continued...

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Expenditures				
Public Safety				
Courthouse Security	127,550	123,473	122,452	1,021
Sheriff	2,308,100	2,319,884	2,285,067	34,817
County Weighmaster	82,227	82,227	78,348	3,879
Marine Safety	12,461	12,400	12,401	(1)
Secondary Road Patrol	80,261	88,799	86,236	2,563
Thumb Area Narcotics Group	14,107	14,107	11,183	2,924
Community Corrections	67,020	67,961	67,296	665
Planning Commission	4,850	4,850	4,389	461
Emergency Services	97,565	100,151	96,106	4,045
Total Public Safety	<u>2,794,141</u>	<u>2,813,852</u>	<u>2,763,478</u>	<u>50,374</u>
Public Works				
Animal Control	5,500	--	--	--
Building Codes	350,000	405,984	405,983	1
Board of Public Works	1,500	1,500	1,318	182
Drains at Large	410,266	401,266	400,943	323
Total Public Works	<u>767,266</u>	<u>808,750</u>	<u>808,244</u>	<u>506</u>
Health and Welfare				
Substance Abuse	55,841	55,841	52,010	3,831
Medical Examiner	105,288	119,750	118,746	1,004
DHHS Board	9,000	9,750	9,736	14
Behavioral Health	288,243	288,243	288,243	--
Total Health and Welfare	<u>458,372</u>	<u>473,584</u>	<u>468,735</u>	<u>4,849</u>
Other	481,390	378,514	199,364	179,150
Debt Service	21,160	21,160	21,159	1
Total Expenditures	<u>11,595,292</u>	<u>11,817,063</u>	<u>11,187,182</u>	<u>629,881</u>
Other Financing Uses				
Transfers out	1,694,208	1,822,478	2,284,477	(461,999)
Total Expenditures and Other Financing Uses	<u>13,289,500</u>	<u>13,639,541</u>	<u>13,471,659</u>	<u>167,882</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	144,500	138,764	407,927	269,163
Net Change in Fund Balance	<u>144,500</u>	<u>138,764</u>	<u>407,927</u>	<u>269,163</u>
<i>Fund Balance at Beginning of Period</i>	2,608,042	2,608,042	2,608,042	--
Fund Balance at End of Period	<u>\$ 2,752,542</u>	<u>\$ 2,746,806</u>	<u>\$ 3,015,969</u>	<u>\$ 269,163</u>

Concluded.

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Road Patrol
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 2,322,476	\$ 2,322,476	\$ 2,318,357	\$ (4,119)
Intergovernmental	9,000	18,604	7,298	(11,306)
Interest and rents	5,000	5,000	7,300	2,300
Reimbursements and refunds	6,300	6,300	5,103	(1,197)
Other	300	300	43	(257)
<i>Total Revenues</i>	<u>2,343,076</u>	<u>2,352,680</u>	<u>2,338,101</u>	<u>(14,579)</u>
Expenditures				
Public safety	2,130,784	2,266,706	2,042,344	224,362
<i>Total Expenditures</i>	<u>2,130,784</u>	<u>2,266,706</u>	<u>2,042,344</u>	<u>224,362</u>
Other Financing Uses				
Transfers out	57,458	57,458	57,458	--
<i>Total Expenditures and Other Financing Uses</i>	<u>2,188,242</u>	<u>2,324,164</u>	<u>2,099,802</u>	<u>224,362</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i>	<u>154,834</u>	<u>28,516</u>	<u>238,299</u>	<u>209,783</u>
<i>Net Change in Fund Balance</i>	154,834	28,516	238,299	209,783
<i>Fund Balance at Beginning of Period</i>	<u>641,664</u>	<u>641,664</u>	<u>641,664</u>	<u>--</u>
<i>Fund Balance at End of Period</i>	\$ 796,498	\$ 670,180	\$ 879,963	\$ 209,783

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Health Department (September 30, 2018)
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Licenses and permits	\$ 138,476	\$ 137,807	\$ 167,786	\$ 29,979
Intergovernmental	2,225,585	2,429,472	2,493,655	64,183
Charges for services	402,574	399,564	530,786	131,222
Other	1,723	2,087	2,544	457
Total Revenues	<u>2,768,358</u>	<u>2,968,930</u>	<u>3,194,771</u>	<u>225,841</u>
Other Financing Sources				
Transfers in	315,000	315,000	315,000	--
Total Revenues and Other Financing Sources	<u>3,083,358</u>	<u>3,283,930</u>	<u>3,509,771</u>	<u>225,841</u>
Expenditures				
Health and welfare	2,920,164	3,114,347	3,276,493	(162,146)
Total Expenditures	<u>2,920,164</u>	<u>3,114,347</u>	<u>3,276,493</u>	<u>(162,146)</u>
Other Financing Uses				
Transfers out	187,191	187,191	180,005	7,186
Total Expenditures and Other Financing Uses	<u>3,107,355</u>	<u>3,301,538</u>	<u>3,456,498</u>	<u>(154,960)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(23,997)</u>	<u>(17,608)</u>	<u>53,273</u>	<u>70,881</u>
Net Change in Fund Balance	<u>(23,997)</u>	<u>(17,608)</u>	<u>53,273</u>	<u>70,881</u>
<i>Fund Balance at Beginning of Period</i>	1,691,326	1,691,326	1,691,326	--
Fund Balance at End of Period	<u>\$ 1,667,329</u>	<u>\$ 1,673,718</u>	<u>\$ 1,744,599</u>	<u>\$ 70,881</u>

Tuscola County
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Fiscal Years

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 623,037	\$ 644,951	\$ 663,158	\$ 640,091
Interest	2,760,220	2,658,106	2,521,804	2,359,153
Difference between expected and actual experience	(219,902)	159,878	15,636	-
Changes in assumptions	-	-	1,658,902	-
Benefit payments, including employee refunds	(2,095,285)	(2,014,650)	(1,985,077)	(1,887,760)
Other	(67,737)	(120,584)	(191,533)	3,552
Net Change in Pension Liability	<u>1,000,333</u>	<u>1,327,701</u>	<u>2,682,890</u>	<u>1,115,036</u>
<i>Total Pension Liability - Beginning</i>	35,238,873	33,911,172	31,228,282	30,113,246
Total Pension Liability - Ending (a)	<u>\$ 36,239,206</u>	<u>\$ 35,238,873</u>	<u>\$ 33,911,172</u>	<u>\$ 31,228,282</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 367,047	\$ 359,904	\$ 7,412,953	\$ 810,207
Contributions - member	316,346	340,891	339,727	340,531
Net investment income (loss)	(1,336,847)	4,201,461	3,271,744	(359,078)
Benefit payments, including employee refunds	(2,095,285)	(2,014,650)	(1,985,077)	(1,887,760)
Administrative expense	(67,064)	(66,597)	(62,743)	(52,822)
Net Change in Plan Fiduciary Net Position	<u>(2,815,803)</u>	<u>2,821,009</u>	<u>8,976,604</u>	<u>(1,148,922)</u>
<i>Plan Fiduciary Net Position - Beginning</i>	34,951,025	32,130,016	23,153,412	24,302,334
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,135,222</u>	<u>\$ 34,951,025</u>	<u>\$ 32,130,016</u>	<u>\$ 23,153,412</u>
Net Pension Liability - Ending (a) - (b)	\$ 4,103,984	\$ 287,848	\$ 1,781,156	\$ 8,074,870
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89%	99%	95%	74%
Covered payroll	\$ 5,950,007	\$ 6,087,878	\$ 6,477,636	\$ 6,216,270
Net Pension Liability as a Percentage of Covered Payroll	69%	5%	27%	130%

* Built prospectively upon implementation on GASB 68

**Tuscola County
Required Supplementary Information
Schedule of Contributions
Last Four Fiscal Years**

	2018	2017	2016	2015
Actuarially determined contribution	\$ 359,904	\$ 359,904	\$ 512,953	\$ 810,207
Contributions in relation to the actuarially determined contribution	367,047	359,904	7,412,953	810,207
Contribution excess (deficiency)	\$ 7,143	\$ -	\$ 6,900,000	\$ -
Covered payroll	5,950,007	6,087,878	6,477,636	6,216,270
Contributions as a Percentage of Covered Payroll	6%	6%	114%	13%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed
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 blend of the RP-2014 Group Annuity Mortality Table

Tuscola County - Health Department Only
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Calendar Years

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 150,565	\$ 152,467	\$ 158,379	\$ 153,469
Interest	855,148	805,787	763,788	725,814
Difference between expected and actual experience	89,266	212,934	(113,593)	-
Benefit payments, including employee refunds	(609,711)	(495,658)	(426,925)	(415,952)
Other	-	(540)	469,968	-
Net Change in Pension Liability	485,268	674,990	851,617	463,331
<i>Total Pension Liability - Beginning</i>	10,918,919	10,243,929	9,392,312	8,928,981
Total Pension Liability - Ending (a)	<u>\$ 11,404,187</u>	<u>\$ 10,918,919</u>	<u>\$ 10,243,929</u>	<u>\$ 9,392,312</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,539,650	\$ 238,920	\$ 239,690	\$ 218,688
Contributions - member	62,602	64,567	60,012	57,344
Net investment income (loss)	1,253,297	813,161	(111,384)	449,277
Benefit payments, including employee refunds	(609,711)	(495,658)	(426,925)	(415,952)
Administrative expense	(19,576)	(16,049)	(16,247)	(16,504)
Net Change in Plan Fiduciary Net Position	3,226,262	604,941	(254,854)	292,853
<i>Plan Fiduciary Net Position - Beginning</i>	7,767,837	7,162,896	7,417,750	7,124,897
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,994,099</u>	<u>\$ 7,767,837</u>	<u>\$ 7,162,896</u>	<u>\$ 7,417,750</u>
Net Pension Liability - Ending (a) - (b)	\$ 410,088	\$ 3,151,082	\$ 3,081,033	\$ 1,974,562
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96%	71%	70%	79%
Covered payroll	\$ 1,148,188	\$ 1,235,951	\$ 1,241,130	\$ 1,209,722
Net Pension Liability as a Percentage of Covered Payroll	36%	255%	248%	163%

* Built prospectively upon implementation on GASB 68

**Tuscola County - Health Department Only
Required Supplementary Information
Schedule of Contributions
Last Four Fiscal Years (Ended September 30)**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 137,667	\$ 216,504	\$ 195,960	\$ 188,823
Contributions in relation to the actuarially determined contribution	2,488,857	243,696	246,882	224,154
Contribution excess (deficiency)	\$ 2,351,190	\$ 27,192	\$ 50,922	\$ 35,331
Covered payroll	1,159,786	1,199,952	1,228,842	1,186,002
Contributions as a Percentage of Covered Payroll	215%	20%	20%	19%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 21 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	60 years
Mortality	50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Table

Tuscola County - Medical Care Community Only
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Calendar Years

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 775,341	\$ 764,075	\$ 753,907	\$ 657,495
Interest	1,372,873	1,284,659	1,161,030	1,105,285
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(90,385)	(78,860)	134,876	-
Changes in assumptions	-	-	612,268	-
Benefit payments, including employee refunds	(932,478)	(877,745)	(800,308)	(808,461)
Other	111,626	32,281	(282,777)	108,877
Net Change in Pension Liability	<u>1,236,977</u>	<u>1,124,410</u>	<u>1,578,996</u>	<u>1,063,196</u>
<i>Total Pension Liability - Beginning</i>	17,239,479	16,115,069	14,536,073	13,472,877
Total Pension Liability - Ending (a)	<u>\$ 18,476,456</u>	<u>\$ 17,239,479</u>	<u>\$ 16,115,069</u>	<u>\$ 14,536,073</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 322,829	\$ 407,013	\$ 486,598	\$ 451,869
Contributions - member	590,815	562,406	517,917	500,078
Net investment income (loss)	(648,954)	1,920,623	1,473,756	(196,455)
Benefit payments, including employee refunds	(932,478)	(877,745)	(800,308)	(808,461)
Administrative expense	(31,896)	(30,350)	(29,039)	(28,430)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(699,684)</u>	<u>1,981,947</u>	<u>1,648,924</u>	<u>(81,399)</u>
<i>Plan Fiduciary Net Position - Beginning</i>	16,385,688	14,403,741	12,754,817	12,836,216
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,686,004</u>	<u>\$ 16,385,688</u>	<u>\$ 14,403,741</u>	<u>\$ 12,754,817</u>
Net Pension Liability - Ending (a) - (b)	\$ 2,790,452	\$ 853,791	\$ 1,711,328	\$ 1,781,256
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85%	95%	89%	88%
Covered payroll	\$ 11,939,441	\$ 11,057,929	\$ 10,875,905	\$ 9,620,946
Net Pension Liability as a Percentage of Covered Payroll	23%	8%	16%	19%

* Built prospectively upon implementation on GASB 68

Tuscola County - Medical Care Community Only
Required Supplementary Information
Schedule of Contributions
Last Four Calendar Years

	2018	2017	2016	2015
Actuarially determined contribution	\$ 322,829	\$ 315,912	\$ 486,598	\$ 451,869
Contributions in relation to the actuarially determined contribution	322,829	416,912	486,598	451,869
Contribution excess (deficiency)	\$ -	\$ 101,000	\$ -	\$ -
Covered payroll	12,039,735	12,981,188	10,917,700	10,638,444
Contributions as a Percentage of Covered Payroll	3%	3%	4%	4%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed
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 blend of the RP-2014 Group Annuity Mortality Table

Combining and Individual Fund Statements and Schedules

Tuscola County

Description of Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

CDBG Housing Grant - 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 - This fund is used to account for the collection of taxes and interest due from principal residential exemption (homestead) denials.

State Survey Grant - 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 - 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 - 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 - 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) - Tuscola County implemented this valuable technology in 2014. These funds will be primarily be used to expedite the digital parcel map creation.

Indigent Defense - This fund is used to account for the operations of the indigent defense office.

911 Service Fund - This fund is used to account for grant revenues received for various non-operating emergency service expenditures.

CPL (Concealed Pistol Licensing) - 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.

Tuscola County

Description of Nonmajor Governmental Funds

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

Child Care DHS - 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.

Probate Child Care - The Child Care Fund provides services to families of youth involved in the Courts. The revenue sources are State reimbursements, charges for services, and also a County General Fund appropriation.

Soldiers Relief - The fund was established to provide services to indigent veterans who may not qualify for Veterans Trust Fund monies. The revenue source for this fund is an appropriation from the Voted Veterans Fund.

Voted Veterans - 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.

Tuscola County

Description of Nonmajor Governmental Funds

Voted Bridge - A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides resources for repair and maintenance of bridges within Tuscola County.

Voted Senior Citizens - 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.

Voted Medical Care Facility - A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides resources for the County's medical care facility to ensure that services are maintained at a consistent level.

Parks and Recreation - 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 Service - 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.

Voted Primary Road - A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides resources for repair and maintenance of primary roads within Tuscola County.

Friend of the Court, Act 294 - 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 - 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 - This fund is established to provide emergency 9-1-1 dispatch services to all law enforcement, fire and emergency medical services. The revenue sources are generated from the surcharges on landlines and wireless telephone customers.

Vassar Township Police Svc - 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.

Tuscola County

Description of Nonmajor Governmental Funds

Recycling - 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 - 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.

Mental Health Court - The revenue for this fund is financed by a grant from the State Court Administrative Office (SCAO). Mental health court is modeled after the drug court and was developed in response to the overrepresentation of people with mental illnesses in the criminal justice system.

Victim Services - The revenue source for this fund is generated by a State Grant reimbursement. The fund provides services to individuals who are victims of crimes.

Animal Shelter - The revenue sources for this fund primarily include licenses and grants. The fund provides animal shelter services within Tuscola County.

Mosquito Control - A millage passed by the voters of Tuscola County that provides the revenue source for this fund. This fund provides resources for Mosquito control within Tuscola County.

Regional DWI Court Grant - 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.

DEBT SERVICE FUNDS:

Debt service funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and costs.

Pension Obligation Bond
Health Department Pension Obligation Bond
Purdy Building Debt
Mayville Storm Sewer Debt
Richville Water System Debt
Denmark Township Sewer Debt
Wisner Township Water Distribution System

Tuscola County

Description of Nonmajor Governmental Funds

CAPITAL PROJECT FUNDS:

Capital project funds are used to account for the accumulation of resources, often through the issuance of long-term debt, for the purposes of constructing capital assets.

