

# Tuscola County



## Comprehensive Annual Financial Report

Year Ended December 31, 2014

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



**For the Year Ended  
December 31, 2014**

Issued by:

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

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## I . INTRODUCTORY SECTION

**The Introductory Section contains:**

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

# TUSCOLA COUNTY CONTROLLER/ADMINISTRATOR'S OFFICE

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

125 Lincoln Street  
Caro, Michigan 48723

Telephone  
989-672-3700

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June 26, 2015

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, 2014.

This report consists of management's representations concerning the finances of Tuscola County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Tuscola County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Tuscola County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Tuscola County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Tuscola County's financial statements have been audited by Anderson, Tuckey, Bernhardt, and Doran, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Tuscola County for the fiscal year ended December 31, 2014 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Tuscola County's financial statements for the fiscal year ended December 31, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Tuscola County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Tuscola County's MD&A can be found immediately following the report of the independent auditors.

## **I - Profile of the Government**

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Tuscola County was incorporated in 1851 and is located in the east central portion of the lower peninsula of the state. The County occupies an area of approximately 816 square miles and serves a population of over 54,000.

County government is operated under a five member elected County Board of Commissioners. Members are elected on a partisan basis by district. Districts are established every 10 years through an apportionment process. (See attached County organizational chart). The County Board of Commissioners is responsible, among other things, for adoption of balanced annual operational and capital improvement budgets, determining tax levies, property equalization among local governmental units, establishing certain policies, appointing members to various boards and commissions, and appointing certain County officials.

In 1986, the Board of Commissioners established an appointed County Controller-Administrator position to be the Chief Administrative/Accounting Officer of the County. The duties of this position involve the management of the following: Recycling Operation, Mosquito Abatement, Equalization, Building and Grounds, Animal Control, Information Systems, Risk Management, Human Resources, Payroll, Corporate Council and Accounting-Budgeting and other statutory functions.

The offices of Prosecuting Attorney, Sheriff, Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large on a partisan basis and serve for a four-year term. The Judicial branch of government consists of three judges with one each in Circuit/Family Court, District Court, and Probate Court. All judges are elected at large on a non-partisan basis and serve a six-year term.

Tuscola County provides a full range of services which includes: police; dispatch; courts; jail; vital records maintenance; drainage; public health; child support and custody; care of abused, neglected, and delinquent youth; building codes; animal control; emergency services/homeland security; economic development; recycling; mosquito abatement; medical care facility; etc. <http://www.tuscolacounty.org/>

## **II - Annual County Budget Development and Reporting Process**

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

All agencies of Tuscola County are required to submit annual budget appropriation requests to the Controller-Administrator. The Controller-Administrator uses these requests as the starting point for developing a proposed budget. The Controller-Administrator then presents this proposed budget to the Board of Commissioners for review. Departments who are not in agreement with their budget have opportunities to address specific concerns with the Board of Commissioners. Budget Public Hearings are required to be held and adoption of a final budget is required no later than December 31, which is the close of Tuscola County's fiscal year.

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

## **III - Economic Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific economic and overall environment within which the County of Tuscola operates.

## **Positive and Negative Economic Indicators**

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

The county continues to recover from the 2008 to 2012 great recession that severely impacted the state and nation. With the exception of agriculture, land values have remained flat and slow to recover after unprecedented declines. However, the near term financial position for county operations has improved primarily because of the tax revenue from wind turbine and transmission line development on the northern part of the county. Assessed value increased by 10.9% from 2012 to 2013. Also, the state has restored full state revenue sharing payments which has helped to improve county finances at least on a short-term basis.

County per capita income continues to increase. The per capita income increase from 2012 to 2013 was 5.7%. During the 2008 to 2012 recessionary period per capita income increases were much lower. The county unemployment rate at the end of 2013 was 10.9%. The county unemployment rate has consistently been higher than the state and nation. The 2013 county unemployment rate is still well below the 16.0% that occurred during the height of the recession in 2009. There has been some new industrial development which has created some new job opportunities which will be further discussed below. Another positive financial indicator is that the number of property foreclosures continued to decline from 2012 to 2013.

The county continues to experience certain economic indicators of concern. Michigan was the only state in the nation to lose population from 2000 to 2010. Consistent with the state Tuscola County has many economic development challenges because it is rural and is also impacted by the manufacturing employment declines that occurred in surrounding metropolitan areas. People have been forced to seek employment outside of the state. According to the U.S. Census Bureau, county population declined from 58,041 in 2003 to 54,263 in 2013. This is a loss 3,778 people or 6.5%. The declining population is also evidenced by school enrollment declines. In 2003, school enrollment in the county was 11,547 compared to only 9,140 in 2013. It is important to note that unless more wind turbines are constructed, the amount of revenue received declines annually to 30% of the original amount in about a 10 year period.

## **Positive Steps Taken To Revitalize the Economy**

The Tuscola County Economic Development Corporation (EDC) has continued their efforts of economic development in Tuscola County. Major economic development activities accomplished during 2014 include:

### **Job Retention/Creation**

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

1. The establishment of Michigan Green Thumb Sub-Region for Huron, Sanilac, and Tuscola County EDC in the new Michigan Economic Development Corporation Region 6. The economic development benefits of the new sub region are regional grant funding, a seat on the Collaborative Development Council (CDC) Board, and giving Tuscola County an active voice in all State of Michigan Economic Development initiatives.
2. The EDC provided vital services and assistance to the Village of Cass City and Dairy Farmers of America (DFA) for Project Thumb, which is the development of a \$50 million dollar milk processing plant. This plant created 34 new jobs at a base wage of \$14.00 per hour for Phase One and 100 – 300 new jobs for Phase Two.

3. The EDC was instrumental in the development of the application for the Cass City Agricultural Processing Renaissance Zone and the Environmental Study which were key elements in the development of the new Dairy Farmers of America Milk Processing Plant.
4. The EDC now has a certified grant administrator on staff for the Community Development Block Grant program. This service will benefit municipalities in Tuscola County as it will soon be mandatory to have a certified grant administrator for all Community Development Block Grants.
5. Through a new grant writing program the EDC has successfully raised over \$6 million for Tuscola County Businesses and Municipalities.
6. Through a new master plan writing program the EDC has successfully written the Tuscola County Park and Recreation Master Plan, the Mayville Park and Recreation Master Plan, and is currently working on the Vassar Township Park and Recreation Master Plan, the Novesta Township Master Plan, and the Vassar Township Master Plan. These plans will assist the municipalities in planning for the future and in being eligible for state and federal grants.

### **Entrepreneurial Interest Increases**

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

### **Revolving Loan Fund**

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

### **Equipment Lease Program**

This program is providing funding to My Sister's Barn - Akron, Intermission Deli - Caro, Strand Theatre – Caro, Prographix- Cass City, Bulldog Cleaning – Cass City, and Ron Anderson of Mayville. 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.

### **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 – 2014 County Activity Summary**

### **Wind Energy Development**

Wind energy revenue has become the single most important factor impacting county finances. All governmental entities that have wind generators within their jurisdictional boundaries and levy a millage, realize revenue from wind projects. Revenue from wind projects is not a financial “fix all” for the county. However, if properly managed it should help to maintain the current county service base and capital improvement needs until 2016 when revenue from this source will begin to decline if additional generators are not constructed.

There are still unresolved issues that will impact the actual amount of revenue received from wind energy projects. One of these is the State Tax Commission (STC) change in the method of assessing and taxation. The STC “Multiplier Schedule” change made in 2012 results in a significant revenue reduction to governmental units. Also, it is believed Nextera will continue to appeal the assessment on their project in Gilford Township with the argument that the value is less than assessed because a federal grant was received.

A local committee called the Michigan Renewable Energy Collaborative (MREC) has been formed to review fair and equitable methods of taxing wind generators. Counties from several areas of the state are appealing the STC change in the method of taxation. The law firm of Clark Hill was hired to help protect interests of counties that are members of MREC. A wind appraisal study has been completed and is being used to as a basis for a fair and equitable method of wind generator assessing.

The peak year for general fund revenue is anticipated to be 2015 with total general fund revenue is estimated at \$1,098,000. The peak year revenue for special revenue funds is anticipated to be 2016 with revenue estimated at \$1,217,000. It is important to stress that based on the current method of taxation the amount of revenue received from wind generators declines sharply with time. This is a critical factor that needs to be incorporated into planning and policy development so that dependency is not greater than can be sustained long-term.

The Phase 1 Nextera wind energy project with 68 generators in Gilford Township was completed in 2012. A 60 generator Phase 2 project was completed in Fairgrove (some in other townships) in 2013. A Consumers Energy project in Akron and Columbia Townships was completed in 2014 with 58 wind generators. International Transmission Company (ITC) is implementing \$550 million in upgrades to transmission lines in Huron, Sanilac and Tuscola Counties to accommodate the increase in electrical generation. The portion of the ITC project in Tuscola County was completed in 2012.

In March of 2015, the governor will present a comprehensive energy strategy for Michigan. Much of the focus is anticipated to include renewable energy sources. There may a new renewable minimum percentage requirement assigned to utility companies. If this occurs it is likely much of this required amount would be met through the construction of more wind turbines.

### **Energy Production/Solar and Oil Shale**

In addition to the major wind energy investments, Tuscola County also had a significant solar energy project to be constructed by Detroit Edison in Wells Township. Oil shale companies have signed leases through many areas of the county for exploration and potential mining of this natural resource. The county has formed a workgroup to monitor oil shale activities including land leases, environment practices and protection of groundwater. This committee will also review alternative methods of assessing and impact fees assessments. Several parts of the country including Pennsylvania have a different method of taxing the industry bases on impact fees.

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

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

County officials have always kept an open mind in assessing the most efficient method of providing services. Rather than maintain a county building codes department, the county contracted with an independent company to provide building code services. In 2011, the county began contracting with a private company to provide broad based computer support services. Internally, the county is always reviewing methods of cost containment.

In 2011, the building and grounds director position and the recycling coordinator positions were combined resulting in an annual savings of approximately \$23,000. The county has also expanded their ability to provide services to local units of government. Prime examples are the County Equalization Department performing assessing services and the Sheriff Department contracting to provide police services to local governmental entities. Other examples of best government service practices can be obtained and reviewed on the Tuscola County web page: <http://www.tuscolacounty.org/boc/documents/Tuscola-County-Innovation-in-Government-Reform.pdf> .

Recently staff and commissioners from Huron, Sanilac and Tuscola have started meeting to explore other services that may be able to be combined for efficiency and cost savings. Tuscola is part of the Region 6 Prosperity Regions that has been formed to conduct economic development planning.

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

County financial transparency and accountability information is required to be summarized on the county website in order to qualify for portions of state revenue sharing payments. Staff submitted the state required Citizens Guide, Performance Dashboard and Projected Budget to gain compliance with some of the new state requirements. The State has approved the information submitted which is now posted on the county website and available in the County Clerk and County Controller Offices for public use.

<http://www.tuscolacounty.org/forms/Tuscola%20County%20Citizens%20Guide.pdf>

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

This MCF housing project construction began in the spring of 2014 on property purchased from Davenport University. These housing units are designed for 24/7 care while also providing patients with separate bedrooms and independent living. Two units are being planned with 10 beds in each housing unit. Total project cost is estimated at \$7.6 million with \$4.6 to be financed and 3.0 million using MCF reserves designated for this project. The full faith and credit of the general fund is not used with this project because revenue bonds and not general obligation were issued. Financing using revenue bonds requires the MCF Board to adjust and to correct any funding difficulties if they occur in the future. Project completion is anticipated in the spring of 2015. More of these type of housing units may be constructed in future years.

## **Additional Jail Beds Implemented**

For several years, costs to house prisoners in other counties were contained, but for 2012 and 2013 costs increased. The county was recently able to add 6 more beds at the jail without cost because of changes by the State Department of Corrections in prisoner housing regulations. In 2013, approximately \$90,000 in changes to the C-Wing of the jail were implemented which enabled adding 6 more jail beds. The additional 12 total beds are anticipated to ease jail overcrowding at least for the near term. Avoiding costs of housing prisoners in other counties can substantially reduce overall jail costs. Recently, the situation has further improved whereby in late 2014 the county is now housing a few prisoners from other counties which generates some revenue for the county.

## **Central Dispatch Next Generation 911 Phone System**

Currently, the Bay, Midland and Tuscola County 911 phone systems operate independent from one another using three separate analog systems. Current systems in all three counties do not allow certain functions and capabilities that are needed for upcoming changes in call delivery, the ability to route or re-route emergency calls based on geographic location, the ability to provide virtual backup to other 911 Centers and allow for network equipment and cost sharing. Dispatch/911 Centers need to be prepared to receive requests for emergency assistance from technologies other than just voice.

All of these centers need to replace their current 911 phone systems and equipment with an effective solution capable of handling future technology and connecting to the Michigan (NG911) network. Rather than each county purchasing the updated equipment resulting in duplication and added cost, one system can be designed to serve all three counties resulting in tremendous savings in terms of both purchase and operational costs. Each county will pay a share of the cost for one system resulting in significant savings.

## **Geographic Information System**

The implementation of a geographic information system (GIS) was started in 2014. Tuscola is one of the last counties in the state to implement this valuable technology. The County Equalization Department began creating digital parcels which is the first step in the process. At the end of 2014 approximately four townships were completed. The budget for 2015 was established with approximately \$50,000 for GIS. These funds will be primarily be used to expedite the digital parcel map creation. The county will contract with a company called Amalgam to assist with this process. It is projected that by the middle of 2016 the digital parcel map will be completed for the entire county. This system will have tremendous value for both public and private sector entities.

## **Full-Time Information Technology Director Hired**

In 2014, the county hired a full-time Information Director. The demand for information technology (IT) services has increased. It was found to be more cost effective to hire a full-time IT Director rather than increase the hours of service contracted with Zimco. The county believes there is potential to become a technology hub for the Thumb of Michigan selling technology capabilities for overall efficiency. Certain services remain contracted through Zimco.

## **Bond Rating Upgrade**

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

## **Mosquito Millage Renewed and Medical Care Facility Debt Retirement Millage Discontinued**

The countywide mosquito abatement millage (.63 mills) was renewed for the fourth consecutive time. This is positive program that is well received by the public and is important to public health and quality of life. For 2015, the 1 mill Medical Care Debt millage was discontinued because sufficient funds had been generated to retirement the remaining debt service bond repayment obligation. This will reduce the average county tax bill by \$50 for 2015.

## **Union Contracts Successfully Negotiated**

The six county union contracts were settled for 2015 and 2016. Contract provisions includes 2% wage increases for each year and no change in employee health insurance costs. There was an important reopening language incorporated in case the county decides to change from the current defined benefit plan to a defined contribution plan for new hires. After several years of wage freezes the county finances improved to the point modest wage increases were negotiated. Two year contracts has the advantage of avoiding labor attorney costs in the second year.

## **Potential Savings by 100% Funding Retirement System Liability**

Staff has been working with the county bond attorney reviewing the potential of issuing pension bonds to achieve 100% funding of employee retirement liability and convert from the current defined benefit plan (DB) to a defined contribution plan (DC) for new hires. When the county bond rating was upgraded in 2014 from A+ to AA- the option to issue bonds became available under PA 329 of 2012. In order to become fully funded, an estimated \$5,930,000 needs to be bonded. The county bond attorney has recommended the county bond to achieve 100% funding of employee retirement liability and convert from the current defined benefit plan (DB) to a defined contribution plan (DC) for new hires which is required by PA 329 of 2012 if the county issues pension bonds. Potential savings are estimated at \$4.1 million over the next 19 years.

## **Updated 5-Year County Financial Plan**

As part of effective county financial management county officials prepare a five-year financial plan that is updated annually. As part of the process revenue and expenditure projections are developed based on certain assumption for the five year period.