Building Authority

State Police Building

Other

Capital Improvements

Jail Capital Improvements Fund

Equipment/Technology Fund

PERMANENT FUNDS:

Non-expendable Cemetery Trust Fund - This fund was established with the deposits from local townships in trust for the maintenance of specific plots within cemeteries in each township. The interest earned is disbursed each year. All resources were distributed to the underlying townships during 2018.

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue						
	CDBG Housing Grant	Principal Residence Exemption	State Survey Grant Fund	Victim of Crime Act Grant	Register of Deeds Automation	HDC Stop Grant	
ASSETS							
Cash and investments	\$ 70,106	\$ 71,721	\$ --	\$ --	\$ 103,224	\$ --	\$ 129,664
Taxes receivable	--	--	--	--	--	--	--
Due from other governments	--	--	42,573	8,114	--	4,279	--
Accounts receivable	--	--	--	--	--	969	260
Prepays	--	--	--	--	--	--	--
Due from other funds	--	--	117	--	--	--	236
Contracts receivable	--	--	--	--	--	--	--
Total Assets	\$ 70,106	\$ 71,721	\$ 42,690	\$ 8,114	\$ 103,224	\$ 5,248	\$ 130,160
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ 1,620	\$ --	\$ 1,644	\$ 2,982	\$ --
Accrued liabilities	--	--	--	2,264	--	2,115	1,974
Unearned revenue	--	--	--	--	--	--	--
Due to other governmental units	--	--	--	--	--	--	--
Due to other funds	--	--	41,070	4,061	--	151	116
Advance payable	--	--	--	--	--	--	--
Total Liabilities	--	--	42,690	6,325	1,644	5,248	2,090
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	--	--	--	--	--	--	--
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	--	--	42,690	6,325	1,644	5,248	2,090
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	70,106	71,721	--	1,789	101,580	--	128,070
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	70,106	71,721	--	1,789	101,580	--	128,070
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 70,106	\$ 71,721	\$ 42,690	\$ 8,114	\$ 103,224	\$ 5,248	\$ 130,160

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue						
	Indigent Defense Fund	911 Service Fund	CPL	Local Correction Officer Training	Forfeiture Sheriff / Prosecutor	Law Library	Drug Enforcement Grant
ASSETS							
Cash and investments	\$ 302,978	\$ --	\$ 89,695	\$ 20,631	\$ 133,987	\$ 17,437	\$ --
Taxes receivable	--	--	--	--	--	--	--
Due from other governments	--	511	--	--	--	--	--
Accounts receivable	--	16,863	--	802	--	--	--
Prepays	--	--	--	--	--	--	--
Due from other funds	13,652	--	--	--	--	--	--
Contracts receivable	--	--	--	--	--	--	--
Total Assets	\$ 316,630	\$ 17,374	\$ 89,695	\$ 21,433	\$ 133,987	\$ 17,437	\$ --
LIABILITIES							
Accounts payable	\$ 17,052	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued liabilities	3,356	--	--	--	--	--	--
Unearned revenue	296,222	--	--	--	--	--	--
Due to other governmental units	--	--	--	--	--	--	--
Due to other funds	--	17,117	122	--	--	--	--
Advance payable	--	--	--	--	--	--	--
Total Liabilities	316,630	17,117	122	--	--	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	--	--	--	--	--	--	--
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	316,630	17,117	122	--	--	--	--
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	257	89,573	21,433	133,987	17,437	--
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	--	257	89,573	21,433	133,987	17,437	--
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 316,630	\$ 17,374	\$ 89,695	\$ 21,433	\$ 133,987	\$ 17,437	\$ --

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue						
	Voted MSU	Michigan Justice Training	Child Care DHS	Probate Child Care	Soldiers Relief	Voted Veterans	Voted Bridge
ASSETS							
Cash and investments	\$ 3,484	\$ 7,245	\$ 120,556	\$ 176,032	\$ 52,694	\$ 191,492	\$ 969,122
Taxes receivable	179,480	--	--	--	--	305,491	872,828
Due from other governments	--	--	--	222,472	--	--	--
Accounts receivable	--	--	--	23,814	--	--	--
Prepays	--	--	--	--	--	--	--
Due from other funds	--	--	89,761	2,300	--	--	--
Contracts receivable	--	--	--	--	--	--	--
Total Assets	\$ 182,964	\$ 7,245	\$ 210,317	\$ 424,618	\$ 52,694	\$ 496,983	\$ 1,841,950
LIABILITIES							
Accounts payable	\$ 86	\$ --	\$ 70,282	\$ 37,434	\$ --	\$ 53,252	\$ --
Accrued liabilities	--	--	--	13,888	--	--	--
Unearned revenue	--	--	--	--	--	--	--
Due to other governmental units	--	--	--	82,860	--	--	--
Due to other funds	--	--	--	90,133	--	--	--
Advance payable	80,435	--	--	--	--	--	--
Total Liabilities	80,521	--	70,282	224,315	--	53,252	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	556	--	--	--	--	1,193	12,075
Taxes Levied for a Subsequent Period	178,924	--	--	--	--	304,298	860,753
Total Liabilities and Deferred Inflows of Resources	260,001	--	70,282	224,315	--	358,743	872,828
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	7,245	140,035	200,303	52,694	138,240	969,122
Unassigned	(77,037)	--	--	--	--	--	--
Total Fund Balance	(77,037)	7,245	140,035	200,303	52,694	138,240	969,122
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 182,964	\$ 7,245	\$ 210,317	\$ 424,618	\$ 52,694	\$ 496,983	\$ 1,841,950

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue						
	Voted Senior Citizens	Voted Medical Care Facility	County Parks & Recreation	Arbela Twp Police Svc	Voted Primary Road	Friend of the Court	Family Counseling
ASSETS							
Cash and investments	\$ 95,126	\$ 1,036,150	\$ 19,445	\$ --	\$ 8,571	\$ 16,749	\$ 57,706
Taxes receivable	578,159	8,037	--	--	1,748,705	--	--
Due from other governments	--	--	--	21	--	62,023	--
Accounts receivable	--	--	--	8,972	--	182,651	--
Prepays	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	7,775	--
Contracts receivable	--	--	--	--	--	--	--
Total Assets	\$ 673,285	\$ 1,044,187	\$ 19,445	\$ 8,993	\$ 1,757,276	\$ 269,198	\$ 57,706
LIABILITIES							
Accounts payable	\$ 7,084	\$ --	\$ 176	\$ 820	\$ --	\$ 5,818	\$ --
Accrued liabilities	108	--	--	2,221	--	24,834	--
Unearned revenue	--	--	--	--	--	--	--
Due to other governmental units	--	--	--	--	--	--	--
Due to other funds	173	--	--	5,952	--	28,664	--
Advance payable	--	--	--	--	--	--	--
Total Liabilities	7,365	--	176	8,993	--	59,316	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	5,187	8,037	--	--	19,326	--	--
Taxes Levied for a Subsequent Period	572,972	--	--	--	1,729,379	--	--
Total Liabilities and Deferred Inflows of Resources	585,524	8,037	176	8,993	1,748,705	59,316	--
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	87,761	1,036,150	19,269	--	8,571	209,882	57,706
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	87,761	1,036,150	19,269	--	8,571	209,882	57,706
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 673,285	\$ 1,044,187	\$ 19,445	\$ 8,993	\$ 1,757,276	\$ 269,198	\$ 57,706

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue						
	Dispatch/911	Vassar Twp Police Svc	Recycling	Millington Twp Police	Mental Health Court	Victim Services	Animal Shelter
ASSETS							
Cash and investments	\$ 860,032	\$ --	\$ 196,745	\$ --	\$ --	\$ --	\$ 100
Taxes receivable	--	--	271,037	--	--	--	--
Due from other governments	--	--	476	878	--	19,211	25,900
Accounts receivable	345,849	16,793	41,681	19,520	9,338	--	2,971
Prepays	--	--	700	--	--	--	--
Due from other funds	7,560	--	837	--	--	--	14,776
Contracts receivable	--	--	--	--	--	--	--
Total Assets	\$ 1,213,441	\$ 16,793	\$ 511,476	\$ 20,398	\$ 9,338	\$ 19,211	\$ 43,747
LIABILITIES							
Accounts payable	\$ 1,148	\$ 227	\$ 9,256	\$ 1,586	\$ --	\$ 428	\$ 5,608
Accrued liabilities	41,955	2,815	8,441	5,041	974	214	5,422
Unearned revenue	--	--	--	--	--	--	--
Due to other governmental units	--	--	--	--	--	--	--
Due to other funds	108	13,751	62	13,771	8,364	18,457	1,806
Advance payable	--	--	--	--	--	--	--
Total Liabilities	43,211	16,793	17,759	20,398	9,338	19,099	12,836
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	--	--	2,151	--	--	--	--
Taxes Levied for a Subsequent Period	--	--	268,886	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	43,211	16,793	288,796	20,398	9,338	19,099	12,836
FUND BALANCE							
Nonspendable	--	--	700	--	--	--	--
Restricted	1,170,230	--	221,980	--	--	112	30,911
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	1,170,230	--	222,680	--	--	112	30,911
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,213,441	\$ 16,793	\$ 511,476	\$ 20,398	\$ 9,338	\$ 19,211	\$ 43,747

**Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue		Debt Service				
	Mosquito Control Fund	Regional DWI Court Grant	Pension Obligation Bond	Health Department Pension Obligation Bond	Purdy Building	Mayville Storm Sewer Debt	Richville Water System Debt
ASSETS							
Cash and investments	\$ 287,278	\$ 22,760	\$ --	\$ 77	\$ 799	\$ --	\$ --
Taxes receivable	1,145,535	--	--	--	--	--	--
Due from other governments	--	--	--	--	--	--	--
Accounts receivable	--	40,052	--	--	--	--	--
Prepays	--	--	--	--	--	--	--
Due from other funds	1,794	--	31,962	--	--	--	--
Contracts receivable	--	--	--	--	--	935,333	70,204
<i>Total Assets</i>	\$ 1,434,607	\$ 62,812	\$ 31,962	\$ 77	\$ 799	\$ 935,333	\$ 70,204
LIABILITIES							
Accounts payable	\$ 157,271	\$ 3,798	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued liabilities	10,256	3,388	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--
Due to other governmental units	--	--	--	--	--	--	--
Due to other funds	354	247	31,878	--	--	--	--
Advance payable	--	--	--	--	--	--	--
<i>Total Liabilities</i>	167,881	7,433	31,878	--	--	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	14,522	--	--	--	--	935,333	70,204
Taxes Levied for a Subsequent Period	1,131,013	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	1,313,416	7,433	31,878	--	--	935,333	70,204
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	121,191	55,379	84	77	799	--	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	121,191	55,379	84	77	799	--	--
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 1,434,607	\$ 62,812	\$ 31,962	\$ 77	\$ 799	\$ 935,333	\$ 70,204

Tuscola County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Debt Service		Capital Projects				Permanent	Total Nonmajor Governmental Funds
	Denmark Twp Sewer Debt	Wisner Twp Water Dist Sys	State Police Building	Capital Improvements	Jail Capital Improvements	Equipment/Tech nology Fund	Cemetery Trust	
ASSETS								
Cash and investments	\$ --	\$ --	\$ 136,956	\$ 1,273,414	\$ 972,095	\$ 212,688	\$ --	\$ 7,656,759
Taxes receivable	--	--	--	--	--	--	--	5,109,272
Due from other governments	--	--	--	--	--	--	--	386,458
Accounts receivable	--	--	--	905	--	--	--	711,440
Prepays	--	--	--	--	--	--	--	700
Due from other funds	--	--	--	473,964	--	350,000	--	994,734
Contracts receivable	1,852,913	2,850,896	--	--	--	--	--	5,709,346
Total Assets	\$ 1,852,913	\$ 2,850,896	\$ 136,956	\$ 1,748,283	\$ 972,095	\$ 562,688	\$ --	\$ 20,568,709
LIABILITIES								
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 19,157	\$ --	\$ 396,729
Accrued liabilities	--	--	--	--	--	--	--	129,266
Unearned revenue	--	--	--	--	--	--	--	296,222
Due to other governmental units	--	--	--	--	--	--	--	82,860
Due to other funds	--	--	--	--	--	--	--	276,357
Advance payable	--	--	--	--	--	--	--	80,435
Total Liabilities	--	--	--	--	--	19,157	--	1,261,869
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues	1,852,913	2,850,896	--	--	--	--	--	5,772,393
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--	5,046,225
Total Liabilities and Deferred Inflows of Resources	1,852,913	2,850,896	--	--	--	19,157	--	12,080,487
FUND BALANCE								
Nonspendable	--	--	--	--	--	--	--	700
Restricted	--	--	136,956	1,748,283	972,095	543,531	--	8,564,559
Unassigned	--	--	--	--	--	--	--	(77,037)
Total Fund Balance	--	--	136,956	1,748,283	972,095	543,531	--	8,488,222
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,852,913	\$ 2,850,896	\$ 136,956	\$ 1,748,283	\$ 972,095	\$ 562,688	\$ --	\$ 20,568,709

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						GIS
	CDBG Housing Grant	Principal Residence Exemption	State Survey Grant Fund	Victim of Crime Act Grant	Register of Deeds Automation	HDC Stop Grant	
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	--
Intergovernmental	14,630	178,412	70,954	81,012	--	30,922	--
Charges for services	--	--	--	--	54,415	--	58,177
Fines and forfeits	--	--	--	--	--	--	--
Interest and rents	--	682	--	--	568	--	645
Reimbursements and refunds	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total Revenues	<u>14,630</u>	<u>179,094</u>	<u>70,954</u>	<u>81,012</u>	<u>54,983</u>	<u>30,922</u>	<u>58,822</u>
Expenditures							
Judicial	--	--	--	--	--	--	--
General government	39,202	205,215	71,071	--	47,156	--	--
Public safety	--	--	--	80,724	--	30,922	43,401
Public works	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	<u>39,202</u>	<u>205,215</u>	<u>71,071</u>	<u>80,724</u>	<u>47,156</u>	<u>30,922</u>	<u>43,401</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,572)</u>	<u>(26,121)</u>	<u>(117)</u>	<u>288</u>	<u>7,827</u>	<u>--</u>	<u>15,421</u>
Other Financing Sources (Uses)							
Transfers in	--	--	117	--	--	--	30,000
Transfers out	--	(33,788)	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>(33,788)</u>	<u>117</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,000</u>
Net Change in Fund Balance	<u>(24,572)</u>	<u>(59,909)</u>	<u>--</u>	<u>288</u>	<u>7,827</u>	<u>--</u>	<u>45,421</u>
<i>Fund Balance at Beginning of Period</i>	94,678	131,630	--	1,501	93,753	--	82,649
Fund Balance at End of Period	<u>\$ 70,106</u>	<u>\$ 71,721</u>	<u>\$ --</u>	<u>\$ 1,789</u>	<u>\$ 101,580</u>	<u>\$ --</u>	<u>\$ 128,070</u>

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Indigent Defense Fund	911 Service Fund	CPL	Local Correction Officer Training	Forfeiture Sheriff / Prosecutor	Law Library	Drug Enforcement Grant
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	33,044	--	--	--	--
Intergovernmental	76,287	74,771	--	--	--	--	24,644
Charges for services	--	--	--	11,229	--	--	--
Fines and forfeits	--	--	--	--	--	6,500	--
Interest and rents	--	--	--	--	--	--	--
Reimbursements and refunds	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total Revenues	<u>76,287</u>	<u>74,771</u>	<u>33,044</u>	<u>11,229</u>	<u>--</u>	<u>6,500</u>	<u>24,644</u>
Expenditures							
Judicial	--	--	--	--	--	4,469	--
General government	89,939	--	--	--	7,484	--	--
Public safety	--	1,550	12,638	17,878	--	--	24,649
Public works	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--
Capital outlay	--	74,068	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	<u>89,939</u>	<u>75,618</u>	<u>12,638</u>	<u>17,878</u>	<u>7,484</u>	<u>4,469</u>	<u>24,649</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,652)</u>	<u>(847)</u>	<u>20,406</u>	<u>(6,649)</u>	<u>(7,484)</u>	<u>2,031</u>	<u>(5)</u>
Other Financing Sources (Uses)							
Transfers in	13,652	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>13,652</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>--</u>	<u>(847)</u>	<u>20,406</u>	<u>(6,649)</u>	<u>(7,484)</u>	<u>2,031</u>	<u>(5)</u>
Fund Balance at Beginning of Period	<u>--</u>	<u>1,104</u>	<u>69,167</u>	<u>28,082</u>	<u>141,471</u>	<u>15,406</u>	<u>5</u>
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ 257</u>	<u>\$ 89,573</u>	<u>\$ 21,433</u>	<u>\$ 133,987</u>	<u>\$ 17,437</u>	<u>\$ --</u>

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Voted MSU	Michigan Justice Training	Child Care DHS	Probate Child Care	Soldiers Relief	Voted Veterans	Voted Bridge
Revenues							
Taxes	\$ 174,166	\$ --	\$ --	\$ --	\$ --	\$ 296,198	\$ 837,996
Licenses and permits	--	--	--	--	--	--	--
Intergovernmental	--	3,700	231,481	374,642	--	--	--
Charges for services	--	--	16,372	--	--	--	--
Fines and forfeits	--	--	--	--	--	--	--
Interest and rents	189	--	--	--	--	1,516	10,888
Reimbursements and refunds	--	--	1,098	--	--	276	--
Other	--	--	--	2,556	--	--	--
Total Revenues	<u>174,355</u>	<u>3,700</u>	<u>248,951</u>	<u>377,198</u>	<u>--</u>	<u>297,990</u>	<u>848,884</u>
Expenditures							
Judicial	--	--	--	--	--	--	--
General government	--	--	--	--	--	--	--
Public safety	153,312	4,078	--	--	--	--	--
Public works	--	--	--	--	--	--	1,042,580
Health and welfare	--	--	484,355	896,959	19,456	293,646	--
Culture and recreation	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	<u>153,312</u>	<u>4,078</u>	<u>484,355</u>	<u>896,959</u>	<u>19,456</u>	<u>293,646</u>	<u>1,042,580</u>
Excess of Revenues Over (Under) Expenditures	<u>21,043</u>	<u>(378)</u>	<u>(235,404)</u>	<u>(519,761)</u>	<u>(19,456)</u>	<u>4,344</u>	<u>(193,696)</u>
Other Financing Sources (Uses)							
Transfers in	--	--	275,000	400,000	40,000	--	--
Transfers out	(762)	--	--	(84,493)	--	(45,842)	--
Net Other Financing Sources (Uses)	<u>(762)</u>	<u>--</u>	<u>275,000</u>	<u>315,507</u>	<u>40,000</u>	<u>(45,842)</u>	<u>--</u>
Net Change in Fund Balance	20,281	(378)	39,596	(204,254)	20,544	(41,498)	(193,696)
<i>Fund Balance at Beginning of Period</i>	(97,318)	7,623	100,439	404,557	32,150	179,738	1,162,818
Fund Balance at End of Period	<u>\$ (77,037)</u>	<u>\$ 7,245</u>	<u>\$ 140,035</u>	<u>\$ 200,303</u>	<u>\$ 52,694</u>	<u>\$ 138,240</u>	<u>\$ 969,122</u>

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Voted Senior Citizens	Voted Medical Care Facility	County Parks & Recreation	Arbela Twp Police Svc	Voted Primary Road	Friend of the Court	Family Counseling
Revenues							
Taxes	\$ 557,677	\$ 435,759	\$ --	\$ --	\$ 1,683,663	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	4,545
Intergovernmental	--	--	--	--	--	742,488	--
Charges for services	--	--	16,181	77,279	--	67,477	--
Fines and forfeits	--	--	--	--	--	--	--
Interest and rents	846	6,616	--	--	3,892	527	--
Reimbursements and refunds	--	--	--	--	--	20	4,120
Other	25	--	1,251	--	--	--	--
Total Revenues	558,548	442,375	17,432	77,279	1,687,555	810,512	8,665
Expenditures							
Judicial	--	--	--	--	--	903,228	544
General government	--	--	--	--	--	--	--
Public safety	--	--	--	77,279	--	--	--
Public works	--	--	--	--	1,694,812	--	--
Health and welfare	522,908	423,063	--	--	--	--	--
Culture and recreation	--	--	17,589	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	522,908	423,063	17,589	77,279	1,694,812	903,228	544
Excess of Revenues Over (Under) Expenditures	35,640	19,312	(157)	--	(7,257)	(92,716)	8,121
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	242,970	--
Transfers out	(4,318)	(1,309)	--	--	--	(205,675)	--
Net Other Financing Sources (Uses)	(4,318)	(1,309)	--	--	--	37,295	--
Net Change in Fund Balance	31,322	18,003	(157)	--	(7,257)	(55,421)	8,121
<i>Fund Balance at Beginning of Period</i>	56,439	1,018,147	19,426	--	15,828	265,303	49,585
Fund Balance at End of Period	\$ 87,761	\$ 1,036,150	\$ 19,269	\$ --	\$ 8,571	\$ 209,882	\$ 57,706

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Dispatch/911	Vassar Twp Police Svc	Recycling	Millington Twp Police	Mental Health Court	Victim Services	Animal Shelter
Revenues							
Taxes	\$ --	\$ --	\$ 261,737	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	116,265
Intergovernmental	10,699	81,429	--	163,664	22,164	83,479	25,900
Charges for services	1,107,158	--	60,892	--	--	--	7,263
Fines and forfeits	--	--	--	--	--	--	2,500
Interest and rents	11,544	--	3,637	--	--	--	67
Reimbursements and refunds	2,400	--	--	--	--	--	5,973
Other	10,890	--	221	--	--	--	5,836
Total Revenues	1,142,691	81,429	326,487	163,664	22,164	83,479	163,804
Expenditures							
Judicial	--	--	--	--	22,164	--	--
General government	--	--	--	--	--	--	--
Public safety	882,152	81,429	--	163,664	--	83,478	237,368
Public works	--	--	264,564	--	--	--	--
Health and welfare	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--
Capital outlay	--	--	69,110	--	--	--	--
Debt service - principal	--	--	7,046	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--
Total Expenditures	882,152	81,429	340,720	163,664	22,164	83,478	237,368
Excess of Revenues Over (Under) Expenditures	260,539	--	(14,233)	--	--	1	(73,564)
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	--	104,475
Transfers out	(78,784)	--	(38,938)	--	--	--	--
Net Other Financing Sources (Uses)	(78,784)	--	(38,938)	--	--	--	104,475
Net Change in Fund Balance	181,755	--	(53,171)	--	--	1	30,911
<i>Fund Balance at Beginning of Period</i>	988,475	--	275,851	--	--	111	--
Fund Balance at End of Period	\$ 1,170,230	\$ --	\$ 222,680	\$ --	\$ --	\$ 112	\$ 30,911

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue			Debt Service			
	Mosquito Control Fund	Regional DWI Court Grant	Pension Obligation Bond	Health Department Pension Obligation Bond	Purdy Building	Mayville Storm Sewer Debt	Richville Water System Debt
Revenues							
Taxes	\$ 1,100,765	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--	--
Intergovernmental	--	151,964	--	--	--	78,550	72,345
Charges for services	--	--	--	--	--	--	--
Fines and forfeits	--	--	--	--	--	--	--
Interest and rents	2,896	--	70	264	36	--	--
Reimbursements and refunds	--	--	--	--	--	--	--
Other	--	--	366,817	--	--	--	--
Total Revenues	1,103,661	151,964	366,887	264	36	78,550	72,345
Expenditures							
Judicial	--	--	--	--	--	--	--
General government	--	--	--	--	--	--	--
Public safety	--	138,424	--	--	--	--	--
Public works	--	--	--	--	--	--	--
Health and welfare	1,109,511	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	185,000	100,000	40,000	31,000	70,000
Debt service - interest	--	--	218,900	80,925	32,488	47,550	2,345
Total Expenditures	1,109,511	138,424	403,900	180,925	72,488	78,550	72,345
Excess of Revenues Over (Under) Expenditures	(5,850)	13,540	(37,013)	(180,661)	(72,452)	--	--
Other Financing Sources (Uses)							
Transfers in	--	--	1,300	180,005	73,238	--	--
Transfers out	(61,901)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	(61,901)	--	1,300	180,005	73,238	--	--
Net Change in Fund Balance	(67,751)	13,540	(35,713)	(656)	786	--	--
<i>Fund Balance at Beginning of Period</i>	188,942	41,839	35,797	733	13	--	--
Fund Balance at End of Period	\$ 121,191	\$ 55,379	\$ 84	\$ 77	\$ 799	\$ --	\$ --

Tuscola County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Debt Service		Capital Projects			Equipment/ Technology Fund	Permanent	Total Nonmajor Governmental Funds
	Denmark Twp Sewer Debt	Wisner Twp Water Dist Sys	State Police Building	Capital Improvements	Jail Capital Improvements		Cemetery Trust	
Revenues								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,347,961
Licenses and permits	--	--	--	--	--	--	--	153,854
Intergovernmental	112,096	153,719	--	--	--	--	--	2,859,952
Charges for services	--	--	--	--	--	--	--	1,476,443
Fines and forfeits	--	--	--	--	--	--	--	9,000
Interest and rents	--	--	23,551	11,238	13,807	--	20	93,499
Reimbursements and refunds	--	--	--	--	--	2,849	--	16,736
Other	--	--	--	70,000	--	--	--	457,596
Total Revenues	112,096	153,719	23,551	81,238	13,807	2,849	20	10,415,041
Expenditures								
Judicial	--	--	--	--	--	--	--	930,405
General government	--	--	--	--	--	--	--	460,067
Public safety	--	--	8,801	--	--	--	--	2,041,747
Public works	--	--	--	--	--	--	--	3,001,956
Health and welfare	--	--	--	--	--	--	--	3,749,898
Culture and recreation	--	--	--	--	--	--	6,851	24,440
Capital outlay	--	--	--	245,737	10,000	387,371	--	786,286
Debt service - principal	35,000	75,000	--	--	--	--	--	543,046
Debt service - interest	77,096	78,719	--	--	--	--	--	538,023
Total Expenditures	112,096	153,719	8,801	245,737	10,000	387,371	6,851	12,075,868
Excess of Revenues Over (Under) Expenditures	--	--	14,750	(164,499)	3,807	(384,522)	(6,831)	(1,660,827)
Other Financing Sources (Uses)								
Transfers in	--	--	--	350,000	--	571,750	--	2,282,507
Transfers out	--	--	--	--	--	(19,975)	--	(575,785)
Net Other Financing Sources (Uses)	--	--	--	350,000	--	551,775	--	1,706,722
Net Change in Fund Balance	--	--	14,750	185,501	3,807	167,253	(6,831)	45,895
<i>Fund Balance at Beginning of Period</i>	--	--	122,206	1,562,782	968,288	376,278	6,831	8,442,327
Fund Balance at End of Period	\$ --	\$ --	\$ 136,956	\$ 1,748,283	\$ 972,095	\$ 543,531	\$ --	\$ 8,488,222

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
CDBG Housing Grant
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 14,630	\$ (85,370)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>14,630</u>	<u>(85,370)</u>
Expenditures				
General government	100,000	100,000	39,202	60,798
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>39,202</u>	<u>60,798</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	(24,572)	(24,572)
Net Change in Fund Balance	--	--	(24,572)	(24,572)
<i>Fund Balance at Beginning of Period</i>	94,678	94,678	94,678	--
Fund Balance at End of Period	<u>\$ 94,678</u>	<u>\$ 94,678</u>	<u>\$ 70,106</u>	<u>\$ (24,572)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Principal Residence Exemption
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 61,300	\$ 180,700	\$ 178,412	\$ (2,288)
Interest and rents	--	750	682	(68)
Total Revenues	<u>61,300</u>	<u>181,450</u>	<u>179,094</u>	<u>(2,356)</u>
Expenditures				
General government	120,000	206,000	205,215	785
Total Expenditures	<u>120,000</u>	<u>206,000</u>	<u>205,215</u>	<u>785</u>
Other Financing Uses				
Transfers out	--	33,789	33,788	1
Total Expenditures and Other Financing Uses	<u>120,000</u>	<u>239,789</u>	<u>239,003</u>	<u>786</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>(58,700)</u>	<u>(58,339)</u>	<u>(59,909)</u>	<u>(1,570)</u>
Net Change in Fund Balance	<u>(58,700)</u>	<u>(58,339)</u>	<u>(59,909)</u>	<u>(1,570)</u>
<i>Fund Balance at Beginning of Period</i>	131,630	131,630	131,630	--
Fund Balance at End of Period	<u>\$ 72,930</u>	<u>\$ 73,291</u>	<u>\$ 71,721</u>	<u>\$ (1,570)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
State Survey Grant Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 70,954	\$ 70,954	\$ 70,954	\$ --
Total Revenues	<u>70,954</u>	<u>70,954</u>	<u>70,954</u>	<u>--</u>
Other Financing Sources				
Transfers in	--	118	117	(1)
Total Revenues and Other Financing Sources	<u>70,954</u>	<u>71,072</u>	<u>71,071</u>	<u>(1)</u>
Expenditures				
General government	70,954	71,072	71,071	1
Total Expenditures	<u>70,954</u>	<u>71,072</u>	<u>71,071</u>	<u>1</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at Beginning of Period	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Victim of Crime Act Grant
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 86,270	\$ 87,270	\$ 81,012	\$ (6,258)
Total Revenues	<u>86,270</u>	<u>87,270</u>	<u>81,012</u>	<u>(6,258)</u>
Expenditures				
Public safety	86,270	86,770	80,724	6,046
Total Expenditures	<u>86,270</u>	<u>86,770</u>	<u>80,724</u>	<u>6,046</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	500	288	(212)
Net Change in Fund Balance	--	500	288	(212)
<i>Fund Balance at Beginning of Period</i>	1,501	1,501	1,501	--
Fund Balance at End of Period	<u>\$ 1,501</u>	<u>\$ 2,001</u>	<u>\$ 1,789</u>	<u>\$ (212)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Register of Deeds Automation
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 55,000	\$ 55,000	\$ 54,415	\$ (585)
Interest and rents	300	300	568	268
Total Revenues	<u>55,300</u>	<u>55,300</u>	<u>54,983</u>	<u>(317)</u>
Expenditures				
General government	53,345	53,345	47,156	6,189
Total Expenditures	<u>53,345</u>	<u>53,345</u>	<u>47,156</u>	<u>6,189</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>1,955</u>	<u>1,955</u>	<u>7,827</u>	<u>5,872</u>
Net Change in Fund Balance	<u>1,955</u>	<u>1,955</u>	<u>7,827</u>	<u>5,872</u>
<i>Fund Balance at Beginning of Period</i>	93,753	93,753	93,753	--
Fund Balance at End of Period	<u>\$ 95,708</u>	<u>\$ 95,708</u>	<u>\$ 101,580</u>	<u>\$ 5,872</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
HDC Stop Grant
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 31,488	\$ 31,488	\$ 30,922	\$ (566)
<i>Total Revenues</i>	<u>31,488</u>	<u>31,488</u>	<u>30,922</u>	<u>(566)</u>
Expenditures				
Public safety	31,488	31,488	30,922	566
<i>Total Expenditures</i>	<u>31,488</u>	<u>31,488</u>	<u>30,922</u>	<u>566</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	--	--	--	--
<i>Net Change in Fund Balance</i>	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
GIS
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 48,000	\$ 58,600	\$ 58,177	\$ (423)
Interest and rents	300	300	645	345
Total Revenues	<u>48,300</u>	<u>58,900</u>	<u>58,822</u>	<u>(78)</u>
Other Financing Sources				
Transfers in	--	30,000	30,000	--
Total Revenues and Other Financing Sources	<u>48,300</u>	<u>88,900</u>	<u>88,822</u>	<u>(78)</u>
Expenditures				
Public safety	11,750	47,289	43,401	3,888
Total Expenditures	<u>11,750</u>	<u>47,289</u>	<u>43,401</u>	<u>3,888</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>36,550</u>	<u>41,611</u>	<u>45,421</u>	<u>3,810</u>
Net Change in Fund Balance	36,550	41,611	45,421	3,810
<i>Fund Balance at Beginning of Period</i>	82,649	82,649	82,649	--
Fund Balance at End of Period	\$ 119,199	\$ 124,260	\$ 128,070	\$ 3,810

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Indigent Defense Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ --	\$ 372,509	\$ 76,287	\$ (296,222)
Total Revenues	--	372,509	76,287	(296,222)
Other Financing Sources				
Transfers in	--	13,652	13,652	--
Total Revenues and Other Financing Sources	--	386,161	89,939	(296,222)
Expenditures				
General government	--	90,032	89,939	93
Total Expenditures	--	90,032	89,939	93
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	--	296,129	--	(296,129)
Net Change in Fund Balance	--	296,129	--	(296,129)
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
Fund Balance at End of Period	\$ --	\$ 296,129	\$ --	\$ (296,129)