General fund expenditures are anticipated to exceed revenues by the end of 2016 or 2017. Two year revenue growth has almost entirely resulted from wind generator development. Without more wind turbines, wind revenue will begin to decline after 2016. Residential values have still not recovered, population continues to decline from out migration and the unemployment rate remains high at about 11%. State Equalized Value is projected to remain flat or only slightly increase over the next five years.

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

## **Abused, Neglect and Delinquent Children**

Cost for abused, neglected and delinquent children is significant. These costs are a major financial factor in balancing the annual county budget. County costs to house one child for care at an institution can be as much as \$300 per day.

Commissioners and staff have begun working with the Probate Judge and Department of Human Services Board to evaluate upfront methods of helping children in early stages of problems to prevent problems before they escalate into full scale institutional care. Part of the objective may be to determine methods of funding preventative programs to avoid extremely costly institutional care.

### **Other 2014 Activities**

- Successfully recovered funds due from Denmark Township related to a water project
- An update to the County Parks and Recreation Plan was started in 2014
- County Economic Development Corporation has started the preparation of an updated to the County Solid Waste Management Plan which will enable application for Brownfield Redevelopment funds
- Implementation of a revamped Medical Examiner system will relieve county and local police officers of this responsibility to deal with other critical police requirements is nearing completion
- County officials have been active in the development of economic development prosperity plan for Region 6 area
- Veterans millage request of 0.17 was approved in 2015 which will be available for 2016
- Full state revenue sharing payment to the county was approved for 2015
- Road Commission legacy costs are under review

### **VI - Effective Financial Policies**

The County has established long-standing effective financial policies that have stood the tests of time and financial pressures. Although the County has several financial related policies, the two most significant ones are: maintaining a minimum general fund balance and management of how delinquent tax revolving funds are used on an annual basis. It is interesting to note that financial policies that have recently been recommended in Huron and other counties have been in place in Tuscola County for years. Well-reasoned fiscal policy is integral to maintaining fiscal stability and a strong bond rating on a long-term basis. The following is a summary of these two key County financial policies.

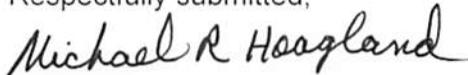
1. **General Fund Balance Assigned for Contingency Reserve** – The current County policy stipulates 10% of current fiscal year adopted budgeted expenditures be assigned for contingency reserve in the general fund. This reflects only slightly more than one month's operational expenses. The County auditors have previously explained the need to maintain this fund balance contingency reserve. This reserve is an important factor for enabling preservation of overall positive county cash flow, covering unexpected emergencies and maintaining a strong bond rating.
2. **Delinquent Tax Revolving Funds** – One of the cornerstones of County finances has been the proper management of delinquent tax revolving funds. The delinquent tax policy of the County is to not spend principle, to use annual net income for operational and capital improvement needs and to maintain a self-funding arrangement. (Self-funding enables the County to pay local taxing units in full for their share of current taxes that are determined to be delinquent on an annual basis rather than borrow funds). It is essential to continue sound management of County financial policies and practices involving delinquent tax funds. Fiscal discipline and management of these funds are vital to overall long-term County financial stability.

## IX - Awards and Acknowledgements

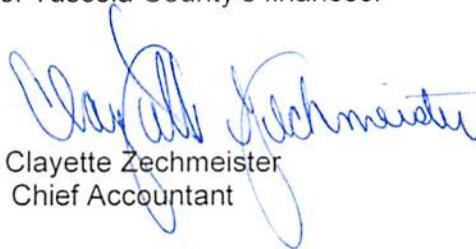
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tuscola County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. The county has received this prestigious award for 12 consecutive years. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Michael R. Hoagland  
Controller/Administrator



Clayette Zechmeister  
Chief Accountant

## The Board of Commissioners

Thomas Bardwell  
District 2  
Chairperson

District 1     Roger Allen  
District 5     Matthew Bierlein

District 3     Christine Trisch  
District 4     Craig Kirkpatrick

### Administration

County Controller/Administrator

Michael Hoagland

### Elected Officials

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

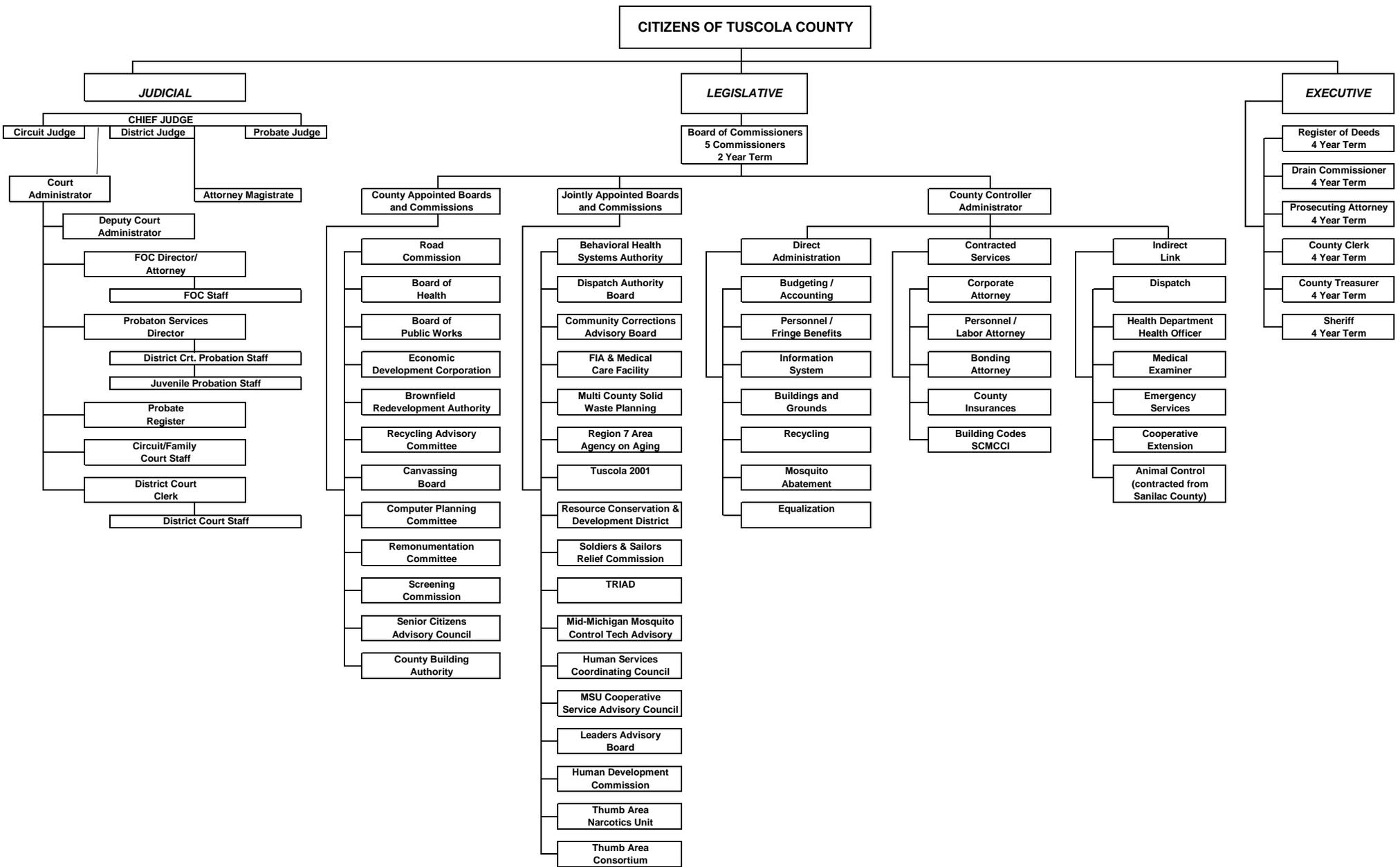
Amy Grace Gierhart  
Kim Glaspie  
Nancy Thane  
Mark Reene  
Leland Teschendorf  
Jodi Fetting  
John Bishop  
Robert Mantey  
Patricia Donovan-Gray

### Appointed Officials

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

Sheila Long  
Mike Miller  
Ean Lee  
Sandy Nielsen  
Walter Schlichting  
Sandy Erskine  
Gretchen Tenbusch  
Sheila Long  
Kim Green  
Joe Bixler  
Mike Miller  
Glen Skrent









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, 2013**

Executive Director/CEO



## II. FINANCIAL SECTION

The Financial Section Contains:

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



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

Certified Public Accountants

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

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

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Tuscola County, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tuscola County, Michigan** (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tuscola County Health Department, a major governmental fund which represents 7% of assets and 11% of revenues of the governmental funds and 4% of assets and 13% of revenues of the governmental activities. Also, we did not audit the Tuscola County Medical Care Facility, a major enterprise fund which represents 59% of the assets and 93% of the revenues of the enterprise funds and 60% of assets and 92% of revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the Tuscola County Health Department and the Tuscola County Medical Care Facility, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Tuscola County Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tuscola County, Michigan**, as of December 31, 2014, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the basic financial statements.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2015, on our considerations of Tuscola County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tuscola County's internal control over financial reporting and compliance.

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

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

**JUNE 26, 2015**

## Management's Discussion and Analysis

As management of *Tuscola County, Michigan*, readers of the County's financial statements are provided this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014. Management encourages readers to consider the information presented below in conjunction with additional information furnished in the letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

#### Asset Information

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$37,956,126 (total net position). This is an increase of 3.7% from 2013 or \$1,368,233. The business-type activities had an increase in net assets of \$903,196 and the governmental activities increased by \$442,438.
- Net investment in capital assets at the close of the 2014 fiscal year were \$14,603,404. This is an increase of 13.8% from 2013 or \$1,882,782. The governmental activities reflect an increase of \$273,472 while the business-type activities continue to increase, this year by \$1,609,310.
- The restricted portion of total net position was \$3,775,065. This is a 2013 to 2014 increase of \$276,630. The governmental activities decreased by (\$140,881) while the business-type activities increased \$417,511. The growth on the business-type is due to the Medical Care Facility Debt services restrictions.
- Unrestricted net position at the end of 2014 was \$19,577,657. This is a decrease of 3.9% from 2013. Both governmental and business-type activities experienced decreases in unrestricted net positions. Unrestricted positions may be used to meet the government's ongoing obligations to citizens and creditors. Although these are classified as unrestricted positions, significant portions of these assets can only be used for specific purposes.

#### Fund Balance Information.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,350,562. Much of this fund balance is restricted, committed or assigned and not available for general expenditure. The unassigned portion of this total governmental fund balance is \$883,279. (Additional information on fund balances can be found on pages 4-6 in the basic financial statements)
- The total fund balance for the general fund was \$2,762,589 this is a small increase of \$116,646 from fiscal year 2013. The unassigned portion is \$883,279. The remaining portions of the general fund balance are restricted, committed or assigned and not available for spending.
- The Health Department experienced a growth in the fund balance of \$99,068. In 2013 it was \$528,878 while 2014 reflects \$627,946. All of the fund balance is either Non spendable, restricted, or Committed.

## **Overview of the Financial Statements**

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

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

The *statement of net positions* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of *the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety (including the jail), public works, health and welfare, and culture and recreation. The business-type activities of the County include the delinquent tax collections, Medical Care Facility and other enterprise funds that consist of public works activities for local units.

The government-wide financial statements include not only Tuscola County itself (known as the primary government), but also a legally separate Road Commission, and Drain Commission Office. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Tuscola County Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1-3 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Health Department Fund each of which are considered to be major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, debt service funds, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The general fund and major governmental fund financial statements can be found on pages 4 and 6 of this report. For other governmental funds with appropriated budgets, the comparisons start on page 82.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax collections and Medical Care Facility activities, and other funds that consist of public works activities for local units. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Tuscola County uses internal service funds to account for its health insurance, retirement supplement and the workman's compensation funds.

Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility, Delinquent Tax Revolving Fund, Caro Sewer System, and Wisner Water District which are considered to be major funds of the County, and other enterprise funds that are considered nonmajor enterprise funds. The detail for the nonmajor enterprise funds can be found on pages 106-111. The internal service funds are combined in a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* on pages 112-114.

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

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 12 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-47 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary *information*. This includes the combined and individual fund financial statements and schedules which can be found on pages 48-118 of this report.

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

The following tables show the County's net position for governmental and business-type activities, in addition to a comparison of 2013 and 2014 net position balances. As noted earlier, these may serve over time as a useful indicator of a government's financial position. At the end of the 2014 fiscal year, the County is able to report positive net position balances for the government as a whole including both governmental activities and business activities. Total net positions had an increase of \$1,368,234 or 3.7% from \$36,587,892 in 2013 to \$37,956,126 in 2014.

Governmental activities category seen an increase in the net position from 2013 to 2014 of \$442,438. The majority of this is due to a decrease of expenditures for public safety in 2014.

The County's Net investment in capital assets increased by \$1,882,782 or 13.8% from \$12,720,622 in 2013 to \$14,603,404 in 2014. Business-type activities shows an increase of \$1,609,310 while the governmental category reports an increase of \$273,472.

Restricted net position increased by \$276,630 or 8% from \$3,498,435 in 2013 to \$3,775,065 in 2014. Governmental activity funds actually decreased (\$140,881) but the Business-type reported an increase of \$417,511. This growth is all a result of the Medical Care Facility debt service restrictions.

The largest portion of the County's net position is in the unrestricted category. Unrestricted assets decreased overall by (\$791,179) or 4% from \$20,368,835 in 2013 to \$19,577,657 in 2014. The governmental activities experienced an increase of \$332,447 while the business-type activities decreased by (\$1,123,625). The majority for the decrease for Business-type was due to a Small House Construction project at the Medical Care Facility in 2014. This moved unrestricted to a net investment in capital assets.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Current and other assets	12,513,387	12,923,941	35,588,166	32,132,860	48,101,553	45,056,801
Capital assets, net	6,412,561	6,286,491	11,178,235	13,494,000	17,590,796	19,780,491
<b>Total assets</b>	<b>18,925,948</b>	<b>19,210,432</b>	<b>46,766,401</b>	<b>45,626,860</b>	<b>65,692,349</b>	<b>64,837,292</b>
Long-term liabilities outstanding	1,461,367	1,376,301	1,695,962	1,192,847	3,157,329	2,569,148
Other liabilities	2,023,401	1,679,632	21,124,077	19,181,593	23,147,478	20,861,225
<b>Total liabilities</b>	<b>3,484,768</b>	<b>3,055,933</b>	<b>22,820,039</b>	<b>20,374,440</b>	<b>26,304,807</b>	<b>23,430,373</b>
Deferred Inflows of resources						
Taxes levied for a subsequent period	2,799,650	3,047,931	-	402,862	2,799,650	3,450,793
<b>Total deferred inflows</b>	<b>2,799,650</b>	<b>3,047,931</b>	<b>-</b>	<b>402,862</b>	<b>2,799,650</b>	<b>3,450,793</b>
Net Positions						
Net investment in capital assets	4,992,236	5,265,708	7,728,386	9,337,696	12,720,622	14,603,404
Restricted	1,336,781	1,195,900	2,161,654	2,579,165	3,498,435	3,775,065
Unrestricted	6,312,513	6,644,960	14,056,322	12,932,697	20,368,835	19,577,657
<b>Total net position</b>	<b>\$12,641,530</b>	<b>\$13,106,568</b>	<b>\$23,946,362</b>	<b>\$24,849,558</b>	<b>\$ 36,587,892</b>	<b>\$37,956,126</b>