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
911 Service Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 74,771	\$ (15,229)
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>74,771</u>	<u>(15,229)</u>
Expenditures				
Public safety	--	1,903	1,550	353
Capital outlay	90,000	89,200	74,068	15,132
Total Expenditures	<u>90,000</u>	<u>91,103</u>	<u>75,618</u>	<u>15,485</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	(1,103)	(847)	256
Net Change in Fund Balance	--	(1,103)	(847)	256
<i>Fund Balance at Beginning of Period</i>	1,104	1,104	1,104	--
Fund Balance at End of Period	<u>\$ 1,104</u>	<u>\$ 1</u>	<u>\$ 257</u>	<u>\$ 256</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
CPL
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Licenses and permits	\$ 31,200	\$ 33,600	\$ 33,044	\$ (556)
Total Revenues	<u>31,200</u>	<u>33,600</u>	<u>33,044</u>	<u>(556)</u>
Expenditures				
Public safety	16,680	17,460	12,638	4,822
Total Expenditures	<u>16,680</u>	<u>17,460</u>	<u>12,638</u>	<u>4,822</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>14,520</u>	<u>16,140</u>	<u>20,406</u>	<u>4,266</u>
Net Change in Fund Balance	14,520	16,140	20,406	4,266
<i>Fund Balance at Beginning of Period</i>	69,167	69,167	69,167	--
Fund Balance at End of Period	\$ 83,687	\$ 85,307	\$ 89,573	\$ 4,266

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Correction Officer Training
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 12,000	\$ 12,000	\$ 11,229	\$ (771)
<i>Total Revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>11,229</u>	<u>(771)</u>
Expenditures				
Public safety	16,000	18,800	17,878	922
<i>Total Expenditures</i>	<u>16,000</u>	<u>18,800</u>	<u>17,878</u>	<u>922</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	(4,000)	(6,800)	(6,649)	151
<i>Net Change in Fund Balance</i>	(4,000)	(6,800)	(6,649)	151
<i>Fund Balance at Beginning of Period</i>	28,082	28,082	28,082	--
<i>Fund Balance at End of Period</i>	\$ 24,082	\$ 21,282	\$ 21,433	\$ 151

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Forfeiture Sheriff / Prosecutor
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Fines and forfeits	\$ 40,000	\$ 40,000	\$ --	\$ (40,000)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>--</u>	<u>(40,000)</u>
Expenditures				
General government	104,655	105,055	7,484	97,571
Total Expenditures	<u>104,655</u>	<u>105,055</u>	<u>7,484</u>	<u>97,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(64,655)</u>	<u>(65,055)</u>	<u>(7,484)</u>	<u>57,571</u>
Net Change in Fund Balance	<u>(64,655)</u>	<u>(65,055)</u>	<u>(7,484)</u>	<u>57,571</u>
<i>Fund Balance at Beginning of Period</i>	141,471	141,471	141,471	--
Fund Balance at End of Period	<u>\$ 76,816</u>	<u>\$ 76,416</u>	<u>\$ 133,987</u>	<u>\$ 57,571</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Law Library
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Fines and forfeits	\$ 6,500	\$ 6,500	\$ 6,500	\$ --
<i>Total Revenues</i>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>--</u>
Expenditures				
Judicial	6,500	6,500	4,469	2,031
<i>Total Expenditures</i>	<u>6,500</u>	<u>6,500</u>	<u>4,469</u>	<u>2,031</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	--	--	2,031	2,031
<i>Net Change in Fund Balance</i>	--	--	2,031	2,031
<i>Fund Balance at Beginning of Period</i>	15,406	15,406	15,406	--
<i>Fund Balance at End of Period</i>	<u>\$ 15,406</u>	<u>\$ 15,406</u>	<u>\$ 17,437</u>	<u>\$ 2,031</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Drug Enforcement Grant
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 20,000	\$ 24,659	\$ 24,644	\$ (15)
Total Revenues	<u>20,000</u>	<u>24,659</u>	<u>24,644</u>	<u>(15)</u>
Expenditures				
Public safety	20,000	24,659	24,649	10
Total Expenditures	<u>20,000</u>	<u>24,659</u>	<u>24,649</u>	<u>10</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	(5)	(5)
Net Change in Fund Balance	--	--	(5)	(5)
<i>Fund Balance at Beginning of Period</i>	5	5	5	--
Fund Balance at End of Period	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ --</u>	<u>\$ (5)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted MSU
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 174,498	\$ 174,498	\$ 174,166	\$ (332)
Interest and rents	--	--	189	189
Total Revenues	<u>174,498</u>	<u>174,498</u>	<u>174,355</u>	<u>(143)</u>
Expenditures				
Public safety	172,854	172,854	153,312	19,542
Total Expenditures	<u>172,854</u>	<u>172,854</u>	<u>153,312</u>	<u>19,542</u>
Other Financing Uses				
Transfers out	762	762	762	--
Total Expenditures and Other Financing Uses	<u>173,616</u>	<u>173,616</u>	<u>154,074</u>	<u>19,542</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>882</u>	<u>882</u>	<u>20,281</u>	<u>19,399</u>
Net Change in Fund Balance	882	882	20,281	19,399
<i>Fund Balance at Beginning of Period</i>	(97,318)	(97,318)	(97,318)	--
Fund Balance at End of Period	<u>\$ (96,436)</u>	<u>\$ (96,436)</u>	<u>\$ (77,037)</u>	<u>\$ 19,399</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Michigan Justice Training
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 3,700	\$ (300)
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>3,700</u>	<u>(300)</u>
Expenditures				
Public safety	4,000	4,080	4,078	2
Total Expenditures	<u>4,000</u>	<u>4,080</u>	<u>4,078</u>	<u>2</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	(80)	(378)	(298)
Net Change in Fund Balance	--	(80)	(378)	(298)
<i>Fund Balance at Beginning of Period</i>	7,623	7,623	7,623	--
Fund Balance at End of Period	<u>\$ 7,623</u>	<u>\$ 7,543</u>	<u>\$ 7,245</u>	<u>\$ (298)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Child Care DHS
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 423,748	\$ 327,500	\$ 231,481	\$ (96,019)
Charges for services	20,000	20,000	16,372	(3,628)
Reimbursements and refunds	--	1,098	1,098	--
Total Revenues	<u>443,748</u>	<u>348,598</u>	<u>248,951</u>	<u>(99,647)</u>
Other Financing Sources				
Transfers in	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>--</u>
Total Revenues and Other Financing Sources	<u>718,748</u>	<u>623,598</u>	<u>523,951</u>	<u>(99,647)</u>
Expenditures				
Health and welfare	<u>867,496</u>	<u>667,512</u>	<u>484,355</u>	<u>183,157</u>
Total Expenditures	<u>867,496</u>	<u>667,512</u>	<u>484,355</u>	<u>183,157</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>(148,748)</u>	<u>(43,914)</u>	<u>39,596</u>	<u>83,510</u>
Net Change in Fund Balance	<u>(148,748)</u>	<u>(43,914)</u>	<u>39,596</u>	<u>83,510</u>
<i>Fund Balance at Beginning of Period</i>	100,439	100,439	100,439	--
Fund Balance at End of Period	<u>\$ (48,309)</u>	<u>\$ 56,525</u>	<u>\$ 140,035</u>	<u>\$ 83,510</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Probate Child Care
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 234,700	\$ 350,435	\$ 374,642	\$ 24,207
Other	85,000	4,000	2,556	(1,444)
Total Revenues	<u>319,700</u>	<u>354,435</u>	<u>377,198</u>	<u>22,763</u>
Other Financing Sources				
Transfers in	400,000	400,000	400,000	--
Total Revenues and Other Financing Sources	<u>719,700</u>	<u>754,435</u>	<u>777,198</u>	<u>22,763</u>
Expenditures				
Health and welfare	888,162	887,507	896,959	(9,452)
Total Expenditures	<u>888,162</u>	<u>887,507</u>	<u>896,959</u>	<u>(9,452)</u>
Other Financing Uses				
Transfers out	--	84,493	84,493	--
Total Expenditures and Other Financing Uses	<u>888,162</u>	<u>972,000</u>	<u>981,452</u>	<u>(9,452)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(168,462)</u>	<u>(217,565)</u>	<u>(204,254)</u>	<u>13,311</u>
Net Change in Fund Balance	(168,462)	(217,565)	(204,254)	13,311
<i>Fund Balance at Beginning of Period</i>	404,557	404,557	404,557	--
Fund Balance at End of Period	\$ 236,095	\$ 186,992	\$ 200,303	\$ 13,311

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Soldiers Relief
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
<i>Total Revenues</i>	--	--	--	--
Other Financing Sources				
Transfers in	\$ 40,000	\$ 40,000	\$ 40,000	\$ --
<i>Total Revenues and Other Financing Sources</i>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>--</u>
Expenditures				
Health and welfare	35,000	35,000	19,456	15,544
<i>Total Expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>19,456</u>	<u>15,544</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	<u>5,000</u>	<u>5,000</u>	<u>20,544</u>	<u>15,544</u>
<i>Net Change in Fund Balance</i>	5,000	5,000	20,544	15,544
<i>Fund Balance at Beginning of Period</i>	32,150	32,150	32,150	--
<i>Fund Balance at End of Period</i>	<u>\$ 37,150</u>	<u>\$ 37,150</u>	<u>\$ 52,694</u>	<u>\$ 15,544</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted Veterans
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 296,648	\$ 296,648	\$ 296,198	\$ (450)
Intergovernmental	15,000	15,000	--	(15,000)
Interest and rents	2,000	2,000	1,516	(484)
Reimbursements and refunds	--	--	276	276
<i>Total Revenues</i>	<u>313,648</u>	<u>313,648</u>	<u>297,990</u>	<u>(15,658)</u>
Expenditures				
General government	208,898	297,282	293,646	3,636
<i>Total Expenditures</i>	<u>208,898</u>	<u>297,282</u>	<u>293,646</u>	<u>3,636</u>
Other Financing Uses				
Transfers out	45,842	45,842	45,842	--
<i>Total Expenditures and Other Financing Uses</i>	<u>254,740</u>	<u>343,124</u>	<u>339,488</u>	<u>3,636</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i>	<u>58,908</u>	<u>(29,476)</u>	<u>(41,498)</u>	<u>(12,022)</u>
<i>Net Change in Fund Balance</i>	<u>58,908</u>	<u>(29,476)</u>	<u>(41,498)</u>	<u>(12,022)</u>
<i>Fund Balance at Beginning of Period</i>	179,738	179,738	179,738	--
<i>Fund Balance at End of Period</i>	<u>\$ 238,646</u>	<u>\$ 150,262</u>	<u>\$ 138,240</u>	<u>\$ (12,022)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted Bridge
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 838,814	\$ 838,814	\$ 837,996	\$ (818)
Interest and rents	8,000	10,000	10,888	888
<i>Total Revenues</i>	<u>846,814</u>	<u>848,814</u>	<u>848,884</u>	<u>70</u>
Expenditures				
Public works	1,154,493	1,154,493	1,042,580	111,913
<i>Total Expenditures</i>	<u>1,154,493</u>	<u>1,154,493</u>	<u>1,042,580</u>	<u>111,913</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>(307,679)</u>	<u>(305,679)</u>	<u>(193,696)</u>	<u>111,983</u>
<i>Net Change in Fund Balance</i>	<u>(307,679)</u>	<u>(305,679)</u>	<u>(193,696)</u>	<u>111,983</u>
<i>Fund Balance at Beginning of Period</i>	1,162,818	1,162,818	1,162,818	--
<i>Fund Balance at End of Period</i>	<u>\$ 855,139</u>	<u>\$ 857,139</u>	<u>\$ 969,122</u>	<u>\$ 111,983</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted Senior Citizens
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 558,855	\$ 558,855	\$ 557,677	\$ (1,178)
Interest and rents	2,000	2,000	846	(1,154)
Other	--	--	25	25
Total Revenues	<u>560,855</u>	<u>560,855</u>	<u>558,548</u>	<u>(2,307)</u>
Expenditures				
Health and welfare	537,585	537,585	522,908	14,677
Total Expenditures	<u>537,585</u>	<u>537,585</u>	<u>522,908</u>	<u>14,677</u>
Other Financing Uses				
Transfers out	4,318	4,318	4,318	--
Total Expenditures and Other Financing Uses	<u>541,903</u>	<u>541,903</u>	<u>527,226</u>	<u>14,677</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>18,952</u>	<u>18,952</u>	<u>31,322</u>	<u>12,370</u>
Net Change in Fund Balance	<u>18,952</u>	<u>18,952</u>	<u>31,322</u>	<u>12,370</u>
<i>Fund Balance at Beginning of Period</i>	56,439	56,439	56,439	--
Fund Balance at End of Period	<u>\$ 75,391</u>	<u>\$ 75,391</u>	<u>\$ 87,761</u>	<u>\$ 12,370</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted Medical Care Facility
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 436,326	\$ 436,326	\$ 435,759	\$ (567)
Interest and rents	5,000	7,000	6,616	(384)
Total Revenues	<u>441,326</u>	<u>443,326</u>	<u>442,375</u>	<u>(951)</u>
Expenditures				
Health and welfare	499,782	499,782	423,063	76,719
Total Expenditures	<u>499,782</u>	<u>499,782</u>	<u>423,063</u>	<u>76,719</u>
Other Financing Uses				
Transfers out	1,309	1,309	1,309	--
Total Expenditures and Other Financing Uses	<u>501,091</u>	<u>501,091</u>	<u>424,372</u>	<u>76,719</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>(59,765)</u>	<u>(57,765)</u>	<u>18,003</u>	<u>75,768</u>
Net Change in Fund Balance	<u>(59,765)</u>	<u>(57,765)</u>	<u>18,003</u>	<u>75,768</u>
<i>Fund Balance at Beginning of Period</i>	1,018,147	1,018,147	1,018,147	--
Fund Balance at End of Period	<u>\$ 958,382</u>	<u>\$ 960,382</u>	<u>\$ 1,036,150</u>	<u>\$ 75,768</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
County Parks and Recreation
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 9,550	\$ 9,550	\$ 16,181	\$ 6,631
Other	27,000	28,250	1,251	(26,999)
Total Revenues	<u>36,550</u>	<u>37,800</u>	<u>17,432</u>	<u>(20,368)</u>
Expenditures				
Culture and recreation	12,250	19,300	17,589	1,711
Total Expenditures	<u>12,250</u>	<u>19,300</u>	<u>17,589</u>	<u>1,711</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>24,300</u>	<u>18,500</u>	<u>(157)</u>	<u>(18,657)</u>
Net Change in Fund Balance	<u>24,300</u>	<u>18,500</u>	<u>(157)</u>	<u>(18,657)</u>
<i>Fund Balance at Beginning of Period</i>	19,426	19,426	19,426	--
Fund Balance at End of Period	<u>\$ 43,726</u>	<u>\$ 37,926</u>	<u>\$ 19,269</u>	<u>\$ (18,657)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Arbela Twp Police Svc
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 87,975	\$ 87,975	\$ 77,279	\$ (10,696)
<i>Total Revenues</i>	<u>87,975</u>	<u>87,975</u>	<u>77,279</u>	<u>(10,696)</u>
Expenditures				
Public safety	87,575	87,575	77,279	10,296
<i>Total Expenditures</i>	<u>87,575</u>	<u>87,575</u>	<u>77,279</u>	<u>10,296</u>
Excess (Deficiency) of Revenues				
<i>Over Expenditures</i>	400	400	--	(400)
<i>Net Change in Fund Balance</i>	400	400	--	(400)
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ --</u>	<u>\$ (400)</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Voted Primary Road
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 1,685,130	\$ 1,683,663	\$ 1,683,663	\$ --
Interest and rents	10,000	3,537	3,892	355
Total Revenues	<u>1,695,130</u>	<u>1,687,200</u>	<u>1,687,555</u>	<u>355</u>
Expenditures				
Public works	1,760,500	1,694,812	1,694,812	--
Total Expenditures	<u>1,760,500</u>	<u>1,694,812</u>	<u>1,694,812</u>	<u>--</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(65,370)</u>	<u>(7,612)</u>	<u>(7,257)</u>	<u>355</u>
Net Change in Fund Balance	<u>(65,370)</u>	<u>(7,612)</u>	<u>(7,257)</u>	<u>355</u>
<i>Fund Balance at Beginning of Period</i>	15,828	15,828	15,828	--
Fund Balance at End of Period	<u>\$ (49,542)</u>	<u>\$ 8,216</u>	<u>\$ 8,571</u>	<u>\$ 355</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Friend of the Court
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 714,300	\$ 719,300	\$ 742,488	\$ 23,188
Charges for services	76,250	76,590	67,477	(9,113)
Interest and rents	700	700	527	(173)
Reimbursements and refunds	100	100	20	(80)
Total Revenues	<u>791,350</u>	<u>796,690</u>	<u>810,512</u>	<u>13,822</u>
Other Financing Sources				
Transfers in	242,970	242,970	242,970	--
Total Revenues and Other Financing Sources	<u>1,034,320</u>	<u>1,039,660</u>	<u>1,053,482</u>	<u>13,822</u>
Expenditures				
Judicial	908,119	914,609	903,228	11,381
Total Expenditures	<u>908,119</u>	<u>914,609</u>	<u>903,228</u>	<u>11,381</u>
Other Financing Uses				
Transfers out	205,675	205,675	205,675	--
Total Expenditures and Other Financing Uses	<u>1,113,794</u>	<u>1,120,284</u>	<u>1,108,903</u>	<u>11,381</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(79,474)</u>	<u>(80,624)</u>	<u>(55,421)</u>	<u>25,203</u>
Net Change in Fund Balance	<u>(79,474)</u>	<u>(80,624)</u>	<u>(55,421)</u>	<u>25,203</u>
<i>Fund Balance at Beginning of Period</i>	265,303	265,303	265,303	--
Fund Balance at End of Period	<u>\$ 185,829</u>	<u>\$ 184,679</u>	<u>\$ 209,882</u>	<u>\$ 25,203</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Family Counseling
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 4,545	\$ (455)
Reimbursements and refunds	5,000	5,000	4,120	(880)
<i>Total Revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>8,665</u>	<u>(1,335)</u>
Expenditures				
Judicial	10,000	10,000	544	9,456
<i>Total Expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>544</u>	<u>9,456</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>--</u>	<u>--</u>	<u>8,121</u>	<u>8,121</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>--</u>	<u>8,121</u>	<u>8,121</u>
<i>Fund Balance at Beginning of Period</i>	49,585	49,585	49,585	--
<i>Fund Balance at End of Period</i>	<u>\$ 49,585</u>	<u>\$ 49,585</u>	<u>\$ 57,706</u>	<u>\$ 8,121</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Dispatch/911
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 10,699	\$ (1,301)
Charges for services	1,110,500	1,110,500	1,107,158	(3,342)
Interest and rents	7,600	7,600	11,544	3,944
Reimbursements and refunds	2,400	2,400	2,400	--
Other	500	10,890	10,890	--
Total Revenues	<u>1,133,000</u>	<u>1,143,390</u>	<u>1,142,691</u>	<u>(699)</u>
Expenditures				
Public safety	1,607,864	1,660,899	882,152	778,747
Total Expenditures	<u>1,607,864</u>	<u>1,660,899</u>	<u>882,152</u>	<u>778,747</u>
Other Financing Uses				
Transfers out	78,784	78,784	78,784	--
Total Expenditures and Other Financing Uses	<u>1,686,648</u>	<u>1,739,683</u>	<u>960,936</u>	<u>778,747</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>(553,648)</u>	<u>(596,293)</u>	<u>181,755</u>	<u>778,048</u>
Net Change in Fund Balance	<u>(553,648)</u>	<u>(596,293)</u>	<u>181,755</u>	<u>778,048</u>
<i>Fund Balance at Beginning of Period</i>	988,475	988,475	988,475	--
Fund Balance at End of Period	<u>\$ 434,827</u>	<u>\$ 392,182</u>	<u>\$ 1,170,230</u>	<u>\$ 778,048</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Vassar Twp Police Svc
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
Revenues				
Intergovernmental	\$ 91,144	\$ 91,144	\$ 81,429	\$ (9,715)
Total Revenues	<u>91,144</u>	<u>91,144</u>	<u>81,429</u>	<u>(9,715)</u>
Expenditures				
Public safety	91,144	91,144	81,429	9,715
Total Expenditures	<u>91,144</u>	<u>91,144</u>	<u>81,429</u>	<u>9,715</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	--	--
Net Change in Fund Balance	--	--	--	--
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Recycling
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 261,748	\$ 261,748	\$ 261,737	\$ (11)
Charges for services	57,500	63,300	60,892	(2,408)
Interest and rents	3,800	3,800	3,637	(163)
Other	10	240	221	(19)
<i>Total Revenues</i>	<u>323,058</u>	<u>329,088</u>	<u>326,487</u>	<u>(2,601)</u>
Expenditures				
Public works	395,803	454,424	264,564	189,860
Capital outlay	70,237	70,237	69,110	1,127
Debt service - principal	7,046	7,046	7,046	--
<i>Total Expenditures</i>	<u>473,086</u>	<u>531,707</u>	<u>340,720</u>	<u>190,987</u>
Other Financing Uses				
Transfers out	38,938	38,938	38,938	--
<i>Total Expenditures and Other Financing Uses</i>	512,024	570,645	379,658	190,987
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i>	<u>(188,966)</u>	<u>(241,557)</u>	<u>(53,171)</u>	<u>188,386</u>
<i>Net Change in Fund Balance</i>	(188,966)	(241,557)	(53,171)	188,386
<i>Fund Balance at Beginning of Period</i>	275,851	275,851	275,851	--
<i>Fund Balance at End of Period</i>	<u>\$ 86,885</u>	<u>\$ 34,294</u>	<u>\$ 222,680</u>	<u>\$ 188,386</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Millington Twp Police
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 174,075	\$ 174,075	\$ 163,664	\$ (10,411)
Total Revenues	<u>174,075</u>	<u>174,075</u>	<u>163,664</u>	<u>(10,411)</u>
Expenditures				
Public safety	174,075	174,075	163,664	10,411
Total Expenditures	<u>174,075</u>	<u>174,075</u>	<u>163,664</u>	<u>10,411</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	--	--
Net Change in Fund Balance	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Mental Health Court
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 24,500	\$ 24,495	\$ 22,164	\$ (2,331)
Total Revenues	<u>24,500</u>	<u>24,495</u>	<u>22,164</u>	<u>(2,331)</u>
Expenditures				
Judicial	24,500	24,495	22,164	2,331
Total Expenditures	<u>24,500</u>	<u>24,495</u>	<u>22,164</u>	<u>2,331</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	--	--
Net Change in Fund Balance	--	--	--	--
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Victim Services
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 84,855	\$ 84,855	\$ 83,479	\$ (1,376)
Total Revenues	<u>84,855</u>	<u>84,855</u>	<u>83,479</u>	<u>(1,376)</u>
Expenditures				
Public safety	84,855	84,855	83,478	1,377
Total Expenditures	<u>84,855</u>	<u>84,855</u>	<u>83,478</u>	<u>1,377</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	1	1
Net Change in Fund Balance	--	--	1	1
<i>Fund Balance at Beginning of Period</i>	111	111	111	--
Fund Balance at End of Period	<u>\$ 111</u>	<u>\$ 111</u>	<u>\$ 112</u>	<u>\$ 1</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Animal Shelter
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Licenses and permits	\$ --	\$ 117,581	\$ 116,265	\$ (1,316)
Intergovernmental	--	25,900	25,900	--
Charges for services	--	6,300	7,263	963
Fines and forfeits	--	2,500	2,500	--
Interest and rents	--	50	67	17
Reimbursements and refunds	--	6,500	5,973	(527)
Other	--	5,000	5,836	836
<i>Total Revenues</i>	--	163,831	163,804	(27)
Other Financing Sources				
Transfers in	--	104,475	104,475	--
<i>Total Revenues and Other Financing Sources</i>	--	268,306	268,279	(27)
Expenditures				
Public safety	--	257,524	237,368	20,156
<i>Total Expenditures</i>	--	257,524	237,368	20,156
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	--	10,782	30,911	20,129
<i>Net Change in Fund Balance</i>	--	10,782	30,911	20,129
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	\$ --	\$ 10,782	\$ 30,911	\$ 20,129