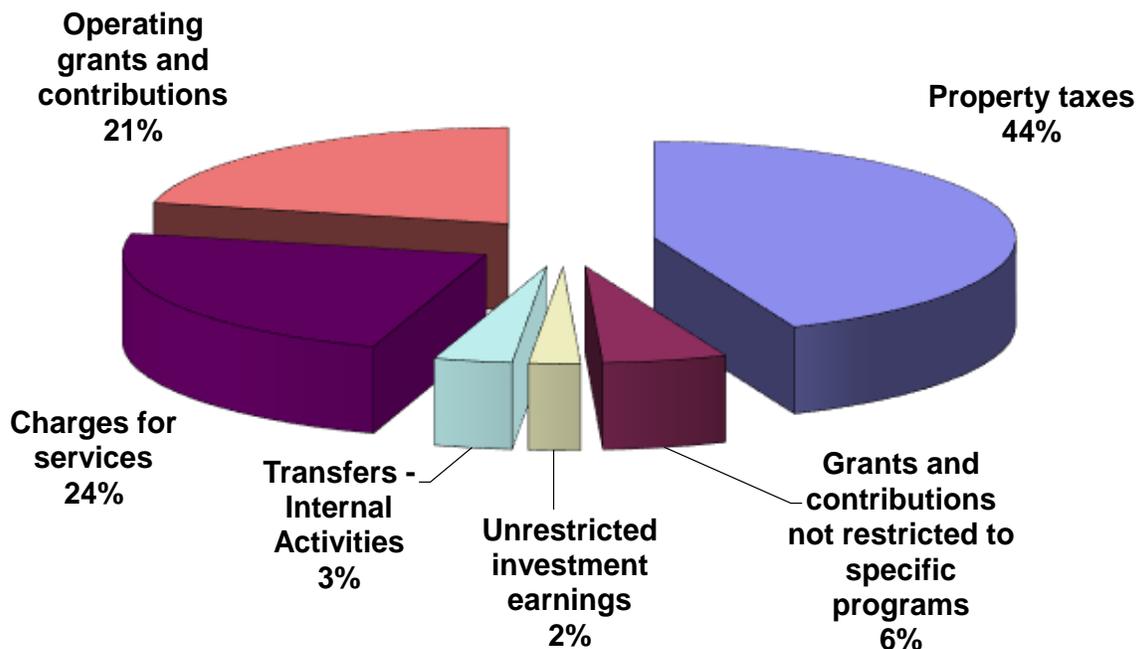
## Tuscola County Changes in Net Positions

	Governmental Activities		Business Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
Program revenue:						
Charges for services	4,971,331	4,962,482	18,054,610	18,734,454	23,025,941	23,696,936
Operating grants and contributions	4,258,198	4,532,922	-	-	4,258,198	4,532,922
Capital grants and contributions	-	-	1,022,637	400,446	1,022,637	400,446
General Revenue:						
Property Taxes	8,580,677	9,218,752	1,735,187	1,894,897	10,315,864	11,113,649
Grants and contributions not restricted to specific programs	1,045,628	1,165,279	-	-	1,045,628	1,165,279
Unrestricted investment earnings	471,176	481,646	35,869	51,914	507,045	533,560
Miscellaneous general revenues	-	-	-	-	-	-
Other Revenues	1,052,109	796,222	973,408	1,115,105	2,025,517	1,911,327
Total revenues	<u>20,379,119</u>	<u>21,157,303</u>	<u>21,821,711</u>	<u>22,196,816</u>	<u>42,200,830</u>	<u>43,354,119</u>
<b>Expenses:</b>						
Legislative	105,073	103,402	-	-	105,073	103,402
Judicial	3,196,846	3,262,153	-	-	3,196,846	3,262,153
General Government	6,321,347	6,345,529	-	-	6,321,347	6,345,529
Public Safety	6,029,646	5,652,616	-	-	6,029,646	5,652,616
Public Works	924,147	815,625	-	-	924,147	815,625
Health and Welfare	5,091,444	5,216,376	-	-	5,091,444	5,216,376
Culture and Recreation	6,137	9,023	-	-	6,137	9,023
Interest on debt	52,768	44,999	-	-	52,768	44,999
Medical Care Facility			18,849,925	19,652,039	18,849,925	19,652,039
Delinquent property tax			48	832	48	832
Caro Sewer System			93,919	88,435	93,919	88,435
Caro Sewerage (Refunding)			988	-	988	-
Mayville Storm Sewer			53,900	52,667	53,900	52,667
Richville Water System			5,152	4,828	5,152	4,828
Millington Sewer System			2,138	1,706	2,138	1,706
Denmark Sewer System			83,119	81,954	83,119	81,954
Denmark water extension			3,294	888	3,294	888
Wisner Water			780,127	296,161	780,127	296,161
Tax Foreclosure			446,017	405,857	446,017	405,857
Other	-	-	-	-	-	-
Total expenses	<u>21,727,408</u>	<u>21,449,723</u>	<u>20,318,627</u>	<u>20,585,367</u>	<u>42,046,035</u>	<u>42,035,090</u>
Change in net positions before transfers	(1,348,289)	(292,420)	1,503,084	1,611,449	154,795	1,319,029
Transfers - internal activities	<u>825,463</u>	<u>734,858</u>	<u>(777,538)</u>	<u>(708,253)</u>	<u>47,925</u>	<u>26,605</u>
Change in net positions	(522,826)	442,438	725,546	903,196	202,720	1,345,634
Net positions-beginning of year,	<u>13,164,356</u>	<u>12,641,530</u>	<u>23,220,816</u>	<u>23,946,362</u>	<u>36,385,172</u>	<u>36,587,892</u>
Prior period adjustment	-	22,600	-	-	-	22,600
<b>Net positions-end of year</b>	<u>\$ 12,641,530</u>	<u>\$ 13,106,568</u>	<u>\$ 23,946,362</u>	<u>\$ 24,849,558</u>	<u>\$ 36,587,892</u>	<u>\$ 37,956,126</u>

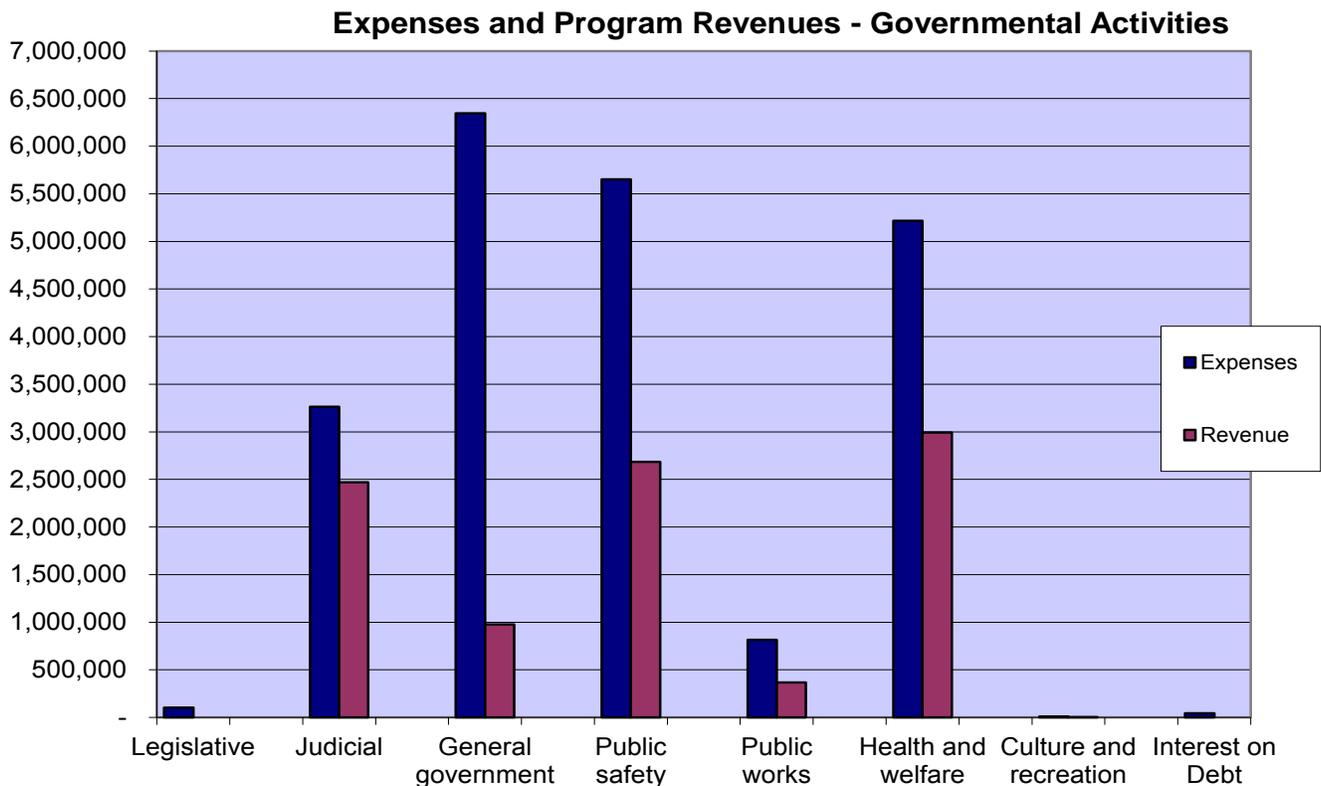
**Governmental Activities.** Governmental activities net position increased from 2013 to 2014 by \$442,438. The two major governmental activity funds include the general fund and health department. There are many special revenue funds that are also classified in the governmental activities category.

- The major sources of revenue for governmental activities are property tax followed by charges for services and operating grants and contributions (See pie chart below).
- Overall revenues show an increase of \$778,184 from \$20,379,119 in 2013 to \$21,157,303 in 2014 (prior to transfers). Although most revenues show a decline, the property tax revenue had a substantial increase of \$638,075 this is a direct influence from the wind energy revenue. This has become the single most important factor impacting the county finances for 2014. In 2015 and 2016 there will be continued growth in the wind farms in Tuscola County.
- Program revenue sources show a combined increase of \$265,875 while the general revenue has increased \$512,309. The property tax alone holds \$638,075 of General Revenue an increase or 82% of the total Revenue. This is where you can see the value of the tax from the wind generators for Tuscola County.
- Both the operating grants and contributions in program revenue, and the Grants and contributions not restricted to specific programs increased in 2014. Operating grants by \$274,724 and Grants and contributions by \$119,651.
- Unrestricted investment earnings appear to have had a slight growth of \$10,470 in 2014. 2013 reported \$471,176 compared to \$481,646 for 2014

**Revenues by Source - Governmental Activities**



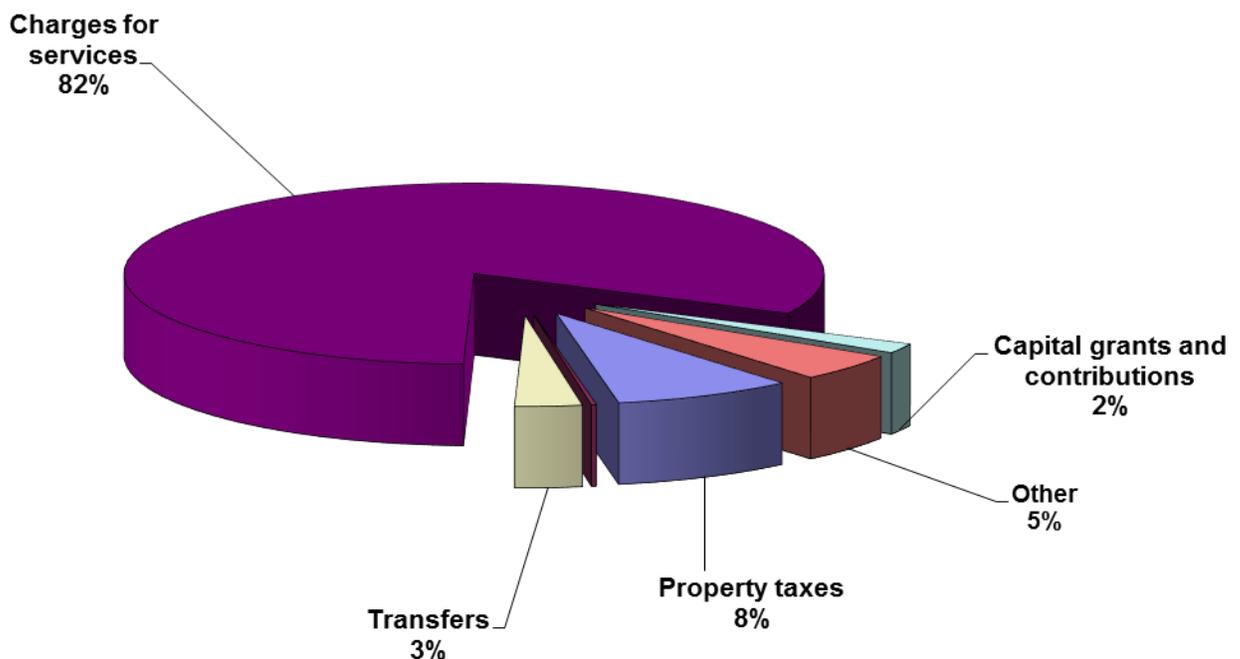
- Major expenses in the governmental activity category are general government, public safety, health/welfare and judicial (See table below).
- Expenses show an overall decrease of (\$277,685) or 1% less from \$21,747,408 in 2013 to \$21,449,723 in 2014 (before transfers).
- The majority of this decreased was caused by public safety recording a (\$377,030) less than the previous year. 2013 was \$6,029,646 while 2014 is recorded at \$5,652,616 this alone decreased cost by 6.5%
- Even though overall governmental activity expenses decreased from 2013 to 2014 health and welfare is recording a higher expense from 2013 to 2014 of \$124,932. This is due in part to restoring the funding for programs offered at the health department that were cut in 2013.
- The statement of activities for program revenues for the governmental activities shows program revenue at \$9,495,404 and expenses at \$21,449,723. This makes revenues short of covering governmental expenses by (\$11,954,319). The statement of activities can be found on pages 2-3.



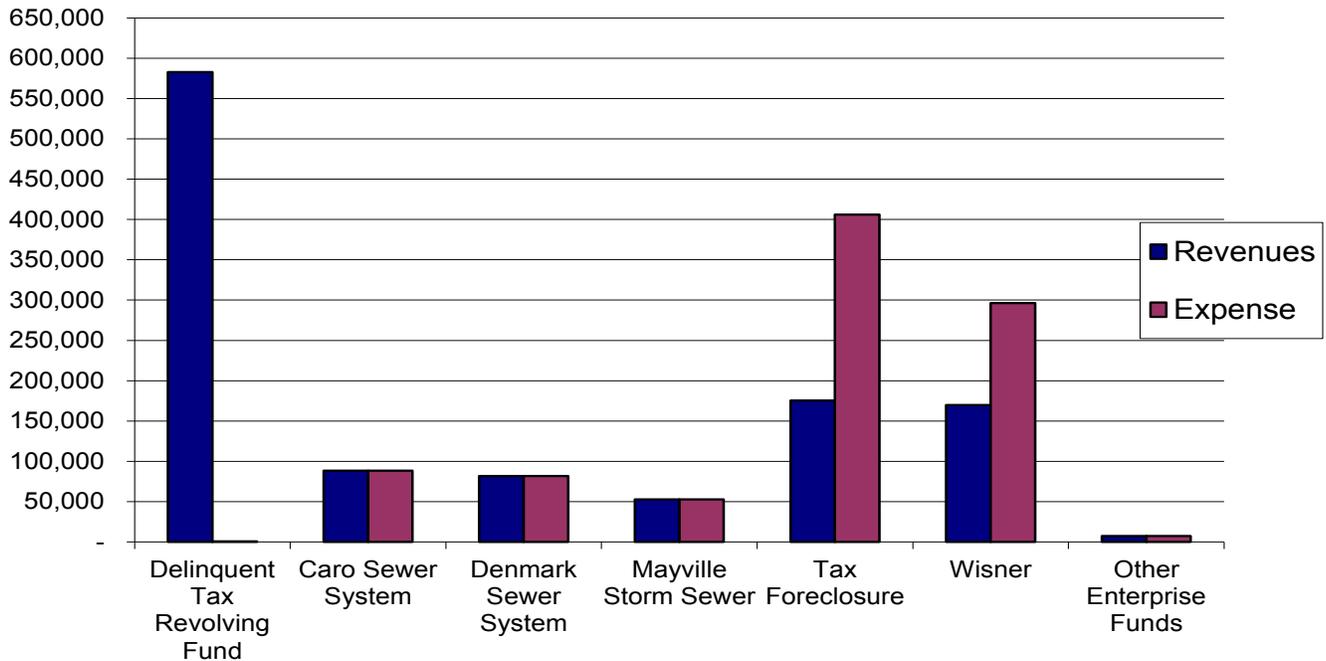
**Business-Type Activities.** Business-type activities increased the County's net position by \$903,196. Major business-type activities are Medical Care Facility, Delinquent Tax Revolving Funds, Caro Sewer System, and Wisner Water project. Additional information on these major Enterprise funds can be found on pages 8-11. Other nonmajor business-type funds or enterprise funds are Mayville Storm Sewer, Richville Water System (refunded), Millington Sewer System, Denmark Sewer System, and the Tax Foreclosure Fund. Additional information on these nonmajor enterprise funds can be found on pages 106-111.