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Mosquito Control Fund
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 1,102,130	\$ 1,102,130	\$ 1,100,765	\$ (1,365)
Interest and rents	2,000	2,000	2,896	896
Total Revenues	<u>1,104,130</u>	<u>1,104,130</u>	<u>1,103,661</u>	<u>(469)</u>
Expenditures				
Health and welfare	1,081,527	1,181,332	1,109,511	71,821
Total Expenditures	<u>1,081,527</u>	<u>1,181,332</u>	<u>1,109,511</u>	<u>71,821</u>
Other Financing Uses				
Transfers out	61,901	61,901	61,901	--
Total Expenditures and Other Financing Uses	<u>1,143,428</u>	<u>1,243,233</u>	<u>1,171,412</u>	<u>71,821</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>(39,298)</u>	<u>(139,103)</u>	<u>(67,751)</u>	<u>71,352</u>
Net Change in Fund Balance	<u>(39,298)</u>	<u>(139,103)</u>	<u>(67,751)</u>	<u>71,352</u>
<i>Fund Balance at Beginning of Period</i>	188,942	188,942	188,942	--
Fund Balance at End of Period	<u>\$ 149,644</u>	<u>\$ 49,839</u>	<u>\$ 121,191</u>	<u>\$ 71,352</u>

Tuscola County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Regional DWI Court Grant
For the year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental	\$ 199,000	\$ 199,000	\$ 151,964	\$ (47,036)
Total Revenues	<u>199,000</u>	<u>199,000</u>	<u>151,964</u>	<u>(47,036)</u>
Expenditures				
Public safety	219,000	227,500	138,424	89,076
Total Expenditures	<u>219,000</u>	<u>227,500</u>	<u>138,424</u>	<u>89,076</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(20,000)</u>	<u>(28,500)</u>	13,540	42,040
Net Change in Fund Balance	<u>(20,000)</u>	<u>(28,500)</u>	13,540	42,040
<i>Fund Balance at Beginning of Period</i>	41,839	41,839	41,839	--
Fund Balance at End of Period	<u>\$ 21,839</u>	<u>\$ 13,339</u>	<u>\$ 55,379</u>	<u>\$ 42,040</u>

Tuscola County

Description of Internal Service Funds

INTERNAL SERVICE FUNDS:

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

Workers' Compensation Insurance - 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 - 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, 2018

	Internal Service			Total Internal Service Funds
	Motor Pool Fund	Workers' Compensation Insurance	Health Insurance	
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 12,791	\$ 53,402	\$ 709,120	\$ 775,313
Prepaid items	--	26,121	--	26,121
Total Assets	12,791	79,523	709,120	801,434
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	158	250	--	408
Accrued liabilities	--	--	121,434	121,434
Due to other funds	--	--	77,797	77,797
Total Liabilities	158	250	199,231	199,639
NET POSITION				
<i>Unrestricted</i>	12,633	79,273	509,889	601,795
Total Net Position	\$ 12,633	\$ 79,273	\$ 509,889	\$ 601,795

Tuscola County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year Ended December 31, 2018

	Internal Service			Total Internal Service Funds
	Motor Pool Fund	Workers' Compensation Insurance	Health Insurance	
Operating Revenues				
Charges for services	\$ 8,445	\$ 33,866	\$ 2,645,938	\$ 2,688,249
Total Operating Revenues	8,445	33,866	2,645,938	2,688,249
Operating Expenses				
Operation and maintenance	1,850	118,431	2,600,854	2,721,135
Total Operating Expenses	1,850	118,431	2,600,854	2,721,135
Operating Income (Loss)	6,595	(84,565)	45,084	(32,886)
Change In Net Position	6,595	(84,565)	45,084	(32,886)
<i>Net Position at Beginning of Period</i>	6,038	163,838	464,805	634,681
Net Position at End of Period	\$ 12,633	\$ 79,273	\$ 509,889	\$ 601,795

Tuscola County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Funds			Total Internal Service Funds
	Motor Pool Fund	Workers' Compensation Insurance	Health Insurance	
Cash flows from operating activities				
Cash received from interfund services	\$ 8,445	\$ 33,866	\$ 2,704,799	\$ 2,747,110
Cash payments to suppliers	(1,757)	(115,057)	(2,601,019)	(2,717,833)
Total cash from (used by) operating activities	<u>6,688</u>	<u>(81,191)</u>	<u>103,780</u>	<u>29,277</u>
Cash flows from noncapital financing activities				
Net increase in due to other funds	1,282	-	18,936	20,218
Total cash flows from noncapital financing activities	<u>1,282</u>	<u>-</u>	<u>18,936</u>	<u>20,218</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	7,970	(81,191)	122,716	49,495
<i>Cash and cash equivalents - beginning of the year</i>	4,821	134,593	586,404	725,818
<i>Cash and cash equivalents - end of the year</i>	<u>\$ 12,791</u>	<u>\$ 53,402</u>	<u>\$ 709,120</u>	<u>\$ 775,313</u>

Tuscola County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	<u>Internal Service Funds</u>			<u>Total Internal Service Funds</u>
	<u>Motor Pool Fund</u>	<u>Workers' Compensation Insurance</u>	<u>Health Insurance</u>	
Cash flows from operating activities				
Operating income (loss)	\$ 6,595	\$ (84,565)	\$ 45,084	\$ (32,886)
Adjustments to reconcile operating income to net cash provided by (used in) operations:				
Changes in assets and liabilities:				
Accounts receivable	-	-	58,861	58,861
Prepaid items	-	3,124	-	3,124
Accounts payable	93	250	-	343
Accrued liabilities	-	-	(165)	(165)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 6,688</u>	<u>\$ (81,191)</u>	<u>\$ 103,780</u>	<u>\$ 29,277</u>

Tuscola County
Description of Fiduciary Funds

FIDUCIARY FUNDS

Trust and Agency - 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 - 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.

Inmates' Trust - The inmates' trust fund tracks deposits provided for the benefit and use of the County's inmates.

Tuscola County
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018

	Agency			Total Agency Funds
	General Agency	Library Penal Fine Fund	Inmates' Trust	
ASSETS				
Cash and investments	\$ 1,312,659	\$ 20,041	\$ 20,360	\$ 1,353,060
<i>Total Assets</i>	1,312,659	20,041	20,360	1,353,060
LIABILITIES				
Accrued liabilities	945,808	-	20,360	966,168
Undistributed receipts	-	20,041	-	20,041
Due to other governmental units	366,851	-	-	366,851
<i>Total Liabilities</i>	\$ 1,312,659	\$ 20,041	\$ 20,360	\$ 1,353,060

Tuscola County
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2018

	General Agency			
	December 31, 2017	Additions	Deductions	December 31, 2018
ASSETS				
Cash and investments	\$ 959,767	\$ 20,486,292	\$ 20,133,400	\$ 1,312,659
<i>Total Assets</i>	<u>959,767</u>	<u>20,486,292</u>	<u>20,133,400</u>	<u>1,312,659</u>
LIABILITIES				
Accounts payable	72	3,095,157	3,095,229	-
Accrued liabilities	406,142	1,105,259	565,593	945,808
Undistributed receipts	159	8,285,037	8,285,196	-
Due to other governmental units	553,394	10,287,909	10,474,452	366,851
<i>Total Liabilities</i>	<u>\$ 959,767</u>	<u>\$ 22,773,362</u>	<u>\$ 22,420,470</u>	<u>\$ 1,312,659</u>

	Library Penal Fine Fund			
	December 31, 2017	Additions	Deductions	December 31, 2018
ASSETS				
Cash and investments	\$ 18,329	\$ 280,660	\$ 278,948	\$ 20,041
<i>Total Assets</i>	<u>18,329</u>	<u>280,660</u>	<u>278,948</u>	<u>20,041</u>
LIABILITIES				
Accounts payable	-	272,378	272,378	-
Undistributed receipts	18,329	278,948	277,236	20,041
<i>Total Liabilities</i>	<u>\$ 18,329</u>	<u>\$ 551,326</u>	<u>\$ 549,614</u>	<u>\$ 20,041</u>

	Inmates' Trust			
	December 31, 2017	Additions	Deductions	December 31, 2018
ASSETS				
Cash and investments	\$ -	\$ 20,360	\$ -	\$ 20,360
<i>Total Assets</i>	<u>-</u>	<u>20,360</u>	<u>-</u>	<u>20,360</u>
LIABILITIES				
Accrued liabilities	-	20,360	-	20,360
<i>Total Liabilities</i>	<u>\$ -</u>	<u>\$ 20,360</u>	<u>\$ -</u>	<u>\$ 20,360</u>