- Charges for services are the major source of revenue for business-type activities. This single source of revenue accounts for 82% of all business-type activities revenue (See pie chart below).
- Overall business-type activities revenues show a modest increase of \$375,105 or 1.7% from \$21,821,711 in 2013 to \$22,196,816 in 2014 (prior to transfers).
- The overall increase results primarily from the increase in charges for services. Charges for services revenue increased by \$679,844. The largest decrease in revenues is reported in the Capital grants and contributions from \$1,022,637 in 2013 to only \$400,446 for 2014.
- Delinquent property tax earnings are a significant source of revenue in the business-type activity category and earnings continued to decrease from 2013 to 2014 by (\$167,178). Delinquent Tax Revolving Fund income before capital contributions and transfers are \$605,784 in 2014 compared to \$772,962 in 2013. These funds are transferred for general fund operations and/or capital improvements needs.

### Revenues by Source - Business-type Activities

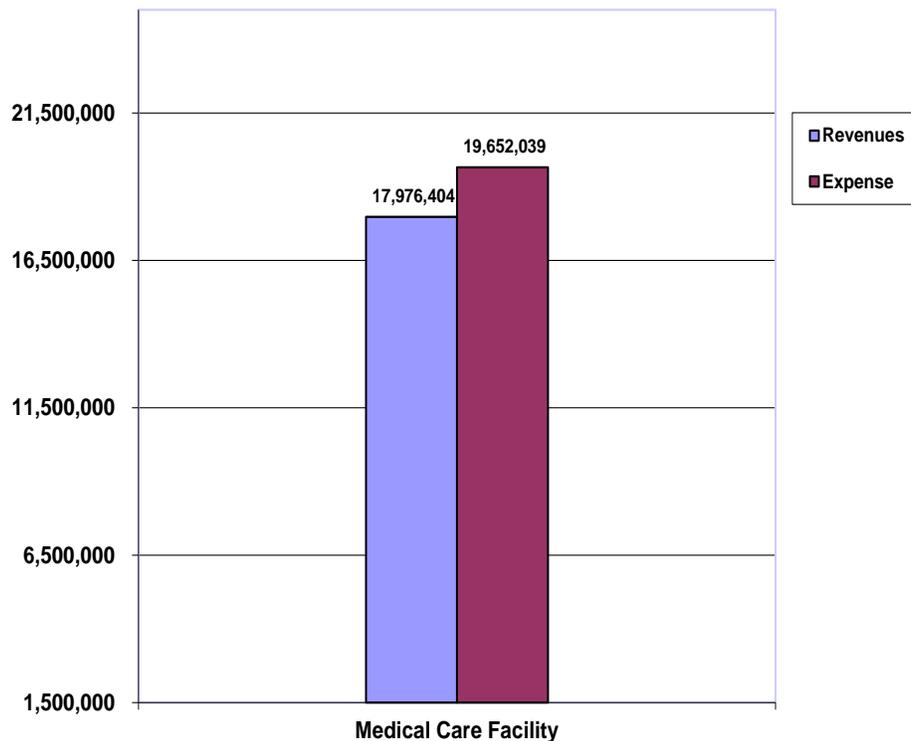


### Expense and Program Revenues - Business-type Activities



- The major expenses in the business-type category are the Medical Care Facility accounting for 95% of all expenses in this category (See table on page XIV).
- Tax foreclosure fund had an increase of net position of \$187,886 from \$578,517 in 2013 to \$766,403 in 2014
- Expenses show an increase of \$266,740 from \$20,318,627 in 2013 to \$20,585,367 in 2014. The single most significant increase occurred with the Medical Care Facility.
- The statement of activities for program revenues for the business-type activities are \$19,134,900 and expenses at \$20,585,367. Business-type activities program revenue falls short to covers expenses by (\$1,450,467).
- In 2014 the Medical Care Facility used fund balance towards a Small House Project. This is what caused a shift in the Revenue vs Expense for 2014. The statement of activities can be found on pages 2-3.

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



- The major revenue source for the Medical Care Facility are charges for services.
- Program revenues for Medical Care Facility show an increase of \$855,719 from \$17,120,685 in 2013 to \$17,976,404 in 2014 (prior to transfers). All program revenue is charges for services.

### Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. It is important to note that the classification of fund balances was changed from the previous year for compliance with Government Accounting Standards Board Statement 54.

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

As of the end of the 2014 fiscal year, the County's governmental funds reported combined ending fund balances of \$7,350,562. This total fund balance is further classified according to the Government Accounting Standards Board - Statement 54 as follows:

- ***Nonspendable*** includes funds that legally or contractually are required to be maintained in tact. Nonspendable designations for 2014 include: Inventory, prepaid expenditures, flexible spending and Advances to component units. The nonspendable portion of the total fund balance for governmental funds was \$482,940 or 6% of the total.
- ***Restricted*** includes amounts that can only be used for the specific purposes stipulated by the constitution, external resource providers or through enabling legislation. Restricted fund balance includes: Cost based reimbursement, capital projects, cemetery, debt service and special revenue funds. The restricted portion of the total fund balance for governmental funds was \$4,104,857 or 56% of the total.
- ***Committed*** fund balance is defined as amounts that can only be used for specific purposes pursuant to a formal action of the Board of Commissioners. Committed fund balance include: Compensated absences, retirement contributions, imprest cash, Northstar Bank Savings, Substance abuse coalition, exchange club donation, MBA Mibridges, geriatrics, veteran affairs, vision program, SEMHA CSHCS and the County resident hospital program. The committed portion of the total fund balance for governmental funds was \$417,486 or 6% of the total.
- ***Assigned for subsequent year expenditures*** funds are funds that are designated to be expended in the budget for the next fiscal year. The assigned portion of the total fund balance for governmental funds was \$1,312,000 for contingency reserve and \$150,000 for Wind revenue reserve. Total of \$1,462,000 or 20% of the total. The contingency reserve in this classification applies to the general fund. It was established by Board of Commissioner policy to maintain a minimum balance for cash flow, bond rating and unexpected emergencies. It is calculated each year based on 10% of the most current board approved budget.
- ***Unassigned*** fund balance includes all spendable amounts not identified in the other classifications. This classification is important because it is used to determine whether a fund has a positive or deficit fund balance at year end. All of the unassigned fund balance in the governmental funds is in the general fund. These funds are available for spending at the government's discretion. The unassigned portion of the total fund balance for governmental funds was \$883,279 or 12% of the total.

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

Unrestricted net assets at the end of the year amounted to \$12,932,697. The Medical Care Facility Fund was \$6,487,253, the Delinquent Tax Revolving Fund ended at \$5,679,041. All other unrestricted net positions of the nonmajor enterprise funds are \$766,403.

The Medical Care Facility Fund had a 4.3% increase in their net position from 2013 to 2014 for a total of \$18,404,114. This accounts for 85% of the total growth for the proprietary funds in 2014. The combined major/nonmajor total net position increased by \$903,196.

**General Fund Budgetary Highlights**

The differences between the original and final amended budgets for expenses prior to transfer out resulted in a decrease of (\$639,816). Variances between budget and actual show an increase in fund balance of \$116,646.

**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, 2014, amounted to \$19,780,491 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, construction in progress, vehicles and equipment. Capital assets increased by \$2,189,695 or 11.7% from \$17,590,796 in 2013 to \$19,780,491 in 2014. The majority of this change is from construction in progress at the Medical Care Facility under Business-Type Activities.

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

Fiscal Year Ending December 31	Governmental	Business-Type	Total
	Activities	Activities	
	2014	2014	2014
Land	535,646	-	535,646
Construction in Progress	24,500	3,033,190	3,057,690
Land Improvements	-	683,846	683,846
Buildings	2,547,637	6,483,121	9,030,758
Improvements	1,568,349	-	1,568,349
Vehicles	481,654	-	481,654
Equipment	1,128,705	3,293,843	4,422,548
Bond Fees	-	-	-
Total	<u>\$ 6,286,491</u>	<u>\$ 13,494,000</u>	<u>\$ 19,780,491</u>

Additional information on the County’s capital assets can be found in Note 3 C on pages 25-28 of this report.

**Primary Government Long-Term Debt.** At the end of the current fiscal year, the County had a total debt outstanding of \$20,861,225. Of this amount, \$ 18,940,676 is 100 percent comprises debt backed by the full faith and credit of the local government, \$890,000 is direct county debt for capital Improvement, \$13,221 for equipment loan and the remaining \$1,017,328 is for Compensated absences.

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

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

Additional information on the County's long-term debt can be found in Note 3 F on pages 31-33 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the County's budget for the 2015 fiscal year:

- The average unemployment rate for Tuscola County as of December 31, 2014 was 8.5%, which is a decrease from the 2013 unemployment rate of 10.5%. The 2014 county average unemployment rate is higher than both the State at 6.4% and the national at 5.6%.
- State revenue sharing was \$96,301 more for 2014 compared to 2013. In 2015 \$1,023,061 in revenue sharing is anticipated compared to \$945,806 received in 2014. This growth is expected in the year's ahead do to the restoration of full revenue sharing from the legislature.
- General Fund reserves are at \$2.7 million, of this reserve \$1,312,000 is assigned for contingency reserve. The policy of Tuscola County is to keep this level at 10% of current budgeted expenditures. This is an important factor in planning for next year's budget.
- 2015 will be the peak year for General Fund wind turbine revenue. It is expected to be around \$958,262. This revenue will help Tuscola County maintain current service levels.
- With the new revenue from wind generators County officials will have to use careful financial management to prevent a level of dependency to sustain a long term use of these funds. Unless there are more wind projects, the amount of wind revenue will decline over each year.
- A favorable factor while planning the 2015 budget is the ability to transfer funds of approximately \$250,000 to the capital improvements fund to maintain the many needs of our 17 buildings. The County has not been able to transfer funds to the capital improvements fund on an annual basis.
- Health care cost are showing a modest increase for 2015 of approximately 6%. We are hopeful this cost can be maintained in the future.
- We have started the preparation to bond our unfunded pension liability in 2015. This will save the county approximately \$4 million dollars over a 20 year period. It is hopeful we can complete the bonding process by the end of fiscal year 2015.
- Another major factor driving 2015 financial challenges is the continued decline of indirect cost revenue. From 2014 to 2015, the county cost allocation plan indicates a General Fund revenue decline of approximately \$62,590. Over the last several years reductions in central service department expenditures were made. These reductions result in a decrease of funds.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those With an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tuscola County Controller's Office, 125 Lincoln St. Suite 500, Caro, Michigan 48723.



## BASIC FINANCIAL STATEMENTS



TUSCOLA COUNTY

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Road Commission	Drain Commission	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 6,412,628	\$ 4,490,475	\$ 10,903,103	\$ 1,991,272	\$ 2,398,765	\$ 4,390,037
Investments	-	1,489,907	1,489,907		3,987,761	3,987,761
Receivables	5,171,443	17,230,880	22,402,323	3,921,271	5,896,227	9,817,498
Advance to component units	410,000		410,000			-
Internal balances	657,993	(657,993)	-			-
Prepaid items and other assets	21,642	42,616	64,258	254,284		254,284
Inventory	45,934		45,934	411,471		411,471
Restricted cash	204,301	8,010,374	8,214,675			-
Restricted investments		1,284,163	1,284,163			-
Net pension asset		242,438	242,438			-
Capital assets, net:						
Assets not being depreciated	560,146	3,033,190	3,593,336	33,282,999	100,454	33,383,453
Assets being depreciated	5,726,345	10,460,810	16,187,155	51,292,904	16,120,415	67,413,319
<b>Total Assets</b>	<b>19,210,432</b>	<b>45,626,860</b>	<b>64,837,292</b>	<b>91,154,201</b>	<b>28,503,622</b>	<b>119,657,823</b>
<b>Liabilities</b>						
Accounts payable	815,852	827,757	1,643,609	361,459	102,102	463,561
Accrued liabilities	514,516	360,839	875,355	22,395	27,690	50,085
Advance from primary government			-		410,000	410,000
Unearned revenue	45,933	4,251	50,184		-	-
Noncurrent liabilities:						
Due within one year	403,015	1,833,848	2,236,863	43,412	990,669	1,034,081
Due in more than one year	1,276,617	17,347,745	18,624,362	3,269,709	5,032,976	8,302,685
<b>Total Liabilities</b>	<b>3,055,933</b>	<b>20,374,440</b>	<b>23,430,373</b>	<b>3,696,975</b>	<b>6,563,437</b>	<b>10,260,412</b>
<b>Deferred inflows of resources</b>						
Taxes levied for a subsequent period	3,047,931	402,862	3,450,793	-	-	-
<b>Total deferred inflows of resources</b>	<b>3,047,931</b>	<b>402,862</b>	<b>3,450,793</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>						
Net investment in capital assets	5,265,708	9,337,696	14,603,404	84,575,903	10,197,224	94,773,127
Restricted for:						
Debt service		2,579,165	2,579,165	-	2,559,662	2,559,662
Capital projects	1,189,076		1,189,076	-	3,312,647	3,312,647
Cemetery maintenance						
Expendable	6,824	-	6,824	-	-	-
Road construction				1,954,965		1,954,965
Unrestricted	6,644,960	12,932,697	19,577,657	926,358	5,870,652	6,797,010
<b>Total Net Position</b>	<b>\$ 13,106,568</b>	<b>\$ 24,849,558</b>	<b>\$ 37,956,126</b>	<b>\$ 87,457,226</b>	<b>\$ 21,940,185</b>	<b>\$ 109,397,411</b>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary Government</b>						
Governmental activities:						
Legislative	\$ 103,402				\$ - \$ (103,402)	
Judicial	3,262,153		\$ 1,216,028	\$ 1,252,854	(793,271)	
General government	6,347,103	\$ (1,574)	740,750	234,953	(5,369,826)	
Public safety	5,652,616		2,046,308	638,185	(2,968,123)	
Public works	815,625		369,043		(446,582)	
Health and welfare	5,216,376		586,366	2,406,930	(2,223,080)	
Culture and recreation	9,023		3,987		(5,036)	
Interest on debt	44,999				(44,999)	
<b>Total governmental activities</b>	<b>21,451,297</b>	<b>(1,574)</b>	<b>4,962,482</b>	<b>4,532,922</b>	<b>(11,954,319)</b>	
Business-type activities:						
Medical care facility	19,650,465	1,574	17,976,404		(1,675,635)	
Delinquent property tax	832		582,800		581,968	
Caro sewer system	88,435		-	88,435	-	
Mayville storm sewer	52,667		-	52,667	-	
Richville water system	4,828		-	4,828	-	
Millington sewer system	1,706		-	1,706	-	
Denmark sewer system	81,954		-	81,954	-	
Denmark water extension	888		-	888	-	
Wisner water district	296,161		-	169,968	(126,193)	
Tax foreclosure	405,857		175,250		(230,607)	
<b>Total business-type activities</b>	<b>20,583,793</b>	<b>1,574</b>	<b>18,734,454</b>	<b>-</b>	<b>(1,450,467)</b>	
<b>Total Primary Government</b>	<b>\$ 42,035,090</b>	<b>\$ -</b>	<b>\$ 23,696,936</b>	<b>\$ 4,532,922</b>	<b>\$ 400,446</b>	<b>\$ (13,404,786)</b>
<b>Component Units</b>						
Road commission	\$ 10,047,772		\$ 992,091	\$ 12,049,402	\$ 2,993,721	
Drain commission	1,599,722				\$ 1,157,352	(442,370)
<b>Total Component Units</b>	<b>\$ 11,647,494</b>	<b>\$ -</b>	<b>\$ 992,091</b>	<b>\$ 12,049,402</b>	<b>\$ 1,157,352</b>	<b>\$ 2,551,351</b>

continued...

TUSCOLA COUNTY

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014

<u>Functions / Programs</u>	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Total</u>
Changes in net position						
Net revenue (expense)	\$ (11,954,319)	\$ (1,450,467)	\$ (13,404,786)	\$ 2,993,721	\$ (442,370)	\$ 2,551,351
General revenues:						
Property taxes	9,218,752	1,894,897	11,113,649			-
Grants and contributions not restricted to specific programs	1,165,279		1,165,279			-
Unrestricted investment earnings	481,646	51,914	533,560	14,314	18,532	32,846
Other revenue	796,222	1,115,105	1,911,327	202,996		202,996
Transfers - internal activities	734,858	(708,253)	26,605		-	-
Total general revenues and transfers	12,396,757	2,353,663	14,750,420	217,310	18,532	235,842
Change in net position	442,438	903,196	1,345,634	3,211,031	(423,838)	2,787,193
Net position, beginning of year, restated	12,664,130	23,946,362	36,610,492	84,246,195	22,364,023	106,610,218
Net position, end of year	\$ 13,106,568	\$ 24,849,558	\$ 37,956,126	\$ 87,457,226	\$ 21,940,185	\$ 109,397,411

See notes to financial statements.

TUSCOLA COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

<u>ASSETS</u>	<u>General</u>	<u>Health Department 9-30-14</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,321,624	\$ 329,165	\$ 3,908,552	\$ 5,559,341
Investments	-		-	-
Receivables:				
Taxes receivable	501,646		3,047,931	3,549,577
Taxes receivable - delinquent	23,038		33,799	56,837
Accounts receivable	248,078	87,500	471,806	807,384
Due from other funds	866,551		76,542	943,093
Due from state	-	264,041	232,435	496,476
Due from other governmental units	4,837	56,275	34,321	95,433
Prepaid expenditures	7,310	14,332	-	21,642
Inventory	-	45,934		45,934
Advances to component unit	410,000			410,000
Restricted cash and cash equivalents	204,301			204,301
Total Assets	<u>\$ 3,587,385</u>	<u>\$ 797,247</u>	<u>\$ 7,805,386</u>	<u>\$ 12,190,018</u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 367,327	\$ 28,501	\$ 357,581	\$ 753,409
Accrued liabilities	121,371	94,867	86,046	302,284
Due to other governments	-		62,033	62,033
Due to other funds	-		257,969	257,969
Deposits payable	170		-	170
Unearned revenue		45,933	-	45,933
Total Liabilities	<u>488,868</u>	<u>169,301</u>	<u>763,629</u>	<u>1,421,798</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	335,928	-	33,799	369,727
Taxes levied for a subsequent period	-	-	3,047,931	3,047,931
Total deferred inflows of resources	<u>335,928</u>	<u>-</u>	<u>3,081,730</u>	<u>3,417,658</u>
<b>Fund Balance</b>				
Nonspendable for:				
Inventory	-	45,934		45,934
Prepaid expenditures	7,310	14,332	-	21,642
Flexible spending		5,364		5,364
Advances to component units	410,000			410,000
Restricted for:				
Cost based reimbursement		139,328		139,328
Capital projects			1,189,076	1,189,076
Cemetery			6,824	6,824
Special revenue funds		10,502	2,759,127	2,769,629
Committed for:				
Compensated absences		176,232		176,232
Retirement contribution		228,564		228,564
Imprest cash		460		460
Northstar bank savings		10		10
Substance abuse coalition		2,000		2,000
Exchange club donation		581		581
MBA Mibridges		698		698
Geriatrics		330		330
Veteran affairs		1,768		1,768
Vision program		429		429
SEMHA CSHCS		1,414		1,414
County resident hospital program			5,000	5,000
Assigned for:				
Contingency reserve	1,312,000			1,312,000
Wind revenue reserve	150,000			150,000
Unassigned	883,279			883,279
Total Fund Balance	<u>2,762,589</u>	<u>627,946</u>	<u>3,960,027</u>	<u>7,350,562</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 3,587,385</u>	<u>\$ 797,247</u>	<u>\$ 7,805,386</u>	<u>\$ 12,190,018</u>

See notes to financial statements.

TUSCOLA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2014

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 7,350,562</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	15,960,450
Subtract: accumulated depreciation	(9,673,959)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Add: unavailable property taxes	369,727
Add: long-term receivables - due from other governments	132,221
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	
Add: net position of governmental activities accounted for in internal service funds	652,442
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: bonds and leases payable	(1,020,783)
Subtract: accrued interest payable	(5,243)
Subtract: compensated absences	(658,849)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 13,106,568</u></b>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2014

	General	Health Department 9-30-14	Other Governmental Funds	Total
Revenues				
Taxes	\$ 6,378,615	\$ -	\$ 2,821,819	\$ 9,200,434
Licenses and permits	550,627	144,170		694,797
Intergovernmental				
Federal	126,223	1,854,844	876,689	2,857,756
State	1,725,115		1,252,545	2,977,660
Local	1,500		438,396	439,896
Charges for services	1,734,564	402,128	1,318,095	3,454,787
Fines and forfeits	88,084		147,703	235,787
Interest and rents	463,725		17,921	481,646
Reimbursements and refunds	676,633		129,846	806,479
Other		4,851	127,284	132,135
Total Revenues	<u>11,745,086</u>	<u>2,405,993</u>	<u>7,130,298</u>	<u>21,281,377</u>
Expenditures				
Current:				
Legislative	103,947			103,947
Judicial	2,269,006		1,015,420	3,284,426
General government	3,879,912		1,390,873	5,270,785
Public safety	2,750,468		3,133,639	5,884,107
Public works	814,993			814,993
Health and welfare	525,122	2,707,036	1,831,524	5,063,682
Culture and recreation			9,023	9,023
Other	206,688			206,688
Capital outlay			868,730	868,730
Debt service - principal			175,000	175,000
Debt service - interest			47,463	47,463
Total Expenditures	<u>10,550,136</u>	<u>2,707,036</u>	<u>8,471,672</u>	<u>21,728,844</u>
Revenues over (under) expenditures	<u>1,194,950</u>	<u>(301,043)</u>	<u>(1,341,374)</u>	<u>(447,467)</u>
Other Financing Sources (uses)				
Transfer in	762,971	400,111	1,479,153	2,642,235
Transfer out	(1,841,275)	-	(66,102)	(1,907,377)
Total Other Financing Sources (uses)	<u>(1,078,304)</u>	<u>400,111</u>	<u>1,413,051</u>	<u>734,858</u>
Net change in fund balances	116,646	99,068	71,677	287,391
Fund balance, beginning of year, restated	<u>2,645,943</u>	<u>528,878</u>	<u>3,888,350</u>	<u>7,063,171</u>
Fund balance, end of year	<u>\$ 2,762,589</u>	<u>\$ 627,946</u>	<u>\$ 3,960,027</u>	<u>\$ 7,350,562</u>

See notes to financial statements.

**TUSCOLA COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

**Net Change In Fund Balances - Total Governmental Funds** \$ 287,391

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

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

Add: capital outlay	439,982
Add: construction-in-progress	24,500
Subtract: depreciation expense	(589,907)

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

Add: change in unavailable property taxes receivable	18,318
Subtract: decrease in long-term receivables	(142,392)

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

Add: principal payments on long-term liabilities	400,288
Add: decrease in accrued interest payable	2,464
Subtract: amortization of bond discount	(746)

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

Subtract: increase in the accrual of compensated absences	(55,773)
Subtract: loss on the disposal of capital assets	(645)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add: net income from governmental activities accounted for in internal service funds	58,958
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**Change In Net Position Of Governmental Activities** \$ 442,438

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2014

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 3,719,709	\$ -	\$ -	\$ 908	\$ 769,858	\$ 4,490,475	\$ 853,287
Investments	1,489,907	-	-	-	-	1,489,907	-
Receivables:							
Taxes receivable - delinquent	402,862	2,411,839	-	-	-	2,814,701	-
Accounts receivable, net	2,300,357	9,957	-	62,096	-	2,372,410	33,515
Due from other funds	-	-	-	-	260	260	244
Due from other governmental units	-	152,006	-	-	-	152,006	-
Contracts receivable - current	-	-	371,764	88,371	161,514	621,649	-
Prepaid expenses	42,616	-	-	-	-	42,616	-
Other assets	-	-	-	-	-	-	-
Restricted cash	5,474,519	2,535,855	-	-	-	8,010,374	-
Restricted investments	-	1,284,163	-	-	-	1,284,163	-
<b>Total current assets</b>	<b>13,429,970</b>	<b>6,393,820</b>	<b>371,764</b>	<b>151,375</b>	<b>931,632</b>	<b>21,278,561</b>	<b>887,046</b>
Noncurrent assets:							
Contracts receivable, net of current portion	-	-	5,007,114	3,035,000	3,228,000	11,270,114	-
Net pension asset	242,438	-	-	-	-	242,438	-
Capital assets, not being depreciated	3,033,190	-	-	-	-	3,033,190	-
Capital assets, being depreciated	10,460,810	-	-	-	-	10,460,810	-
<b>Total noncurrent assets</b>	<b>13,736,438</b>	<b>-</b>	<b>5,007,114</b>	<b>3,035,000</b>	<b>3,228,000</b>	<b>25,006,552</b>	<b>-</b>
<b>Total assets</b>	<b>27,166,408</b>	<b>6,393,820</b>	<b>5,378,878</b>	<b>3,186,375</b>	<b>4,159,632</b>	<b>46,285,113</b>	<b>887,046</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	704,512	56,526	-	63,004	3,715	827,757	240
Accrued and other liabilities	214,041	-	21,764	28,371	38,514	302,690	206,989
Due to other funds	-	658,253	-	-	-	658,253	27,375
Patient trust fund	31,658	-	-	-	-	31,658	-
Deposits payable	26,491	-	-	-	-	26,491	-
Unearned revenue	4,251	-	-	-	-	4,251	-
Compensated absences - current	35,848	-	-	-	-	35,848	-
Bonds payable, current	1,265,000	-	350,000	60,000	123,000	1,798,000	-
<b>Total current liabilities</b>	<b>2,281,801</b>	<b>714,779</b>	<b>371,764</b>	<b>151,375</b>	<b>165,229</b>	<b>3,684,948</b>	<b>234,604</b>
Noncurrent liabilities:							
Compensated absences - net of current	322,631	-	-	-	-	322,631	-
Bonds payable, net of current portion	5,755,000	-	5,007,114	3,035,000	3,228,000	17,025,114	-
<b>Total long-term liabilities</b>	<b>6,077,631</b>	<b>-</b>	<b>5,007,114</b>	<b>3,035,000</b>	<b>3,228,000</b>	<b>17,347,745</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,359,432</b>	<b>714,779</b>	<b>5,378,878</b>	<b>3,186,375</b>	<b>3,393,229</b>	<b>21,032,693</b>	<b>234,604</b>
<b>Deferred inflows of resources</b>							
Taxes levied for a subsequent period	402,862	-	-	-	-	402,862	-
<b>Net position</b>							
Net investment in capital assets	9,337,696	-	-	-	-	9,337,696	-
Restricted for:							
Debt service	2,579,165	-	-	-	-	2,579,165	-
Unrestricted	6,487,253	5,679,041	-	-	766,403	12,932,697	652,442
<b>Total net position</b>	<b>\$ 18,404,114</b>	<b>\$ 5,679,041</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 766,403</b>	<b>\$ 24,849,558</b>	<b>\$ 652,442</b>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds					Total	Governmental
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds		Internal Service Funds
Operating revenue							
Charges for services	\$ 17,976,404	\$ 582,800	\$ -	\$ -	\$ 175,250	\$ 18,734,454	\$ 2,328,947
Other operating revenue	523,858	21	-	126,193	465,033	1,115,105	-
Grant proceeds	-	-	-	83,229	-	83,229	-
Total operating revenue	18,500,262	582,821	-	209,422	640,283	19,932,788	2,328,947
Operating expenses							
Operation and maintenance	18,636,469	832	-	-	-	18,637,301	2,269,757
Benefits and claims	-	-	-	-	-	-	232
Administration	-	-	-	-	405,857	405,857	-
Depreciation	778,733	-	-	-	-	778,733	-
Program expenses	-	-	-	209,422	-	209,422	-
Total operating expenses	19,415,202	832	-	209,422	405,857	20,031,313	2,269,989
Operating income (loss)	(914,940)	581,989	-	-	234,426	(98,525)	58,958
Nonoperating revenue (expenses)							
Property taxes	1,894,897	-	-	-	-	1,894,897	-
Interest and rent	24,659	23,795	-	-	3,460	51,914	-
Interest expense and fiscal charges	(236,837)	-	(88,435)	(86,739)	(142,043)	(554,054)	-
Total nonoperating revenue (expenses)	1,682,719	23,795	(88,435)	(86,739)	(138,583)	1,392,757	-
Income (loss) before capital contributions and transfers	767,779	605,784	(88,435)	(86,739)	95,843	1,294,232	58,958
Capital contributions	-	-	88,435	86,739	142,043	317,217	-
Transfers							
Transfers out	-	(658,253)	-	-	(50,000)	(708,253)	-
Change in net position	767,779	(52,469)	-	-	187,886	903,196	58,958
Net position, beginning of year	17,636,335	5,731,510	-	-	578,517	23,946,362	593,484
Net position, end of year	\$ 18,404,114	\$ 5,679,041	\$ -	\$ -	\$ 766,403	\$ 24,849,558	\$ 652,442

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds					Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities							
Cash received from customers	\$ 17,817,661	\$ 504,298	\$ -	\$ 255,094	\$ 175,250	\$ 18,752,303	\$ 2,295,522
Cash received from interfund services provided					(2)	(2)	27,262
Cash payments to suppliers for goods and services	(5,595,693)	(21,875)		(255,449)	(406,115)	(6,279,132)	(2,429,851)
Cash payments to employees for services	(13,056,543)					(13,056,543)	
Other operating revenue					465,033	465,033	
Net cash provided by operating activities	(834,575)	482,423	-	(355)	234,166	(118,341)	(107,067)
Cash flows from noncapital financing activities							
Property taxes	377,789					377,789	
Transfers out		(658,253)			(50,000)	(708,253)	
Net cash provided (used) by noncapital financing activities	377,789	(658,253)	-	-	(50,000)	(330,464)	
Cash flows from capital and related financing activities							
Property taxes	1,517,108					1,517,108	
Contributions from local units			428,435	216,739	647,043	1,292,217	
Grant proceeds				145,511		145,511	
Principal paid on long-term debt	(1,030,000)		(340,000)	(130,000)	(505,000)	(2,005,000)	
Interest paid on long-term debt	(226,156)		(88,435)	(86,739)	(142,043)	(543,373)	
Contributions to local units				(144,319)	-	(144,319)	
Purchases and construction of capital assets	(3,094,498)				-	(3,094,498)	
Net cash provided (used) by capital and related financing activities	(2,833,546)	-	-	1,192	-	(2,832,354)	-
Cash flows from investing activities							
Interest and rent	24,659	23,795			3,460	51,914	
Sale (purchase) of investments	(1,430)	30,574				29,144	
Net cash provided (used) by investing activities	23,229	54,369	-	-	3,460	81,058	-
Net increase in cash and cash equivalents	(3,267,103)	(121,461)	-	837	187,626	(3,200,101)	(107,067)
Cash and cash equivalents, beginning of year	12,461,331	2,657,316	-	71	582,232	15,700,950	960,354
Cash and cash equivalents, end of year	\$ 9,194,228	\$ 2,535,855	\$ -	\$ 908	\$ 769,858	\$ 12,500,849	\$ 853,287
Statement of net position classification of cash and cash equivalents							
Cash and cash equivalents	\$ 3,719,709			\$ 908	\$ 769,858	\$ 4,490,475	\$ 853,287
Restricted cash	5,474,519	\$ 2,535,855				8,010,374	
	\$ 9,194,228	\$ 2,535,855	\$ -	\$ 908	\$ 769,858	\$ 12,500,849	\$ 853,287