	Total Agency Funds			
	December 31, 2017	Additions	Deductions	December 31, 2018
ASSETS				
Cash and investments	\$ 978,096	\$ 20,787,312	\$ 20,412,348	\$ 1,353,060
<i>Total Assets</i>	<u>978,096</u>	<u>20,787,312</u>	<u>20,412,348</u>	<u>1,353,060</u>
LIABILITIES				
Accounts payable	72	3,367,535	3,367,607	-
Accrued liabilities	406,142	1,125,619	565,593	966,168
Undistributed receipts	18,488	8,563,985	8,562,432	20,041
Due to other governmental units	553,394	10,287,909	10,474,452	366,851
<i>Total Liabilities</i>	<u>\$ 978,024</u>	<u>\$ 19,977,513</u>	<u>\$ 19,602,477</u>	<u>\$ 1,353,060</u>

Component Unit

**Tuscola County Drains
Statement of Net Position
December 31, 2018**

ASSETS

Current Assets

Cash and investments	\$	5,838,863
Current portion of special assessments receivable		523,358
Total Current Assets		6,362,221

Noncurrent Assets

Capital assets, net of depreciation		16,300,484
Special assessments receivable		3,806,479
Total Assets		26,469,184

LIABILITIES

Current Liabilities

Accounts payable		36,860
Accrued interest payable		12,174
Due to other governments		510,000
Current portion of long-term debt		511,184
Total Current Liabilities		1,070,218

Noncurrent Liabilities

Long-term debt		3,143,657
Total Liabilities		4,213,875

NET POSITION

Net investment of capital assets		12,645,643
<i>Restricted for:</i>		
Restricted - debt service		1,414,691
Restricted - drain projects		3,877,312
<i>Unrestricted</i>		4,317,663
Total Net Position	\$	22,255,309

**Tuscola County Drains
Statement of Activities
For the year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Drain maintenance	\$ 1,974,569	\$ 1,967,827	\$ --	\$ --	\$ (6,742)
Interest and charges on long-term debt	169,206	--	--	--	(169,206)
Total	\$ 2,143,775	\$ 1,967,827	\$ --	\$ --	\$ (175,948)
General Purpose Revenues:					
					75,627
					<u>75,627</u>
					(100,321)
					22,355,630
					<u>\$ 22,255,309</u>

**Tuscola County Drains
Balance Sheet
Governmental Funds
December 31, 2018**

	Debt Service						
	General	Northwest Debt Retirement	Shebeon Inter County Debt	Reese Intercounty Debt	Bach & Branches Debt	Moore Debt Retirement	Armbruster I/C Debt
ASSETS							
Cash and investments	\$ 88,533	\$ 1,028,565	\$ 10,152	\$ --	\$ 251,010	\$ 11,555	\$ 25,323
Due from other funds	637,225	--	--	--	--	--	--
Special assessments receivable	--	311,632	--	--	379,588	1,216,805	84,581
Total Assets	\$ 725,758	\$ 1,340,197	\$ 10,152	\$ --	\$ 630,598	\$ 1,228,360	\$ 109,904
LIABILITIES							
Accounts payable	\$ 15,758	\$ --	\$ --	\$ --	\$ 250	\$ --	\$ --
Due to other governments	510,000	--	--	--	--	--	--
Due to other funds	200,000	--	--	--	--	--	--
Total Liabilities	725,758	--	--	--	250	--	--
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	--	311,632	--	--	379,588	1,216,805	84,581
Total Liabilities and Deferred Inflows of Resources	725,758	311,632	--	--	379,838	1,216,805	84,581
FUND BALANCE							
Restricted	--	1,028,565	10,152	--	250,760	11,555	25,323
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	--	1,028,565	10,152	--	250,760	11,555	25,323
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 725,758	\$ 1,340,197	\$ 10,152	\$ --	\$ 630,598	\$ 1,228,360	\$ 109,904

**Tuscola County Drains
Balance Sheet
Governmental Funds
December 31, 2018**

	Debt Service				Capital Projects		
	Akron Main Street Debt	Pigeon River I/C Debt	Fulton Street Drain Debt	Indian Creek I/C	Yax North Debt Retirement	Special Drain	Northwest Construction
ASSETS							
Cash and investments	\$ 17,363	\$ 8,634	\$ 43,391	\$ 12,681	\$ 6,403	\$ 3,502,865	\$ 19,484
Due from other funds	--	--	--	--	--	--	529,920
Special assessments receivable	279,920	127,990	619,805	354,332	462,000	493,184	--
Total Assets	\$ 297,283	\$ 136,624	\$ 663,196	\$ 367,013	\$ 468,403	\$ 3,996,049	\$ 549,404
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 136	\$ 20,645	\$ --
Due to other governments	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	1,117,145	--
Total Liabilities	--	--	--	--	136	1,137,790	--
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	279,920	127,990	619,805	354,332	462,000	493,184	--
Total Liabilities and Deferred Inflows of Resources	279,920	127,990	619,805	354,332	462,136	1,630,974	--
FUND BALANCE							
Restricted	17,363	8,634	43,391	12,681	6,267	2,365,075	549,404
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	17,363	8,634	43,391	12,681	6,267	2,365,075	549,404
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 297,283	\$ 136,624	\$ 663,196	\$ 367,013	\$ 468,403	\$ 3,996,049	\$ 549,404

**Tuscola County Drains
Balance Sheet
Governmental Funds
December 31, 2018**

	Capital Projects							Total Governmental Funds
	Alder Creek Construction	Reese Inter Co Const	Bach & Branches Const	Moore Construction	Akron Main Street	Fulton Street Drain Const	Yax North Construction	
ASSETS								
Cash and investments	\$ --	\$ --	\$ 262,100	\$ 302,078	\$ 1	\$ 119,019	\$ 129,706	\$ 5,838,863
Due from other funds	150,000	--	--	--	--	--	--	1,317,145
Special assessments receivable	--	--	--	--	--	--	--	4,329,837
<i>Total Assets</i>	\$ 150,000	\$ --	\$ 262,100	\$ 302,078	\$ 1	\$ 119,019	\$ 129,706	\$ 11,485,845
LIABILITIES								
Accounts payable	\$ --	\$ --	\$ --	\$ 71	\$ --	\$ --	\$ --	\$ 36,860
Due to other governments	--	--	--	--	--	--	--	510,000
Due to other funds	--	--	--	--	--	--	--	1,317,145
<i>Total Liabilities</i>	--	--	--	71	--	--	--	1,864,005
DEFERRED INFLOWS OF RESOURCES								
Taxes levied for a subsequent period	--	--	--	--	--	--	--	4,329,837
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	--	--	71	--	--	--	6,193,842
FUND BALANCE								
Restricted	150,000	--	262,100	302,007	1	119,019	129,706	5,292,003
Unassigned	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	150,000	--	262,100	302,007	1	119,019	129,706	5,292,003
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	\$ 150,000	\$ --	\$ 262,100	\$ 302,078	\$ 1	\$ 119,019	\$ 129,706	\$ 11,485,845

**Tuscola County Drains
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2018**

Total Fund Balance - Governmental Funds	\$	5,292,003
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(12,174)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,300,484
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		4,329,837
Certain liabilities are not due and payable in the current period and are not reported in the funds.		(3,654,841)
Total Net Position - Governmental Funds	\$	<u>22,255,309</u>

Tuscola County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service						
	General	Northwest Debt Retirement	Shebeon Inter County Debt	Reese Intercounty Debt	Bach & Branches Debt	Moore Debt Retirement	Armbruster I/C Debt
Revenues							
Special assessments and other	\$ --	\$ 352,597	\$ --	\$ --	\$ 155,775	\$ 238,653	\$ 22,374
Interest income	--	8,956	204	300	3,411	2,919	178
Total Revenues	--	361,553	204	300	159,186	241,572	22,552
Expenditures							
Drain maintenance	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	150,000	1,575,000	15,757
Debt service - interest and charges	--	--	--	--	21,838	104,403	4,853
Total Expenditures	--	--	--	--	171,838	1,679,403	20,610
Excess of Revenues Over (Under) Expenditures	--	361,553	204	300	(12,652)	(1,437,831)	1,942
Other Financing Sources (Uses)							
General obligation bonds issued	--	--	--	--	--	990,000	--
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	(31,777)	--	--	--
Net Other Financing Sources (Uses)	--	--	--	(31,777)	--	990,000	--
Net Change in Fund Balance	--	361,553	204	(31,477)	(12,652)	(447,831)	1,942
Fund Balance at Beginning of Period	--	667,012	9,948	31,477	263,412	459,386	23,381
Fund Balance at End of Period	\$ --	\$ 1,028,565	\$ 10,152	\$ --	\$ 250,760	\$ 11,555	\$ 25,323

Tuscola County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service				Capital Projects		
	Akron Main Street Debt	Pigeon River I/C Debt	Fulton Street Drain Debt	Indian Creek I/C	Yax North Debt Retirement	Special Drain	Northwest Construction
Revenues							
Special assessments and other	\$ 24,936	\$ 18,487	\$ 89,009	\$ 43,830	\$ 37,704	\$ 2,044,354	\$ --
Interest income	154	64	242	57	102	41,750	3,999
Total Revenues	<u>25,090</u>	<u>18,551</u>	<u>89,251</u>	<u>43,887</u>	<u>37,806</u>	<u>2,086,104</u>	<u>3,999</u>
Expenditures							
Drain maintenance	--	--	--	--	--	1,378,217	55,076
Capital outlay	--	--	--	--	--	245,895	--
Debt service - principal	23,000	14,417	50,000	26,010	30,000	258,740	--
Debt service - interest and charges	8,745	1,643	14,475	5,196	12,391	--	--
Total Expenditures	<u>31,745</u>	<u>16,060</u>	<u>64,475</u>	<u>31,206</u>	<u>42,391</u>	<u>1,882,852</u>	<u>55,076</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,655)</u>	<u>2,491</u>	<u>24,776</u>	<u>12,681</u>	<u>(4,585)</u>	<u>203,252</u>	<u>(51,077)</u>
Other Financing Sources (Uses)							
General obligation bonds issued	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	47,255	--
Transfers out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>47,255</u>	<u>--</u>
Net Change in Fund Balance	<u>(6,655)</u>	<u>2,491</u>	<u>24,776</u>	<u>12,681</u>	<u>(4,585)</u>	<u>250,507</u>	<u>(51,077)</u>
Fund Balance at Beginning of Period	24,018	6,143	18,615	--	10,852	2,114,568	600,481
Fund Balance at End of Period	<u>\$ 17,363</u>	<u>\$ 8,634</u>	<u>\$ 43,391</u>	<u>\$ 12,681</u>	<u>\$ 6,267</u>	<u>\$ 2,365,075</u>	<u>\$ 549,404</u>

Tuscola County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Capital Projects							Total
	Alder Creek Construction	Reese Inter Co Const	Bach & Branches Const	Moore Construction	Akron Main Street	Fulton Street Drain Const	Yax North Construction	Governmental Funds
Revenues								
Special assessments and other	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,027,719
Interest income	--	154	5,258	6,140	--	691	1,048	75,627
Total Revenues	--	154	5,258	6,140	--	691	1,048	3,103,346
Expenditures								
Drain maintenance	--	--	--	7,082	--	1,160	103,907	1,545,442
Capital outlay	--	--	--	--	--	--	--	245,895
Debt service - principal	--	--	--	--	--	--	--	2,142,924
Debt service - interest and charges	--	--	--	--	--	--	--	173,544
Total Expenditures	--	--	--	7,082	--	1,160	103,907	4,107,805
Excess of Revenues Over (Under) Expenditures	--	154	5,258	(942)	--	(469)	(102,859)	(1,004,459)
Other Financing Sources (Uses)								
General obligation bonds issued	--	--	--	--	--	--	--	990,000
Transfers in	--	--	--	--	--	--	--	47,255
Transfers out	--	(15,478)	--	--	--	--	--	(47,255)
Net Other Financing Sources (Uses)	--	(15,478)	--	--	--	--	--	990,000
Net Change in Fund Balance	--	(15,324)	5,258	(942)	--	(469)	(102,859)	(14,459)
<i>Fund Balance at Beginning of Period</i>	150,000	15,324	256,842	302,949	1	119,488	232,565	5,306,462
Fund Balance at End of Period	\$ 150,000	\$ --	\$ 262,100	\$ 302,007	\$ 1	\$ 119,019	\$ 129,706	\$ 5,292,003

Tuscola County Drains
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(14,459)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position		4,338
Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. However, long-term debt payments reduce long-term liabilities on the Statement of Net Position. This represents the amount of long-term debt principal payments made during the year.		1,152,924
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources		(1,059,892)
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.		(183,232)
Changes in Net Position - Governmental Funds	\$	<u>(100,321)</u>

Statistical Section

STATISTICAL SECTION

This part 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 government's overall financial health.

Contents

Page

Financial Trends - *These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

Schedule 1 - Net Position by Component	161
Schedule 2 - Changes in Net Position	162
Schedule 3 - Fund Balances - Governmental Funds	165
Schedule 4 - Changes in Fund Balances - Governmental Funds	166

Revenue Capacity - *These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

Schedule 5 - Assessed and Estimated Actual Value of Taxable Property	168
Schedule 6 - Direct and Overlapping Property Tax Rates	169
Schedule 7 - Principal Property Tax Payers	170
Schedule 8 - Property Tax Levies and Collections	171

Debt Capacity - *These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

Schedule 9 - Ratios of Outstanding Debt by Type	172
Schedule 10 - Ratios of Net General Bonded Debt Outstanding	173
Schedule 11 - Computation of Net Direct and Overlapping Debt	174
Schedule 12 - Legal Debt Margin Information	175

Demographic and Economic Information - *These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Schedule 13 - Demographic and Economic Statistics	176
Schedule 14 - Principal Employers	177
Schedule 15 - Full-Time Equivalent County Government Employees by Function	178

Operating Information - *These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

Schedule 16 - Operating Indicators by Function/Program	179
Schedule 17 - Capital Asset Statistics by Function/Program	180