(Continued)

TUSCOLA COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONCLUDED)  
 YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds					Governmental	
	Medical Care Facility	Delinquent Tax Revolving Fund	Caro Sewer System	Wisner Water District	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ (914,940)	\$ 581,989	\$ -	\$ -	\$ 234,426	\$ (98,525)	\$ 58,958
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	778,733					778,733	
Changes in assets and liabilities which increase (decrease) cash:							
Receivables	(328,386)	(51,152)		45,672	-	(333,866)	(33,425)
Due from other funds					(2)	(2)	(113)
Due from other governmental units		(27,371)	1,381		1,478	(24,512)	
Prepaid expenses	141,118					141,118	-
Net pension asset	(60,722)					(60,722)	
Accounts payable	(109,412)	48,242		(44,835)	(258)	(106,263)	27,375
Accrued and other liabilities	31,129		(1,381)	(1,192)	(1,478)	27,078	(159,945)
Due to other funds		(69,285)				(69,285)	83
Unearned revenue	577					577	
Patient trust funds	(370)					(370)	
Deposits payable	(434,818)					(434,818)	
Compensated absences	62,516					62,516	
Net cash provided by operating activities by operating activities	<u>\$ (834,575)</u>	<u>\$ 482,423</u>	<u>\$ -</u>	<u>\$ (355)</u>	<u>\$ 234,166</u>	<u>\$ (118,341)</u>	<u>\$ (107,067)</u>

See notes to financial statements.

TUSCOLA COUNTY

STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2014

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,172,099
Total assets	<u>\$ 1,172,099</u>
Liabilities	
Accrued liabilities	\$ 450,480
Due to other governmental units	693,044
Undistributed receipts	<u>28,575</u>
Total liabilities	<u>\$ 1,172,099</u>

See notes to financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

**A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because they are entities for which the County is considered to financially accountable.

**Blended Component Unit** - The Building Authority has been included as part of the County financial statements since the County appoints the five-member governing authority and the Building Authority provides its services entirely to Tuscola County. The purpose of the Building Authority is to finance through tax-exempt bonds the construction of public facilities for use by the County, with the bonds secured by lease agreements with, and serviced through lease payments from, the County.

**Discretely Presented Component Units** - The following component units are reported separately on the government-wide financial statements to emphasize that they are legally separate from the County.

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

*Drain Commission* - The Drain Commission is considered a discrete component unit as the nature and significance of the relationship between the primary government and the Commission is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage Board of Chapter 21 drainage districts consist of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. A complete financial statement may be obtained from the Tuscola County Drain Commissioner, 125 W. Lincoln St. Suite 100, Caro, Michigan 48723.

**Other Year-Ends**

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

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

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-

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

type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements; the agency funds use the accrual basis of accounting, but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## TUSCOLA COUNTY

### NOTES TO FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue is primarily derived from property taxes, state and federal distributions and charges for services.

The *health department fund* accounts for the charges for medical services and grant revenues along with the related operations of the Tuscola County Health Department.

The County reports the following major proprietary funds:

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

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

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

The *Wisner water district fund* accounts for the water district in Wisner County. The construction project is funded by loans and grants from the USDA.

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity:**

**1. Cash and Investments**

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

Statutory Authority

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

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

# TUSCOLA COUNTY

## NOTES TO FINANCIAL STATEMENTS

### 2. Receivables and Payables

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

### 3. Inventories and Prepaids

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

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

### 4. Restricted Cash and Investments

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

### 5. Capital Assets

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

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

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

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

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

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

Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from 5 to 50 years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of 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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has no items that qualify for reporting in this category.

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.

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 2014 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2014, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2014 levies is reported as deferred inflows of resources at year-end.

**7. Compensated Absences**

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

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

**8. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. 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 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.

**10. Fund Balance Flow Assumptions**

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

**11. 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).

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action 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 action 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 action) 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 unassigned fund balance of approximately 10% of the most current Board approved General Fund Budget.

**12. Use of Estimates**

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

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A. Budgets and Budgetary Accounting**

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

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

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>Nonmajor Special Revenue Funds</b>			
Victim Services- public safety	\$ 69,550	\$ 71,764	\$ 2,214
CDBG Housing Grant	\$ 125,000	\$ 138,520	\$ 13,520
Corrections Services- public safety	\$ 52,122	\$ 57,496	\$ 5,374

These expenditures over budget were funded by available fund balance.

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS:**

**A. Deposits and Investments**

A reconciliation of cash and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

Government-Wide Financial Statement Captions:	<u>Carrying Amount</u>
Primary Government:	
Cash and cash equivalents	\$ 10,903,103
Investments	1,489,907
Restricted cash	8,214,675
Restricted investments	1,284,163
Component Units:	
Cash and cash equivalents	4,390,037
Investments	3,987,761
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,172,099
<b>Total</b>	<u><u>\$ 31,441,745</u></u>
Notes to Financial Statements	
Deposits	\$ 24,672,114
Investments	6,761,831
Cash on hand	7,800
<b>Total</b>	<u><u>\$ 31,441,745</u></u>

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

**Deposits and investments**

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

	<u>Carrying Amount</u> <u>(Fair Value)</u>	<u>Maturity Less</u> <u>1 Year</u>	<u>Maturity</u> <u>1-5 Years</u>	<u>Credit Rating</u>
Investments:				
Michigan Class Accounts	\$ 5,377,437	\$ 5,377,437	-	n/a
Negotiable certificates of deposit (Weighted average maturity is approximately 21 months for these funds held in Combined Revolving Tax Fund)	385,651		\$ 385,651	n/a
Commercial Paper	<u>998,743</u>	<u>998,743</u>	-	A1
<b>Total</b>	<u><u>\$6,761,831</u></u>	<u><u>\$6,376,180</u></u>	<u><u>\$ 385,651</u></u>	

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

**Investment and deposit risk**

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

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for mitigating deposit custodial credit risk. As of year end \$19,373,252 of the County's bank balance of \$21,199,092 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the funds are held in the counterparty's trust department in the County's name.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. More than 5 percent of the County's investments are in commercial paper. All investments held at year-end are reported above.

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

**B. Receivables**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Taxes	\$ 3,606,414	\$ 2,814,701	\$ 1,918,197
Accounts, net	840,899	2,372,410	102,591
Special Assessments			
Due within one year			741,418
Due after one year			5,154,809
Intergovernmental			
Due within one year	724,130	773,655	1,900,483
Due after one year		11,270,114	
<b>Total</b>	<u><u>\$ 5,171,443</u></u>	<u><u>\$ 17,230,880</u></u>	<u><u>\$ 9,817,498</u></u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, unearned revenues consisted of \$45,933 of grant draw downs prior to meeting eligibility requirements.

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

	<u>Taxes Levied for Subsequent Period</u>	<u>Unavailable</u>	<u>Total</u>
<b>Governmental Activities</b>			
Property taxes receivable	\$ 3,047,931	\$ 369,727	\$ 3,417,658
<b>Business-Type Activities</b>			
Property taxes receivable	402,862		402,862
<b>Total</b>	<u><u>\$ 3,450,793</u></u>	<u><u>\$ 369,727</u></u>	<u><u>\$ 3,820,520</u></u>

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

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2014, was as follows:

**Primary Government**

	<b><u>Beginning Balance</u></b>	<b><u>Additions &amp; Transfers</u></b>	<b><u>Disposals</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated:				
Land	\$ 535,646	\$ -	\$ -	\$ 535,646
Construction in progress	-	24,500		24,500
Total capital assets not being depreciated:	<u>535,646</u>	<u>24,500</u>	<u>-</u>	<u>560,146</u>
Capital assets being depreciated:				
Buildings	6,977,261		(4,000)	6,973,261
Improvements	2,780,903	202,779		2,983,682
Equipment	3,988,455	4,631		3,993,086
Vehicles	1,281,997	232,572	(64,294)	1,450,275
Total capital assets being depreciated:	<u>15,028,616</u>	<u>439,982</u>	<u>(68,294)</u>	<u>15,400,304</u>
Less accumulated depreciation:				
Buildings	(4,232,676)	(196,303)	3,355	(4,425,624)
Improvements	(1,265,707)	(149,626)		(1,415,333)
Equipment	(2,772,015)	(92,366)		(2,864,381)
Vehicles	(881,303)	(151,612)	64,294	(968,621)
Total accumulated depreciation	<u>(9,151,701)</u>	<u>(589,907)</u>	<u>67,649</u>	<u>(9,673,959)</u>
Total capital assets being depreciated, net	<u>5,876,915</u>	<u>(149,925)</u>	<u>(645)</u>	<u>5,726,345</u>
<b>Governmental activities capital assets, net</b>	<b><u><u>\$ 6,412,561</u></u></b>	<b><u><u>\$ (125,425)</u></u></b>	<b><u><u>\$ (645)</u></u></b>	<b><u><u>\$ 6,286,491</u></u></b>

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b><u>Business-Type Activities</u></b>				
Capital assets not being depreciated:				
Construction in progress	\$ 429,751	\$ 2,603,439	\$ -	\$ 3,033,190
Capital assets being depreciated:				
Land improvements	1,129,315	178,972		1,308,287
Buildings	11,093,677	55,914		11,149,591
Equipment	7,639,681	256,173	(30,642)	7,865,212
Total capital assets being depreciated	19,862,673	491,059	(30,642)	20,323,090
Less accumulated depreciation:				
Land improvements	(555,989)	(68,452)		(624,441)
Buildings	(4,371,077)	(295,393)		(4,666,470)
Equipment	(4,187,123)	(414,888)	30,642	(4,571,369)
Total accumulated depreciation	(9,114,189)	(778,733)	30,642	(9,862,280)
Total capital assets being depreciated, net	10,748,484	(287,674)	-	10,460,810
<b>Business-type activities capital assets, net</b>	<b>\$ 11,178,235</b>	<b>\$ 2,315,765</b>	<b>\$ -</b>	<b>\$ 13,494,000</b>

The County estimates it will cost approximately \$3,000,000 to complete the various projects currently in progress.

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

**Governmental activities:**

Judicial	\$ 4,500
General government	249,804
Public safety	218,592
Health and welfare	117,011

Total depreciation expense - governmental activities \$589,907

Business-type activities:

Total depreciation expense - Medical Care Facility	<u><u>\$778,733</u></u>
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**TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Discretely presented component units**

Activity for the Drain Commission for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 100,454	\$ -	\$ 100,454
Capital assets being depreciated:				
Infrastructure	20,128,844		-	20,128,844
Less accumulated depreciation:				
Infrastructure	(3,605,111)	(403,318)	-	(4,008,429)
Total capital assets being depreciated, net	16,523,733	(403,318)	-	16,120,415
<b>Drain commission capital assets, net</b>	<b>\$ 16,523,733</b>	<b>\$ (302,864)</b>	<b>\$ -</b>	<b>\$ 16,220,869</b>

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

Activity for the Road Commission for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and right of ways	\$ 294,218	\$ -	\$ -	\$ 294,218
Land improvements	32,797,574	191,207	-	32,988,781
Total capital assets not being depreciated:	<u>33,091,792</u>	<u>191,207</u>	<u>-</u>	<u>33,282,999</u>
Capital assets being depreciated:				
Infrastructure	87,337,530	6,169,955		93,507,485
Buildings	2,068,657	35,949	(2,956)	2,101,650
Equipment	5,484,156	325,290	(20,364)	5,789,082
Depletable assets	282,717			282,717
Total capital assets being depreciated:	<u>95,173,060</u>	<u>6,531,194</u>	<u>(23,320)</u>	<u>101,680,934</u>
Less accumulated depreciation:				
Infrastructure	(40,666,767)	(4,149,348)		(44,816,115)
Buildings	(498,608)	(53,695)	2,563	(549,740)
Equipment	(4,718,852)	(276,840)	19,700	(4,975,992)
Depletable assets	(45,466)	(717)		(46,183)
Total accumulated depreciation	<u>(45,929,693)</u>	<u>(4,480,600)</u>	<u>22,263</u>	<u>(50,388,030)</u>
Total capital assets being depreciated, net	<u>49,243,367</u>	<u>2,050,594</u>	<u>(1,057)</u>	<u>51,292,904</u>
<b>Road commission capital assets, net</b>	<u><u>\$ 82,335,159</u></u>	<u><u>\$ 2,241,801</u></u>	<u><u>\$ (1,057)</u></u>	<u><u>\$ 84,575,903</u></u>

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

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

<b>Due To</b>	<b>Due From</b>			<b>Total</b>
	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds	
General Fund	\$ 180,923	\$ 658,253	\$ 27,375	\$ 866,551
Nonmajor Governmental Funds	76,542			76,542
Nonmajor Enterprise Funds	260			260
Internal Service Funds	244			244
<b>Total</b>	<b>\$ 257,969</b>	<b>\$ 658,253</b>	<b>\$ 27,375</b>	<b>\$ 943,597</b>

The balance of \$658,253 due to the General Fund from the Delinquent Tax Revolving Fund resulted from net income of the Delinquent Tax Revolving Fund due, but not yet transferred to the General Fund.