TUSCOLA COUNTY, MICHIGAN

Table 1

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338	\$ 4,934,954	\$ 4,992,236	\$ 5,265,708	\$ 5,639,829	\$ 5,380,615	\$ 5,943,571	\$ 6,071,911
Restricted	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781	1,195,900	1,864,506	2,672,329	2,882,160	10,745,988
Unrestricted	<u>6,218,185</u>	<u>6,254,015</u>	<u>6,120,317</u>	<u>6,853,468</u>	<u>6,312,514</u>	<u>6,644,960</u>	<u>(944,404)</u>	<u>(3,118,970)</u>	<u>(2,704,558)</u>	<u>(11,301,211)</u>
Total governmental activities net position	<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>	<u>\$ 6,121,173</u>	<u>\$ 5,516,688</u>
Business-type activities										
Net investment in capital assets	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175	\$ 7,030,684	\$ 7,728,386	\$ 9,337,696	\$ 10,787,341	\$ 11,154,645	\$ 10,601,748	\$ 9,941,531
Restricted	1,910,834	2,286,104	1,564,341	1,880,647	2,161,654	2,579,165	1,430,672	290,258	-	-
Unrestricted	<u>19,169,261</u>	<u>12,657,056</u>	<u>12,337,630</u>	<u>14,309,485</u>	<u>14,056,322</u>	<u>12,932,697</u>	<u>10,871,364</u>	<u>10,239,172</u>	<u>10,291,902</u>	<u>10,116,680</u>
Total business-type activities net position	<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>	<u>\$ 20,893,650</u>	<u>\$ 20,058,211</u>
Primary government										
Net investment in capital assets	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513	\$ 11,965,638	\$ 12,720,622	\$ 14,603,404	\$ 16,427,170	\$ 16,535,260	\$ 16,545,319	\$ 16,013,442
Restricted	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435	3,775,065	3,295,178	2,962,587	2,882,160	10,745,988
Unrestricted	<u>25,387,446</u>	<u>18,911,071</u>	<u>18,457,947</u>	<u>21,162,953</u>	<u>20,368,836</u>	<u>19,577,657</u>	<u>9,926,960</u>	<u>7,120,202</u>	<u>7,587,344</u>	<u>(1,184,531)</u>
Total primary government net position	<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>	<u>\$ 27,014,823</u>	<u>\$ 25,574,899</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Legislative	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073	\$ 103,402	\$ 115,714	\$ 148,172	\$ 121,672	\$ 189,753
Judicial	3,909,719	3,737,722	3,550,345	2,879,517	3,196,846	3,262,153	3,298,138	4,156,591	3,336,249	4,239,644
General government	5,711,900	5,844,575	6,755,644	6,199,985	6,321,346	6,345,529	6,701,612	7,160,516	7,235,661	6,020,818
Public safety	5,997,680	5,696,877	5,841,052	5,804,282	6,029,646	5,652,616	6,579,971	7,415,067	5,972,439	8,527,437
Public works	865,143	769,984	693,296	795,586	924,147	815,625	678,023	777,630	746,700	3,957,531
Health and welfare	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444	5,216,376	5,234,005	5,598,219	5,990,088	8,087,982
Culture and recreation	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542	66,959	24,640
Interest on debt	42,620	36,004	41,826	60,669	52,768	44,999	36,862	278,897	373,262	604,798
Total governmental activities expenses	<u>21,930,342</u>	<u>21,159,398</u>	<u>22,282,522</u>	<u>20,999,000</u>	<u>21,727,407</u>	<u>21,449,723</u>	<u>22,652,959</u>	<u>25,546,634</u>	<u>23,843,030</u>	<u>31,652,603</u>
Business-type activities:										
Medical care facility	16,390,118	17,189,496	17,899,830	18,068,414	18,849,925	19,652,039	21,153,567	22,315,039	23,181,919	24,446,586
Delinquent property tax	1,455	90	85	21	48	832	1,494	843	143	86
Water/sewage systems	312,675	299,672	284,295	258,873	242,510	526,639	304,173	293,015	281,304	-
Tax foreclosure	215,711	253,288	343,287	336,683	446,017	405,857	332,487	335,392	249,585	245,596
Total business-type activities expenses	<u>16,919,959</u>	<u>17,742,546</u>	<u>18,527,497</u>	<u>18,663,991</u>	<u>19,538,500</u>	<u>20,585,367</u>	<u>21,791,721</u>	<u>22,944,289</u>	<u>23,712,951</u>	<u>24,692,268</u>
Total primary government expenses	<u>\$ 38,850,301</u>	<u>\$ 38,901,944</u>	<u>\$ 40,810,019</u>	<u>\$ 39,662,991</u>	<u>\$ 41,265,907</u>	<u>\$ 42,035,090</u>	<u>\$ 44,444,680</u>	<u>\$ 48,490,923</u>	<u>\$ 47,555,981</u>	<u>\$ 56,344,871</u>
Program Revenues										
Governmental activities:										
Charges for services										
Judicial	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478	\$ 1,274,481	\$ 1,224,201	\$ 1,216,028	\$ 1,224,277	\$ 1,074,291	\$ 1,099,980	\$ 1,035,461
General government	806,527	761,439	689,760	749,121	744,192	740,750	874,213	1,095,603	1,256,253	1,783,175
Public safety	1,811,889	1,743,017	1,714,978	1,764,703	1,842,902	2,046,308	2,121,943	2,320,821	2,173,012	2,491,334
Public works	324,593	275,567	269,213	376,012	472,183	369,043	252,391	369,007	338,575	62,963
Health and welfare	1,191,633	742,876	810,346	822,751	683,951	586,366	620,213	672,883	691,252	764,428
Culture and recreation	2,414	3,861	1,548	2,800	3,902	3,987	5,454	5,637	29,710	16,182
Operating grants and contributions										
Judicial	1,103,077	1,364,571	1,467,812	1,250,005	1,237,672	1,252,854	1,206,663	1,201,303	1,216,914	1,419,642
General government	230,215	159,249	547,666	246,226	190,582	234,953	151,018	146,039	519,653	653,207
Public Safety	1,016,033	690,258	883,561	655,231	860,223	638,185	718,542	523,665	581,396	708,921
Health and welfare	2,541,733	2,539,046	2,543,246	2,706,160	1,969,721	2,406,930	3,070,662	2,642,757	3,133,148	3,101,141
Culture and recreation	-	-	-	-	-	-	-	-	-	1,250
Capital grants and contributions	50,264	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>10,413,785</u>	<u>9,587,350</u>	<u>10,145,608</u>	<u>9,847,490</u>	<u>9,229,529</u>	<u>9,495,404</u>	<u>10,245,376</u>	<u>10,052,006</u>	<u>11,039,893</u>	<u>12,037,704</u>

Source: Tuscola County Financial Reports

TUSCOLA COUNTY, MICHIGAN

Table 2

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

(continued)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Business-type activities:										
Charges for services										
Medical Care Community	14,746,024	16,068,197	16,801,011	18,782,303	17,120,685	17,976,404	19,314,786	19,807,248	21,399,403	22,838,849
Delinquent Tax	710,041	714,369	787,947	718,620	754,501	582,800	673,670	636,870	663,661	765,067
Water/Sewer Systems	-	-	-	-	-	-	-	-	-	-
Tax Foreclosure	159,146	187,921	-	175,909	179,424	175,250	193,571	194,918	189,286	555,174
Operating grants and contributions	-	-	207,628	-	-	-	-	-	-	-
Capital grants and contributions	589,188	299,672	284,295	258,856	242,510	400,446	304,173	293,015	281,304	-
Total business-type activities program revenues	<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>	<u>22,533,654</u>	<u>24,159,090</u>
Total primary government program revenues	<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>	<u>\$ 33,573,547</u>	<u>\$ 36,196,794</u>
Net (Expenses)/Revenue										
Governmental activities	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)	\$ (11,954,319)	\$ (12,407,583)	\$ (15,494,628)	\$ (12,803,137)	\$ (19,614,899)
Business-type activities	(715,560)	(472,387)	(446,616)	1,271,697	(1,241,380)	(1,450,467)	(1,305,521)	(2,012,238)	(1,179,297)	(533,178)
Total primary government net expense	<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>	<u>\$ (13,982,434)</u>	<u>\$ (20,148,077)</u>

TUSCOLA COUNTY, MICHIGAN

Table 2

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

(continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 8,899,366	\$ 8,238,352	\$ 8,182,316	\$ 8,138,839	\$ 8,580,677	\$ 9,218,752	\$ 10,053,314	\$ 10,186,530	\$ 10,335,424	\$ 14,500,060
Grants and contributions not restricted to specific programs	1,184,605	1,106,822	1,152,433	1,033,823	1,045,628	1,165,279	1,219,055	1,199,905	1,215,686	1,293,320
Unrestricted investment earnings	270,797	592,262	560,159	499,575	471,176	481,646	479,580	511,528	518,143	163,578
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	853,036	-
Transfers - Internal activities	857,111	872,404	908,509	842,214	825,463	734,858	771,258	913,352	1,068,047	856,663
Total governmental activities	<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>	<u>13,990,336</u>	<u>16,813,621</u>
Business-type activities:										
Property taxes	1,812,867	1,845,663	1,770,769	1,743,674	1,735,187	1,894,897	402,518	438,417	427,358	435,791
Unrestricted investment earnings	137,287	103,738	75,249	66,403	35,869	51,914	55,512	64,945	72,648	118,611
Other	523,536	509,380	693,617	665,500	973,408	1,115,105	706,953	854,935	721,561	-
Transfers - Internal activities	(848,941)	(805,776)	(860,272)	(798,862)	(777,538)	(708,253)	(715,776)	(751,361)	(832,695)	(856,663)
Total business-type activities	<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>	<u>388,872</u>	<u>(302,261)</u>
Total primary government	<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>	<u>\$ 14,379,208</u>	<u>\$ 16,511,360</u>
Change in Net Position										
Governmental activities	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)	\$ 442,438	\$ 807,112	\$ (1,705,201)	\$ 1,187,199	\$ (2,801,278)
Business-type activities	<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>	<u>(790,425)</u>	<u>(835,439)</u>
Total primary government	<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>	<u>\$ 396,774</u>	<u>\$ (3,636,717)</u>

(concluded)

TUSCOLA COUNTY, MICHIGAN

Table 3

Fund Balances, Governmental Funds, Last Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,256,998	1,337,490	-	-	-	-	-	-	-	-
Nonspendable	-	-	416,551	310,000	418,867	417,310	417,494	643,918	619,653	89,709
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	5,000	5,000
Assigned	-	-	1,248,368	1,212,000	1,272,000	1,462,000	1,463,900	2,031,720	1,645,626	1,886,936
Unassigned	-	-	691,679	1,024,692	955,077	883,279	1,035,936	418,032	337,763	1,034,324
Total General Fund	<u>\$ 1,571,893</u>	<u>\$ 1,661,213</u>	<u>\$ 2,356,598</u>	<u>\$ 2,546,692</u>	<u>\$ 2,645,944</u>	<u>\$ 2,762,589</u>	<u>\$ 2,917,330</u>	<u>\$ 3,093,670</u>	<u>\$ 2,608,042</u>	<u>\$ 3,015,969</u>
All Other Governmental Funds										
Reserved	\$ 2,047,695	\$ 2,008,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	3,235,842	3,290,124	-	-	-	-	-	-	-	-
Permanent funds	14	8	-	-	-	-	-	-	-	-
Nonspendable	-	-	79,739	106,396	86,786	65,630	42,385	31,931	54,221	47,584
Restricted	-	-	4,179,789	4,132,237	3,704,505	4,104,857	5,409,832	6,152,182	7,096,346	10,698,404
Committed	-	-	279,162	347,752	353,337	417,486	421,335	422,563	382,539	365,490
Assigned	-	-	-	-	250,000	-	201,839	715,044	1,045,418	78,343
Unassigned	-	-	-	-	-	-	-	-	-	(77,037)
Total all other governmental funds	<u>\$ 5,283,551</u>	<u>\$ 5,299,056</u>	<u>\$ 4,538,690</u>	<u>\$ 4,586,385</u>	<u>\$ 4,394,628</u>	<u>\$ 4,587,973</u>	<u>\$ 6,075,391</u>	<u>\$ 7,321,720</u>	<u>\$ 8,578,524</u>	<u>\$ 11,112,784</u>

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390	\$ 8,598,619	\$ 9,200,434	\$ 10,055,468	\$ 10,173,607	\$ 10,314,499	\$ 14,758,866
Licenses and permits	610,135	578,920	568,282	693,121	840,436	694,797	612,944	666,040	635,561	729,193
Intergovernmental										7,988,041
Federal	3,168,650	2,872,131	3,763,104	3,213,216	2,645,846	2,857,756	3,483,185	2,839,403	3,691,763	-
State	2,994,055	2,987,815	2,828,386	2,660,920	2,641,255	2,977,660	3,060,793	3,034,908	3,123,882	-
Local	484,203	484,180	420,500	437,648	435,065	439,896	541,459	904,915	900,474	-
Charges for services	3,620,834	3,728,820	3,661,697	3,824,985	3,669,283	3,454,787	3,681,642	3,592,132	3,747,441	3,983,574
Fines and forfeits	50,138	42,306	56,072	51,423	43,272	235,787	84,408	214,513	156,458	93,345
Interest and rents	641,691	592,262	560,159	499,575	471,176	481,646	479,580	511,528	518,143	514,474
Reimbursements and refunds	544,238	693,980	1,155,875	883,282	1,101,760	806,479	742,895	823,772	711,355	21,839
Other	104,769	101,205	105,329	107,407	87,655	132,135	80,814	85,711	71,681	808,352
Total revenues	20,680,903	20,432,530	21,344,266	20,517,967	20,534,367	21,281,377	22,823,188	22,846,529	23,871,257	28,897,684
Expenditures										
Legislative	146,040	139,864	101,988	102,468	104,414	103,947	111,400	103,335	123,062	135,881
Judicial	3,858,932	3,744,726	3,554,120	2,979,588	3,190,866	3,284,426	3,229,200	3,228,250	3,355,152	3,326,762
General government	5,210,485	5,073,462	5,407,442	4,987,566	4,990,297	5,270,785	5,544,831	5,593,914	6,031,459	4,854,033
Public safety	5,494,042	5,477,302	5,624,365	5,773,317	5,874,232	5,884,107	6,426,422	6,225,193	6,152,105	6,847,567
Public works	864,916	769,096	693,338	795,703	921,486	814,993	680,315	774,919	747,689	3,810,200
Health and welfare	5,111,779	4,842,755	5,264,353	5,060,626	4,983,297	5,063,682	4,913,577	5,081,040	7,889,761	7,495,126
Culture and recreation	6,541	4,401	9,725	6,899	6,137	9,023	8,634	11,542	66,959	24,440
Other	242,903	220,651	360,059	180,079	251,022	206,688	201,254	154,502	144,121	199,364
Capital outlay	1,109,845	657,795	2,569,679	1,030,783	905,437	439,982	1,068,837	583,532	1,532,745	786,286
Debt service (1)							-	-	-	-
Principal	125,565	131,538	120,000	165,000	170,000	175,000	165,000	215,000	315,000	921,324
Interest	44,490	37,959	40,626	62,963	55,147	47,463	39,156	128,754	311,205	607,970
Bond Issuance Costs	-	-	-	-	-	-	-	76,268	56,622	-
Total expenditures	22,215,538	21,099,549	23,745,695	21,144,992	21,452,335	21,300,096	22,388,626	22,176,249	26,725,880	29,008,953
Excess of revenues over (under) expenditures	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)	(18,719)	434,562	670,280	(2,854,623)	(111,269)

(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)	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Face Value of debt issue	-	-	-	-	-	-	-	6,980,000	2,475,000	-
Discounts on bonds issued	-	-	-	-	-	-	-	(2,172)	(18,378)	-
Proceeds from capital lease	-	-	-	-	-	-	-	94,500	31,130	-
Proceeds from sale of assets	-	-	-	-	-	-	-	68,629	70,000	-
Issuance of debt	-	-	-	22,600	-	-	-	-	-	-
Bond proceeds	-	-	1,029,156	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital leases	-	-	-	-	-	-	-	-	-	-
Transfer in	2,561,589	2,238,502	2,555,146	2,370,765	2,601,686	2,642,235	3,403,347	3,587,630	7,090,189	3,954,388
Transfer out	<u>(1,704,478)</u>	<u>(1,371,598)</u>	<u>(1,646,637)</u>	<u>(1,528,551)</u>	<u>(1,776,223)</u>	<u>(1,907,377)</u>	<u>(2,632,089)</u>	<u>(2,674,278)</u>	<u>(6,022,142)</u>	<u>(3,097,725)</u>
Total other financing sources (uses)	<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>	<u>3,625,799</u>	<u>856,663</u>
Special Items - Pension pre-funding	-	-	-	-	-	-	-	(6,865,581)	-	-
Net change in fund balances	<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>	<u>\$ 771,176</u>	<u>\$ 745,394</u>
Debt service as a percentage of noncapital expenditures	0.806%	0.829%	0.759%	1.133%	1.096%	1.066%	0.96%	1.59%	2.49%	5.42%

(1) Debt Service re-classed from Business Activities for 2018

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				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	Personal Property				
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%
2017	125,248,200	1,031,884,701	1,049,895,623	411,101,536	2,618,130,060	8.3121	5,236,260,120	50%
2018	125,431,100	1,048,833,555	1,057,430,600	423,069,250	2,654,764,505	8.3121	5,309,529,010	50%

Source: Tuscola County Equalization Department

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

TUSCOLA COUNTY, MICHIGAN

Table 6

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	3.5022	3.5780	3.5780	3.5780	3.5780	3.5780	3.7480	3.8480	4.3980	4.3980
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	-	-	-	-	-
Total direct rate	8.4163	8.4921	8.4921	8.4921	8.4921	7.4921	7.6621	7.7621	8.3121	8.3121
City rate										
Vassar	17.5000	17.5000	17.0000	17.0000	17.0000	16.0000	16.0000	16.0000	16.0000	16.0000
Caro (2)	-	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643	16.1643
Village rates	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	11.0000- 21.7268	11.4352- 12.6280
School district rates (1)	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	22.7479- 27.3079	21.9895- 18.0000
Township rates	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	1.0000- 6.3912	1.0000- -
District library rates	.7916- 1.4761	.7916- 1.4761	.7916- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909	.7500- 1.4909	.7428- 1.4909	.8010- 1.4909
Caro Transit Authority (3)	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

(1) Includes local, SET, and averaged 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 2018

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Consumers Energy Company	\$ 147,009,685	1	8.18%
Tuscola Bay Wind LLC	71,073,500	2	3.95%
International Transmission Co	57,389,269	3	3.19%
Tuscola Wind II LLC	43,752,050	4	2.43%
DTE Electric Company	39,792,191	5	2.21%
Tuscola Bay Wind II LLC	23,500,330	6	1.31%
Poet Biorefining Caro	11,883,630	7	0.66%
Dairy Farmers of America Inc	11,060,300	8	0.62%
Thumb Electric	7,437,790	9	0.41%
Russell Family Land Co. LLC	4,539,793	10	0.25%
<hr/>			
Totals	\$ 417,438,538		23.21%

9 Years ago 2009

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable
Detroit Edison Company	\$ 29,355,613	1	2.03%
POET-Biorefining - Caro	15,686,600	2	1.08%
Dept. of Natural Resources	9,307,034	3	0.64%
Wal-Mart Stores #01-1798	6,617,000	4	0.46%
International Transmission Co.	6,205,384	5	0.43%
Consumers Power Co.	5,551,066	6	0.38%
Thumb Electric Co-Op	5,362,019	7	0.37%
Michigan Sugar Co.	3,825,072	8	0.26%
Millenium Industries Inc.	3,748,500	9	0.26%
TI Group Automotive Services	3,199,874	10	0.22%
Walbro Corp.			
Bicgeneral Cable Ind			
Grede Vassar Inc.			
Varlen Corp.			
Kaumagraph Flint Corp.			
<hr/>			
Totals	\$ 88,858,162		6.13%

Source: Tuscola County Equalization Department.