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

**Advances to/from component units:**

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

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

<b>Transfers From</b>	<b>Transfers To</b>			<b>Total</b>
	General Fund	Health Department	Nonmajor Governmental Funds	
General Fund		\$ 373,506	\$ 1,467,769	\$ 1,841,275
Nonmajor Governmental Funds	\$ 54,718		11,384	66,102
Delinquent Tax Revolving Fund	658,253			658,253
Nonmajor Enterprise Funds	50,000			50,000
	<u>762,971</u>	<u>373,506</u>	<u>1,479,153</u>	<u>2,615,630</u>
Reconciling item		<u>26,605</u>		<u>26,605</u>
<b>Total</b>	<u><u>\$ 762,971</u></u>	<u><u>\$ 400,111</u></u>	<u><u>\$ 1,479,153</u></u>	<u><u>\$ 2,642,235</u></u>

The reconciling item is because of the effect of presenting the Tuscola Health Department as of September 30, 2014. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Lease Revenue**

During 2008, the County entered into a lease with the State of Michigan leasing building space to the State to be used by the Department of Human Services. The lease expires on October 31, 2028. In 1999, the County entered into a lease with the State of Michigan leasing a building to the Department of State Police. This lease expires December 31, 2014. The County received lease revenue in the amount of \$461,284. The future minimum lease payments for the remainder of the lease are as follows:

<b>Year Ending December 31</b>	<b>Revenue</b>
2015	\$ 299,150
2016	299,150
2017	299,150
2018	304,707
2019	332,491
2020-2024	1,701,719
2025-2028	<u>1,464,568</u>
<b>Total</b>	<u><u>\$ 4,700,935</u></u>

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

**F. Long-Term Debt**

**Changes in long-term debt**

Long-term activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
<b>Governmental activities</b>					
Building authority					
General obligation bonds:					
Tuscola County Series 1999	\$ 270,000	\$ -	\$ (140,000)	\$ 130,000	\$ 130,000
Capital Improvement Bonds					
Series 2011	925,000		(35,000)	890,000	35,000
Bond discount	(13,184)		746	(12,438)	
Equipment loan	26,013		(12,792)	13,221	13,221
Capital lease	212,496		(212,496)	-	
Compensated absences	603,076	736,301	(680,528)	658,849	224,794
<b>Governmental activities long-term liabilities</b>	<u>\$ 2,023,401</u>	<u>\$ 736,301</u>	<u>\$ (1,080,070)</u>	<u>\$ 1,679,632</u>	<u>\$ 403,015</u>
<b>Business-type activities</b>					
Refunding bonds	\$ 3,450,000	\$ -	\$ (1,030,000)	\$ 2,420,000	\$ 1,100,000
Medical Care - Small House	4,600,000		-	4,600,000	165,000
General obligation bonds:					
Mayville Storm Sewer	1,062,000		(26,000)	1,036,000	27,000
Millington Sanitary Sewer	35,000		(15,000)	20,000	15,000
Richville Water System	370,000		(40,000)	330,000	50,000
Caro Sewer System	5,697,114		(340,000)	5,357,114	350,000
Denmark Water Extension	395,000		(395,000)	-	
USDA loans:					
Denmark Sewer System	1,994,000		(29,000)	1,965,000	31,000
Wisner Water System	3,225,000		(130,000)	3,095,000	60,000
Compensated absences	295,963	1,036,502	(973,986)	358,479	35,848
<b>Business-type activities long-term liabilities</b>	<u>\$ 21,124,077</u>	<u>\$ 1,036,502</u>	<u>\$ (2,978,986)</u>	<u>\$ 19,181,593</u>	<u>\$ 1,833,848</u>

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

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

**Advance Refunding**

During 2011, the Medical Care Facility issued general obligation bonds of \$5,440,000. Proceeds from this bond issue along with an issuer contribution of \$1,000,000 were used to advance refund the Capital Improvement Bonds, Series 2003. As a result, the refunded bonds are considered defeased and the liability has been removed from long-term debt. The balance of the defeased debt outstanding at December 31, 2014, was \$3,425,000.

**Advance Refunding**

During 2012, the Richville Water System bonds were refunded. As a result of the advance refunding, total debt service requirements were reduced by \$24,006, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$22,080. At December 31, 2014, \$285,000 of bonds outstanding were considered defeased.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Component Units:</b>					
<b>Road Commission</b>					
Equipment note payable	\$ -	\$ 178,926	\$ -	\$ 178,926	\$ 43,412
Compensated absences	53,341	1,602		54,943	-
Net pension obligation	144,214		(72,523)	71,691	-
Net OPEB obligation	2,707,936	299,625		3,007,561	-
<b>Total Road Commission</b>	<u>\$ 2,905,491</u>	<u>\$ 480,153</u>	<u>\$ (72,523)</u>	<u>\$ 3,313,121</u>	<u>\$ 43,412</u>
<b>Drain Commission</b>					
General obligation bonds:					
Moore Drain	\$ 2,275,000		\$ (175,000)	\$ 2,100,000	\$ 175,000
Bach and Branches Drain	1,200,000		(150,000)	1,050,000	150,000
Alder Creek Drain	200,000		(100,000)	100,000	100,000
Northwest Drain	2,100,000		(350,000)	1,750,000	350,000
Sebewaing River					
Intercounty Drain	162,305		(162,305)	-	-
Reese Drain	142,995		(47,666)	95,329	47,666
Armbruster Intercounty Drain	173,325		(15,756)	157,569	15,757
Pigeon River Intercounty Drain	199,913		(13,456)	186,457	13,456
Loans Payable	736,428		(152,138)	584,290	138,790
<b>Total Drain Commission</b>	<u>\$ 7,189,966</u>	<u>\$ -</u>	<u>\$ (1,166,321)</u>	<u>\$ 6,023,645</u>	<u>\$ 990,669</u>

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

General obligation bonds and loans are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. The debt service requirements for the Mayville Sewer, Millington Sewer, Richville Water, Caro Sewage, Caro Sewer and Denmark Water bonds are funded by various local government contributions. The amount in governmental activities includes an equipment lease. General obligation bonds, loans and equipment leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5 - 14.8%	\$ 1,033,221
Business-type activities	7.2 - 8.7%	\$18,823,114

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

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 178,221	\$ 39,394	\$ 1,793,000	\$ 514,729
2016	40,000	34,838	1,840,000	466,325
2017	40,000	33,688	933,000	429,167
2018	40,000	32,488	756,000	408,367
2019	40,000	31,267	779,000	390,174
2020-2024	245,000	131,992	6,448,000	1,576,102
2025-2029	305,000	73,291	2,579,114	810,632
2030-2034	145,000	7,229	1,039,000	574,796
2035-2039	-	-	945,000	374,710
2040-2044	-	-	882,000	221,501
2045-2049	-	-	637,000	74,842
2050-2052	-	-	192,000	8,553
	<u>1,033,221</u>	<u>384,187</u>	<u>18,823,114</u>	<u>5,849,898</u>
Bond discount	(12,438)			
Compensated Absences	<u>658,849</u>		<u>358,479</u>	
Total	<u>\$ 1,679,632</u>	<u>\$ 384,187</u>	<u>\$ 19,181,593</u>	<u>\$ 5,849,898</u>

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

Component units

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. Long term debt of the Drain Commission will be repaid through special assessments. General obligation bonds and notes currently outstanding are as follows.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00% - 6.50%	\$6,023,645

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 990,668	\$ 230,433
2016	796,589	191,494
2017	748,923	158,725
2018	728,173	127,113
2019	728,173	96,410
2020-2024	1,430,869	241,903
2025-2029	458,250	44,194
2030-2034	65,000	17,350
2035-2039	65,000	9,550
2040	12,000	350
<b>Total</b>	<b><u><u>\$ 6,023,645</u></u></b>	<b><u><u>\$ 1,117,522</u></u></b>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00%	\$178,926

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2015	43,412	3,578
2016	44,280	2,710
2017	45,165	1,825
2018	46,069	921
<b>Total</b>	<b><u><u>\$ 178,926</u></u></b>	<b><u><u>\$ 9,034</u></u></b>

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

**G. Designated Fund Equity**

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

The following are the various net position designations as of December 31, 2014:

Delinquent Tax Revolving Fund	
Designated for compensated absences	\$ 224,794
Designated for property tax settlements	<u>3,000,000</u>
 Total	 <u>\$3,224,794</u>

**NOTE 4 – OTHER INFORMATION:**

**A. Defined Benefit Pension Plans**

**MERS**

*Plan Description.* The County, Medical Care Facility, Health Department, and Road Commission defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County, Medical Care Facility, Health Department, and Road Commission participate in the Municipal Employees Retirement System of Michigan (“MERS”), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Funding Policy.* The County, Health Department, and Road Commission are required to contribute at actuarially determined rates; the current rates are 1.38%-13.84% of annual covered payroll. The Medical Care Facility is required to contribute at an actuarially determined rate; they were required to contribute 1.85% of employees’ annual covered payroll for the current year. Employees are required to contribute 1.0%-5.0% of their annual covered payroll. The contribution requirements of the County, Medical Care Facility, Health Department, and Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, Medical Care Facility, Health Department, and Road Commission Boards depending on the MERS contribution program adopted by the appropriate Board.

*Annual Pension Cost.* For the year ended December 31, 2014, the annual pension cost of \$612,288 for the County, \$223,294 for the Health Department, and \$350,452 for the Road Commission for MERS was equal to the required and actual contributions, except for the Road Commission whose required and actual contribution was \$148,842. The Medical Care Facility had a pension cost of \$185,522, which was \$67,984 above their required amount. The required contribution was determined as part of the December 31, 2012, actuarial valuation using the entry age actuarial cost method.

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

The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, the date of the latest actuarial valuation, was 30 years.

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

**General County Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$587,964	100%	-
12/31/13	\$573,216	100%	-
12/31/14	\$612,288	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c)</b>
12/31/13	\$25,227,788	\$29,531,643	\$4,303,855	85%	\$6,052,324	71%

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

**Medical Care Facility Plan**

The Medical Care Facility's annual pension cost and net pension obligation to MERS for the current year were as follows:

Annual required contribution	\$172,260
Less: Interest on net pension asset	(14,537)
Plus: Adjustment to annual required contribution	<u>21,799</u>
Annual pension cost	185,522
Contributions made	<u>(246,244)</u>
Decrease in net pension asset	(60,722)
Net pension (asset), beginning of year	<u>(181,716)</u>
Net pension (asset), end of year	<u><u>\$(242,438)</u></u>

**Three-Year Trend Information**

<b>Fiscal Year <u>Ending</u></b>	<b>Annual Pension <u>Cost (APC)</u></b>	<b>Percentage of APC <u>Contributed</u></b>	<b>Net Pension <u>Asset</u></b>
12/31/12	\$116,108	99%	\$182,328
12/31/13	\$143,533	100%	\$181,716
12/31/14	\$185,522	133%	\$242,438

**Schedule of Funding Progress**

<b>Actuarial Valuation <u>Date</u></b>	<b>Actuarial Value of Assets <u>(a)</u></b>	<b>Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u></b>	<b>Unfunded AAL (UAAL) <u>(b-a)</u></b>	<b>Funded Ratio <u>(a/b)</u></b>	<b>Covered Payroll <u>(c)</u></b>	<b>UAAL as a Percentage of Covered payroll <u>((b-a)/c)</u></b>
12/31/13	\$12,866,264	\$13,094,877	\$228,613	98%	\$9,419,136	2%

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

**Health Department Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/12	\$154,827	100%	-
9/30/13	\$197,418	100%	-
9/30/14	\$223,294	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll ((b-a)/c)</b>
12/31/2013	\$7,565,501	\$9,136,246	\$1,570,745	83%	\$1,179,970	133%

**Road Commission Plan**

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$124,752	100%	-
12/31/13	\$143,148	100%	-
12/31/14	\$145,842	100%	-

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll ((b-a)/c)</b>
12/31/14	\$3,897,773	\$5,708,825	\$1,811,052	68%	\$955,866	190%

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

**Road Commission Massachusetts Mutual Plan**

*Plan Description.* The Road Commission defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission provides a single-employer plan administered by the Massachusetts Mutual Life Insurance Company (“Massachusetts Mutual Plan”). The Board of County Road Commissioners establishes and amends the benefit provisions of the participants. The Massachusetts Mutual Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Tuscola County Road Commission, 1733 Mertz Road, Caro, Michigan 48723.

*Funding Policy.* The Road Commission is required to contribute at actuarially determined rates. The current rates are \$.03 per hour for employees and \$.56 per hour for the employer. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

*Annual Pension Cost.* For the year ended December 31, 2014, the Road Commission’s annual pension cost of \$122,404 for the Massachusetts Mutual Plan was more than the Road Commission’s required contribution of \$49,881. The required contribution was determined as part of the April 1, 2014, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a rate of return on the investment of present and future assets of 5%. The actuarial value of Massachusetts Mutual Plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability at April 1, 2014, is \$458,540.

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

Annual pension cost	\$ 49,881
Contributions made	<u>(122,404)</u>
Decrease in net pension obligation	(72,523)
Net pension obligation, beginning of year	<u>144,214</u>
Net pension obligation, end of year	<u>\$ 71,691</u>

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
3/31/12	\$58,876	100%	\$130,368
3/31/13	\$50,260	72%	\$144,214
3/31/14	\$49,881	245%	\$71,691

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered payroll (b-a)/c)</b>
4/01/14	\$149,179	\$521,604	\$372,425	29%	\$2,318,497	16%

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

**B. OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION**

**Plan Description**

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

**Method Used to Value Investments**

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

**Funding Policy**

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). Expenditures for post employment health care benefits are recognized as the insurance premiums become due, which amounted to approximately \$394,845 for the year ending December 31, 2014.

**Funding Progress**

For the year beginning January 1, 2014, the Road Commission has estimated the cost of providing retiree health care benefits through an alternate calculation method as of December 31, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Annual required contribution	\$ 659,307
Interest on net OPEB	189,555
Adjustments to ARC	(154,392)
Amounts contributed:	
Payments of current premiums	(394,845)
Increase in net OPEB obligation	299,625
OPEB obligation, beginning of year	<u>2,707,936</u>
OPEB obligation, end of year	<u>\$3,007,561</u>

**Three-Year Trend Information**

<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net OPEB</b>
<b><u>Ending</u></b>	<b><u>OPEB Cost</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
12/31/12	\$ 892,946	40%	\$2,211,047
12/31/13	\$ 922,144	34%	\$2,707,936
12/31/14	\$ 694,470	57%	\$3,007,561

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

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

Valuation as of December 31, 2014	\$	-
Actuarial value of assets		NONE
Actuarial value of liability		8,937,161
Unfunded AAL		8,937,161
Funded ratio		0%
Annual covered payroll (12/31/14)		2,318,497
Ratio of UAAL to covered payroll		385%

**Actuarial Methods and Assumptions**

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

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

In the December 31, 2014 actuarial valuation, the alternate calculation method was used. The actuarial assumptions included a 7% postretirement interest rate, 3% salary scale, 4% discount rate, health care premiums increasing by 5.5% to 7.2% per year, and health care inflation rate based on the NIH National Expenditure Projections. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 25 years.

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

**C. RISK MANAGEMENT**

**General Liability**

Tuscola County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During the year ended December 31, 2014, the County carried commercial insurance to cover these risks of loss, unless otherwise disclosed. The County has had no settled claims resulting from these risks that exceed their commercial coverage in the past three years.

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

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

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

Accordingly, the County records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2014, the balance of the County's member retention fund was \$204,301.

Changes in the estimated claims liability are as follows:

	<u>2013</u>	<u>2014</u>
Unpaid claims, beginning of year	\$ -	\$ 49,811
Claims dismissed		
Incurred claims	67,662	87,432
Claim payments	<u>(17,851)</u>	<u>(15,934)</u>
Unpaid claims, end of year	<u>\$ 49,811</u>	<u>\$ 121,309</u>

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

**Component Units:**

**Tuscola County Road Commission**

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

**Workers' Compensation Benefits**

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

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

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

Interfund premiums are recognized as expenditures in the contributing funds and interfund revenue is recognized in the Workers' Compensation Insurance Fund as earned.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported ("IBNR"s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. Outstanding claims at the end of 2014 were \$173.

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

	<b><u>2013</u></b>	<b><u>2014</u></b>
Unpaid Claims, beginning of year	\$ -	\$ 127
Incurred Claims (including IBNR)	824	278
Claims Paid	<u>(697)</u>	<u>(232)</u>
Unpaid Claims	<u>\$ 127</u>	<u>\$ 173</u>

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

**Employee Health Benefits**

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

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

Certain benefits (e.g., dental and vision) are not covered by the co-insurance policy. The stop-loss coverage is currently \$20,000 per occurrence. The co-insurance arrangements are renegotiated annually with Blue Cross and Blue Shield of Michigan.

The Health Insurance Fund is responsible for collecting interfund premiums from the participating funds and departments and for paying claim settlements, administrative fees, and “stop-loss” co-insurance premiums.