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
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%
2017	6,812,328	6,112,770	89.73%	318,150	259,843	6,690,763	98.22%
2018	7,020,989	6,276,705	89.40%	348,809	271,466	6,896,980	98.23%

Source: Tuscola County Treasurer

TUSCOLA COUNTY, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Governmental Activities									
Fiscal Year	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Bond Discount	Equipment Loan	Capital Lease Payable			
2009	770,000	-	-	-	-	16,538			
2010	655,000	-	-	-	-	-			
2011	535,000	995,000	-	-	-	-			
2012	405,000	960,000	-	-	-	-			
2013 (1)	270,000	925,000	-	(13,184)	26,013	212,496			
2014	130,000	890,000	-	(12,438)	13,221	-			
2015	-	855,000	-	(11,692)	-	-			
2016	-	815,000	6,805,000	(13,032)	-	85,343			
2017	-	775,000	9,005,000	(29,784)	-	98,460			
2018	-	735,000	8,720,000	(28,158)	-	73,136			
Business-Type Activities									
Fiscal Year	Refunding Bonds	General Obligation Bonds	USDA Loans	Medical Care Small House	Medical Care Land Contract	Total Primary Government	Percentage of Personal Income	Per Capita (2)	
2009	-	17,356,663	-	-	-	18,143,201	7.97%	311	
2010	-	16,034,912	-	-	-	16,689,912	9.12%	286	
2011	-	13,631,114	-	-	-	15,161,114	10.89%	272	
2012	-	12,563,114	-	-	-	13,928,114	11.80%	255	
2013 (1)	3,450,000	7,559,114	5,219,000	4,600,000	-	22,248,439	7.71%	410	
2014	2,420,000	6,743,114	5,060,000	4,600,000	-	19,843,897	8.81%	367	
2015	1,320,000	6,306,114	4,969,000	4,435,000	-	17,873,422	10.43%	332	
2016	200,000	5,853,114	4,872,000	4,265,000	140,000	23,022,425	8.13%	432	
2017	-	5,398,114	4,769,000	4,090,000	70,000	24,175,790	7.79%	453	
2018	-	4,937,114	4,659,000	3,905,000	-	23,001,092	8.23%	431	

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.

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

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

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

Table 10

Fiscal Year	General Bonded Debt Outstanding						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		
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	1,733,524,072	0.4388%
2017	-	10,167,114	8,985,416	764,800	10,167,114	9,750,216	1,751,550,308	0.5567%
2018	-	9,596,114	8,701,296	725,546	9,596,114	9,426,842	1,797,785,602	0.5244%

Fiscal Year	General Bonded Debt Outstanding			Village	City	Net Overlapping	Percentage of Taxable Value
	School Districts	Townships	Intermediate Schools				
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	4.0284%
2017	54,132,775	6,597,293	43,966	7,590,666	6,332,580	74,697,280	4.2646%
2018	63,494,376	6,393,388	37,031	6,996,491	5,706,750	82,628,036	4.5961%

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, 2018

2018 Census Totals 2018 Taxable Value	52,516 1,797,785,602 (2018)	<u>Gross</u>	<u>Self-Support or Portion Paid by Benefited Municipality</u>	<u>Net</u>
Direct debt of County:				
Sewer/Water		\$ 9,596,114	\$ 9,596,114	\$ -
Capital Improvement		725,546	-	725,546
Pension Obligation Bond		8,701,296	-	8,701,296
		<u>\$ 19,022,956</u>	<u>\$ 9,596,114</u>	<u>\$ 9,426,842</u>
Per-Capita County Net Direct Debt				179.50
Percent County Net Direct Debt to 2018 Taxable				0.5244%
Overlapping Debt of County:				
School Districts				\$ 54,132,775
Townships				6,597,293
Intermediate School District				43,966
Village				7,590,666
City				6,332,580
Net Overlapping Debt				<u>\$ 74,697,280</u>
Net County and Overlapping Debt				<u>\$ 84,124,122</u>
Per-Capita County Net Direct and Overlapping Debt				\$ 1,601.88
Percent Net Direct and Overlapping Debt to Taxable Value				4.6793%

(1) Includes Primary Government

TUSCOLA COUNTY, MICHIGAN

Legal Debt Margin Information (Last Ten Fiscal Years)

Table 12

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
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%
2017	2016	2,137,597,673	213,759,767	19,917,330	\$ 193,842,437	9.32%
2018	2017	2,231,695,255	223,169,526	19,022,956	\$ 204,146,570	8.52%

TUSCOLA COUNTY, MICHIGAN

Table 13

Demographic and Economic Statistics, Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2009	55,395	1,445,494	26,094	9,991	15.5%
2010	55,665	1,522,050	26,226	9,496	14.4%
2011	55,729	1,651,680	27,589	9,518	11.4%
2012	54,662	1,643,832	29,712	9,561	9.9%
2013	54,263	1,715,147	30,923	9,140	10.5%
2014	54,000	1,748,161	31,105	8,833	8.5%
2015	53,777	1,864,226	32,820	8,772	7.8%
2016	53,338	1,870,805	34,739	8,570	6.3%
2017	52,764	1,882,424	35,676	8,365	6.4%
2018	52,516	1,894,115	36,638	8,271	5.5%

(1) Census Bureau 2010 - 2018 estimated census data. 2018 actual census data. 2010-2017 mid-year estimates

(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 2018. Estimates based on population changes, and state change in personal income.

2010-2017 updated with BEA revised estimates. BEA population estimates reflect county population estimates available as of March 2019.

(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>2018</u>					<u>2008 (3)</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	392	1	1.7%	Tuscola County	Government	475	1	1.9%
Hills & Dales General Hospital	Medical	352	2	1.6%	Caro Regional Center	Mental Health Care	412	2	1.6%
Caro Regional Center	Health Care	350	3	1.6%	Wolverine Human Services	Juvenile Rehabilitation	388	3	1.5%
Walbro - Engine Management	Manufacturing	292	4	1.3%	Hills and Dales General Hospital	Health Care	301	4	1.2%
Tuscola Intermediate School Dist	Education	260	5	1.2%	Wal-Mart, Inc.	Retail	300	5	1.2%
Caro Community Schools	Educational	200	6	0.9%	Grede-Vassar	Manufacturing	278	6	1.1%
Caro Community Hospital	Health Care	145	7	0.6%	Caro Schools	Education	264	7	1.1%
Human Development Comm.	Government Services	140	8	0.6%	Vassar School District	Education	258	8	1.0%
Walmart	Retail	120	9	0.5%	Walbro - Engine Management	Manufacturing	250	9	1.0%
Millennium Steering	Fuel System Rails	111	10	0.5%	Tuscola Intermediate School Dist.	Education	250	10	1.0%
Total		<u>2362</u>		<u>10.5%</u>	Total		<u>3176</u>		<u>12.7%</u>

(1) Full Time employee count

(2) Includes Primary Government

(3) Included all employees full time and part time. Resources not available to account for only full time

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function											
Legislative	(1)	5	5	5	5	5	5	-	-	-	-
Judicial	(2)	48	45	44	42	43	36	38	38	41	41
General Government		53	50	50	48	49	48	51	52	57	62
Public Safety		59	60	60	59	57	62	61	63	64	70
Public Works		-	-	-	-	-	-	-	-	-	-
Health and Welfare	(3)	196	189	196	200	203	215	228	226	230	230
Total		361	349	355	354	357	366	378	379	392	403

TUSCOLA COUNTY, MICHIGAN
 Operating Indicators by Function/Program,
 Last Ten Fiscal Years

Table 16

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
Public safety (1)										
Incarcerated offenders	2,157	2,025	2,002	2,054	1,761	1,987	1,742	1,521	1,572	1,578
First time offenders	589	562	577	547	514	474	548	511	491	542
Repeat offenders	1,568	1,463	1,425	1,507	1,247	1,513	1,194	1,010	1,081	1,036
Males	-	-	-	-	1,415	1,667	1,368	1,184	1,224	1,231
Females	-	-	-	-	346	320	374	337	348	347
Traffic violations and other summons issued	3,056	2,968	2,263	2,237	1,784	1,766	1,744	1,688	1,350	1,666
Complaints responded to	5,028	5,040	5,088	4,977	4,975	4,884	5,120	5,091	5,085	5,231
Physical arrests made	994	893	854	891	746	725	981	862	852	856
Accidents responded to	1,195	1,071	1,033	1,048	1,068	966	1,016	1,030	1,086	1,027
Fatal Crashes	5	2	1	11	2	8	2	2	7	7
Car Deer Accidents	667	644	621	614	609	549	599	591	643	592
Total 911 Calls received (2)	19,786	20,406	22,791	23,068	22,703	22,225	22,339	24,298	22,292	22,022
Wireless/Voip Calls	11,517	12,616	14,919	15,657	15,845	15,718	15,874	19,019	17,902	17,435
Landline Calls	8,269	7,790	7,872	7,411	6,858	6,507	6,465	5,279	4,782	4,587
Non-emergency calls	45,299	42,783	41,752	39,839	38,919	36,584	34,326	27,836	22,736	24,491
Calls for Service logged	30,165	32,604	32,165	33,226	37,850	39,283	40,512	40,521	40,057	41,145
Traffic Accidents	1,295	1,272	1,265	1,223	1,230	1,252	1,291	1,359	1,462	1,480
Car Deer	869	805	825	821	780	744	885	892	982	970
Traffic Stops	8,357	9,639	8,390	8,483	12,892	13,047	13,407	11,881	12,170	11,533
Fires	506	625	576	573	699	523	717	413	478	539
Medicals (not include accidents)	4,804	4,671	4,913	5,179	5,086	5,657	5,971	5,831	5,790	6,130
Judicial										
54th Circuit Court new case filings	1,375	1,368	1,311	1,407	1,314	1,212	1,096	1,124	1,183	1,171
71B District Court new case filings	9,451	8,922	7,670	7,680	7,783	7,111	6,975	6,806	6,510	6,586
Probate Court new case filings	349	325	343	347	400	394	379	380	396	407

(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

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

Table 17

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
Public Safety										
Sheriffs Department										
Vehicles (1)	22	23	22	22	24	21	24	25	21	24
Mileage	425,351	383,335	364,153	317,250	330,004	356,320	335,880	340,893	415,692	437,270
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	2	2	2	2	2	-
Buildings	1	1	1	1	1	1	1	1	1	1
General Government										
Building and Grounds										
Vehicles	13	11	12	12	12	10	10	11	10	7
Buildings	16	16	16	17	17	17	15	15	15	15
Mosquito control										
Vehicles	19	19	17	17	17	21	21	21	21	22
Buildings	1	1	1	1	1	1	1	1	1	1
Recycling										
Vehicles	2	2	2	2	2	3	3	3	3	2
Trailers	2	3	3	4	4	6	6	6	6	4
Buildings	1	1	1	1	1	1	1	1	1	1
Animal Control										
Vehicles	-	-	-	-	-	-	-	-	-	2
Buildings	-	-	-	-	-	-	-	-	-	1
FOC										
Vehicles	1	1	1	1	1	1	1	1	1	1
Juvenile Probation										
Vehicles	1	1	1	1	2	2	2	2	2	1
Health and Welfare										
Health Department										
Vehicles	4	4	4	4	4	5	5	6	6	6
Buildings	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Vanderbilt Park (2)										
Acres	17	17	17	17	17	17	17	17	17	17

(1) Not all vehicles used for Road Patrol

(2) Vanderbilt Park is the only county owned park

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.

**TUSCOLA COUNTY
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED DECEMBER 31, 2018**



TABLE OF CONTENTS

Page

SINGLE AUDIT ACT COMPLIANCE

Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to the Schedule of Expenditures of Federal Awards	3
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 <i>Government Auditing Standards</i>	5
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	7
Schedule of Findings & Questioned Costs	9
Summary Schedule of Prior Audit Findings	9

**INDEPENDENT AUDITOR'S REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

June 28, 2019

Members of the Board of Commissioners
Tuscola County, Michigan
Caro, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tuscola County, Michigan (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, MI
June 28, 2019

Tuscola County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

<u>Federal Agency / Cluster / Program Title</u>	<u>CFDA Number</u>	<u>Passed Through</u>	<u>Pass-Through / Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Community Facilities Loans and Grants				
Loans and Grants	10.766	Direct		\$ 2,303
Total U.S. Department of Agriculture				<u>2,303</u>
U.S. Department of Health and Human Services				
Child Support Enforcement:				
Prosecuting Attorney Cooperative Reimbursement Program	93.563	MDHHS	CSPA 17-79002	79,348
Friend of the Court Cooperative Reimbursement Program	93.563	MDHHS	CSFOC 17-79001	642,235
Title IV-D Incentive Program	93.563	MDHHS	CSFOC 17-79001	68,331
Total U.S. Department of Health and Human Services				<u>789,914</u>
U.S. Department of Justice				
Crime Victim Assistance:				
Victims of Crime Act	16.575	OCH	2017-VA-GX-0020	60,947
Victims of Crime Act	16.575	OCH	2018-VA-GX-0020	19,065
Total U.S. Department of Justice				<u>80,012</u>
U.S. Department of Transportation				
Highway Safety Impaired	20.600	MSP	PT-18-32	11,355
Total U.S. Department of Transportation				<u>11,355</u>
U.S. Department of Homeland Security				
Homeland Security Grant Program				
Homeland Security Grant	97.067	Alcona County		74,771
Emergency Management Performance Grants				
Emergency Management Performance	97.042	MSP		30,225
Boating Safety Financial Assistance				
Marine Safety Program	97.012	MDNR		12,400
Total U.S. Department of Homeland Security				<u>117,396</u>
Total Expenditures of Federal Awards				<u>\$ 1,000,980</u>

See notes to the schedule of expenditures of federal awards

Tuscola County

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The 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, 2018. 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 for 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 County’s Comprehensive Annual Financial Report. The County’s financial statements include the operations of the Tuscola County Road Commission as a discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2018, as it was separately audited. The County’s financial statements include the Tuscola County Health Department, which received federal awards that are not included in the Schedule for the year ended December 31, 2018, as the 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.

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 §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 Development Communities totaling \$2,825,000 at December 31, 2018.

Tuscola County

Notes to the Schedule of Expenditures of Federal Awards

NOTE 4 - PASS-THROUGH AGENCIES

The County received certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency	
Abbreviation	Pass-through Agency Name
MDHS	Michigan Department of Human Services
MDNR	Michigan Department of Natural Resources
OHC	Michigan Office of Community Health
MSP	Michigan Department of State Police

NOTE 5 - RECONCILIATION TO FINANCIAL STATEMENTS

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 Awards.

Interlocal revenue reported in the financial statements	
Governmental funds	\$ 7,988,041
Subtract state and local sources:	<u>6,987,061</u>
Total expenditures of federal awards	<u>\$ 1,000,980</u>

**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***

Members of the Board of Commissioners
Tuscola County, Michigan
Caro, Michigan

We have audited, in accordance with the 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 (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Tuscola County Road Commission, the Tuscola County Health Department, and the Tuscola County Medical Care Community, as described in our report on the County's financial statements. This report does not include the results of the other auditor's 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 the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 the 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.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI
June 28, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Members of the Board of Commissioners
Tuscola County, Michigan
Caro, Michigan

Report on Compliance for Each Major Federal Program

We have audited Tuscola County, Michigan's (the "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 the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Tuscola County Road Commission, the Tuscola County Health Department, and the Tuscola County Medical Care Community, which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of the Tuscola County Road Commission, the Tuscola County Health Department, and the Tuscola County Medical Care Community because they arranged for a separate financial statement audit report.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2018.

Report on Internal Control over Compliance

Management of the 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 the 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 the 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 a 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.

Purpose of this Report

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.



Gabridge & Company, PLC
Grand Rapids, MI
June 28, 2019

Tuscola County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)?	No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No findings or questioned costs in the prior year.