Interfund premiums are treated as quasi-external transactions, meaning that interfund premiums are recognized as expenditures in the contributing funds and interfund revenue is recognized in the Health Insurance Fund as earned. Retirees also make contributions to the Health Insurance Fund, as do former employees under COBRA.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a provision for claims that have been incurred but not reported (“IBNR”s). Claims liabilities are estimated based on actual claims filed subsequent to year-end. There are no outstanding claims at the end of 2014. 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>2013</u>	<u>2014</u>
Unpaid Claims, beginning of year	\$ 224,885	\$ 366,934
Incurred Claims (including IBNR)	1,957,673	2,006,542
Claims Paid	<u>(1,815,624)</u>	<u>(2,166,487)</u>
Unpaid Claims	<u>\$ 366,934</u>	<u>\$ 206,989</u>

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

**D. PROPERTY TAXES**

The County property tax general operating levy is levied each July 1st and the special assessment levies are levied on December 1st through 2014 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2014 ad valorem tax is levied and collectible by December 1, 2014, 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, 2013, levy totaled \$1,504,307,893. The taxable value of real and personal property for the July 1, 2014, levy totaled \$1,611,447,606. The tax levy for fiscal year 2014 operations was based on the following rates:

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

The Road Commission, a discretely presented component unit, tax levy for the fiscal year 2014 operations was as follows:

Primary Road	.9657 mills
Bridge	.4807 mills

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

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

**E. CONTINGENCIES**

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

**F. LEASES**

Operating Lease as Lessee

The Health Department has entered into an operating lease with the County of Tuscola for office space. The lease provides for monthly payments to the County to cover operational expenditures of the building. The total rental expense under this operating lease for the year ended September 30, 2014, was \$87,676. Lease payments are determined annually by Tuscola County.

The County has three operating lease agreements for postage meters with total monthly payments of \$1,053, one operating lease agreements for copiers with total monthly payments of \$413 and a telephone operating lease for \$284 per month.

The Health Department has an operating lease agreement for a postage meter entered into October 1, 2009, with quarterly payments of \$522. The amount expensed under the lease for the fiscal year 2014 was \$1,566. A new postage meter lease was signed on June 12, 2014 with quarterly payments of approximately \$495 through June of 2019. The amount expensed under the lease for the 2014 fiscal year was \$495. Future minimum payments are as follows: \$1,980 for fiscal years 2015, 2016, 2017, 2018 and \$1,484 for fiscal year 2019.

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

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

<u>Fiscal Year Ended</u>	<u>Principal</u>
2015	91,296
2016	<u>26,132</u>
Total	<u>\$ 117,428</u>

**G. CONSTRUCTION COMMITMENT**

During the year ended December 31, 2013, the Medical Care Community entered into a construction commitment for the design and building of two, ten bed small houses to be built in the adjacent property next to the Business Annex. As of December 31, 2014, costs of \$3,033,190 have been incurred related to the design of houses and they have \$2,960,800 remaining in construction commitments.

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

**H. PRIOR PERIOD ADJUSTMENT - HEALTH DEPARTMENT**

In a previous fiscal year, an accounts payable was recorded in the amount of \$22,600. During the current fiscal year, it was determined that the amount was not owed to the vendor. Fund balance and net position have been restated as follows:

Fund balance, as previously stated, as of September 30, 2013	\$ 506,278
Add: Adjustment for accounts payable	<u>22,600</u>
Fund balance, restated, as of September 30, 2013	<u>\$ 528,878</u>
Net position, as previously stated, as of September 30, 2013	\$ 418,024
Add: Adjustment for accounts payable	<u>22,600</u>
Net position, restated, as of September 30, 2013	<u>\$ 440,624</u>

**I. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

**J. SUBSEQUENT EVENT**

At the regular board meeting on February 26, 2015, the Board of Commissioners passed a resolution authorizing the intent of Tuscola County to issue pension obligation bonds, series 2015 for the purpose of providing funds for the County's unfunded pension benefits for public employee retirees who have the adequate vesting and service benefit level requirements. The maximum amount of bonds to be issued to finance the project is not to exceed \$6,050,000 with a maximum term of bond issue to be 20 years.

## REQUIRED SUPPLEMENTARY INFORMATION



**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes				
Property taxes	\$ 6,114,000	\$ 6,450,966	\$ 6,366,256	\$ (84,710)
Payment in lieu of taxes	6,000	9,000	8,986	(14)
Trailer park taxes	3,500	3,500	3,373	(127)
Total taxes	<u>6,123,500</u>	<u>6,463,466</u>	<u>6,378,615</u>	<u>(84,851)</u>
Licenses and permits				
Marriage licenses	1,900	1,900	1,765	(135)
Building code licenses	376,000	380,000	369,043	(10,957)
Dog licenses	147,000	147,000	127,991	(19,009)
Unified court licenses	18,000	18,000	14,809	(3,191)
Other	31,478	31,478	37,019	5,541
Total licenses and permits	<u>574,378</u>	<u>578,378</u>	<u>550,627</u>	<u>(27,751)</u>
Intergovernmental				
Federal				
Co-op reimbursement - prosecutor	71,000	71,000	68,801	(2,199)
Marine safety	10,209	10,209	11,100	891
Civil defense	27,000	27,000	39,068	12,068
Thumb narcotics	-	-	7,254	7,254
State				
SCAAP	1,200	1,200	-	(1,200)
Judges	239,703	239,703	239,917	214
State payment courts	215,000	215,000	229,662	14,662
Secondary road patrol	83,933	89,931	83,257	(6,674)
SSI incentive	10,000	10,000	7,000	(3,000)
Hotel liquor tax	195,000	219,473	219,473	-
State revenue sharing	877,000	877,000	945,806	68,806
Cigarette tax	3,000	3,000	-	(3,000)
Local				
Marine safety	-	1,500	1,500	-
Total intergovernmental - federal/state/local	<u>1,733,045</u>	<u>1,765,016</u>	<u>1,852,838</u>	<u>87,822</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services				
District court costs	\$ 265,010	\$ 265,010	\$ 230,808	\$ (34,202)
District court - probation	241,000	245,000	233,151	(11,849)
County clerk costs	210,000	215,000	213,146	(1,854)
Friend of the court costs	45,000	45,000	23,675	(21,325)
Bond costs	2,000	2,000	2,795	795
District court				
Screening assessment	23,000	23,000	20,440	(2,560)
Probate court	30,000	30,000	31,102	1,102
Civil	180,000	180,000	155,742	(24,258)
Warrant fees	24,000	24,000	24,513	513
Friend of the court	6,000	6,000	5,439	(561)
Court	600	800	608	(192)
Other	2,100	2,100	2,190	90
Circuit court				
Court	14,200	18,200	17,722	(478)
Searches and motion fees	16,000	16,000	17,681	1,681
Jury, entry and forensic fees	21,000	21,000	18,890	(2,110)
Other	100	100	64	(36)
Family division				
Admin fees	36,000	39,000	42,819	3,819
Filing fees	-	50	62	12
Collection fees	2,000	2,000	305	(1,695)
County clerk				
Dba/co-partnership	4,000	4,000	4,000	-
Certified	33,000	33,000	32,933	(67)
Copies	6,500	6,500	7,403	903
Other	20,475	20,675	19,399	(1,276)
Equalization	50	50	-	(50)
Register of deeds				
Transfer	98,000	98,000	109,366	11,366
Recordings	170,000	170,000	124,830	(45,170)
Copies	53,000	56,000	67,741	11,741
Other	4,032	4,032	811	(3,221)
County treasurer	82,300	82,300	80,320	(1,980)
Animal shelter	2,500	2,500	2,169	(331)
Sheriff	21,150	29,950	21,856	(8,094)
Jail	281,000	281,000	195,307	(85,693)
Other	825	825	295	(530)
Sheriff				
Canteen	16,000	16,000	13,558	(2,442)
Auction	5,000	5,000	-	(5,000)
Animal shelter	200	200	130	(70)
Other	11,050	11,050	8,383	(2,667)
Film	5,500	5,500	4,911	(589)
<b>Total charges for services</b>	<u>1,932,592</u>	<u>1,960,842</u>	<u>1,734,564</u>	<u>(226,278)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Fines and forfeits				
District court				
Bond forfeitures	\$ 7,000	\$ 7,000	\$ 10,204	\$ 3,204
Ordinance fines and warrant fees	16,000	20,000	22,394	2,394
County treasurer	6,000	6,000	7,732	1,732
Trust and agency	-	50,000	47,754	(2,246)
Total fines and forfeits	<u>29,000</u>	<u>83,000</u>	<u>88,084</u>	<u>5,084</u>
Interest and rents				
Interest	107,000	107,000	61,336	(45,664)
Rentals	402,389	402,389	402,389	-
Total interest and rent	<u>509,389</u>	<u>509,389</u>	<u>463,725</u>	<u>(45,664)</u>
Other revenue				
Reimbursements and refunds	685,958	694,158	676,633	(17,525)
Total revenues	<u>11,587,862</u>	<u>12,054,249</u>	<u>11,745,086</u>	<u>(309,163)</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures				
Legislative				
Board of commissioners				
Salaries and fringes	\$ 75,883	\$ 78,208	\$ 77,720	\$ (488)
Supplies, printing and postage	3,000	2,670	793	(1,877)
Memberships and subscription	11,000	11,000	10,767	(233)
Travel	11,000	11,000	8,036	(2,964)
Advertising	800	1,800	2,109	309
Telephone	2,200	2,200	2,096	(104)
Employee training	6,000	6,000	2,426	(3,574)
	<u>109,883</u>	<u>112,878</u>	<u>103,947</u>	<u>(8,931)</u>
Total legislative				
Judicial				
Unified Court				
Salaries and fringes	1,527,414	1,527,414	1,523,689	(3,725)
Supplies, printing and postage	62,675	62,675	54,902	(7,773)
Contracted services	96,296	96,296	87,324	(8,972)
Court appointed counsel	470,500	470,500	470,099	(401)
Court appointed appeal of right	23,000	23,000	10,824	(12,176)
Steno transcript	11,700	11,700	4,062	(7,638)
Steno appeal transcript	9,000	9,000	14,106	5,106
Jury fees, meals and travel	50,900	50,900	53,146	2,246
Memberships and subscriptions	4,945	4,945	3,780	(1,165)
Visiting judge	25,000	25,000	14,789	(10,211)
Travel	7,300	7,300	5,419	(1,881)
Telephone	3,420	3,420	3,618	198
Repairs and maintenance	1,500	1,500	150	(1,350)
Employee training	5,600	5,600	800	(4,800)
Books	4,600	4,600	4,085	(515)
	<u>2,303,850</u>	<u>2,303,850</u>	<u>2,250,793</u>	<u>(53,057)</u>
Total unified court				
Jury commission				
Salaries and fringes	1,615	1,997	1,928	(69)
Supplies, printing and postage	3,550	3,550	3,416	(134)
Travel	453	453	557	104
	<u>5,618</u>	<u>6,000</u>	<u>5,901</u>	<u>(99)</u>
Total jury commission				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Adult probation				
Supplies, printing and postage	\$ 4,000	\$ 4,000	\$ 2,802	\$ (1,198)
Utilities	9,000	9,000	9,510	510
Total adult probation	<u>13,000</u>	<u>13,000</u>	<u>12,312</u>	<u>(688)</u>
Total judicial	<u>2,322,468</u>	<u>2,322,850</u>	<u>2,269,006</u>	<u>(53,844)</u>
General government				
Elections				
Salaries and fringes	1,013	1,013	980	(33)
Supplies, printing and postage	91,000	91,000	87,372	(3,628)
Travel	200	200	564	364
Total elections	<u>92,213</u>	<u>92,213</u>	<u>88,916</u>	<u>(3,297)</u>
Legal	<u>75,000</u>	<u>87,256</u>	<u>80,620</u>	<u>(6,636)</u>
County clerk				
Salaries and fringes	383,460	405,860	401,819	(4,041)
Supplies, printing and postage	22,700	22,700	23,187	487
Memberships and subscription	870	870	743	(127)
Employee training	1,000	1,000	1,638	638
Travel	350	350	341	(9)
Total county clerk	<u>408,380</u>	<u>430,780</u>	<u>427,728</u>	<u>(3,052)</u>
Controller				
Salaries and fringes	300,965	300,965	292,284	(8,681)
Supplies, printing and postage	3,000	3,330	5,072	1,742
Memberships and subscription	900	900	810	(90)
Travel	400	400	356	(44)
Employee training	1,500	2,630	1,880	(750)
Total controller	<u>306,765</u>	<u>308,225</u>	<u>300,402</u>	<u>(7,823)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Equalization				
Salaries and fringes	\$ 249,808	\$ 223,837	\$ 225,394	\$ 1,557
Supplies, printing and postage	2,100	4,400	983	(3,417)
Memberships and subscription	1,500	1,500	1,080	(420)
Travel	3,250	3,250	3,526	276
Employee training	1,200	3,200	3,156	(44)
Total equalization	<u>257,858</u>	<u>236,187</u>	<u>234,139</u>	<u>(2,048)</u>
Prosecuting attorney				
Salaries and fringes	479,932	498,025	490,904	(7,121)
Supplies, printing and postage	8,950	8,950	9,704	754
Contracted services	-	1,125	5,375	4,250
Steno transcript	500	500	234	(266)
Steno appeal transcript	1,000	1,000	63	(937)
Memberships and subscription	3,000	4,000	3,630	(370)
Travel	400	400	41	(359)
Employee training	500	500	179	(321)
Books	3,500	3,500	4,232	732
Total prosecuting attorney	<u>497,782</u>	<u>518,000</u>	<u>514,362</u>	<u>(3,638)</u>
Cooperative reimbursement - prosecutor				
Salaries and fringes	167,539	167,539	136,304	(31,235)
Supplies, printing and postage	1,200	1,200	1,176	(24)
Contracted services	274	274	214	(60)
Total cooperative reimbursement - prosecutor	<u>169,013</u>	<u>169,013</u>	<u>137,694</u>	<u>(31,319)</u>
Register of deeds				
Salaries and fringes	227,775	246,775	243,479	(3,296)
Supplies, printing and postage	6,800	6,800	4,267	(2,533)
Employee training	800	800	695	(105)
Memberships and subscription	300	300	-	(300)
Travel	-	-	302	302
Total register of deeds	<u>235,675</u>	<u>254,675</u>	<u>248,743</u>	<u>(5,932)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Treasurer				
Salaries and fringes	\$ 265,772	\$ 271,920	\$ 271,190	\$ (730)
Supplies, printing and postage	47,327	48,394	49,329	935
Memberships and subscription	200	200	150	(50)
Travel	350	350	198	(152)
Employee training	550	550	547	(3)
<b>Total treasurer</b>	<u>314,199</u>	<u>321,414</u>	<u>321,414</u>	<u>-</u>
Cooperative extension				
Supplies, printing and postage	3,000	3,000	2,997	(3)
Contractual services	104,369	104,369	104,369	-
<b>Total cooperative extension</b>	<u>107,369</u>	<u>107,369</u>	<u>107,366</u>	<u>(3)</u>
Computer operations				
Salaries and fringes	63,030	75,080	72,421	(2,659)
Supplies, printing and postage	600	600	680	80
Memberships and subscription	200	200	184	(16)
Employee training	2,000	2,000	-	(2,000)
Computer service contract	165,615	165,615	156,621	(8,994)
Computer repairs and maintenance	11,000	11,000	7,728	(3,272)
Computer contractual	150,000	137,950	150,238	12,288
<b>Total computer operations</b>	<u>392,445</u>	<u>392,445</u>	<u>387,872</u>	<u>(4,573)</u>
Building and grounds				
Salaries and fringes	309,164	317,364	298,313	(19,051)
Supplies, printing and postage	13,700	13,700	14,666	966
Uniforms and accessories	2,000	2,000	2,710	710
Gas, oil and grease	9,000	9,000	13,274	4,274
Janitorial supplies	23,000	23,800	20,103	(3,697)
Telephone	62,600	62,600	60,160	(2,440)
Utilities	244,000	249,200	251,496	2,296
Repairs and maintenance	113,500	150,101	160,950	10,849
Grounds care and maintenance	9,100	9,100	11,983	2,883
<b>Total building and grounds</b>	<u>786,064</u>	<u>836,865</u>	<u>833,655</u>	<u>(3,210)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Drain commission				
Salaries and fringes	\$ 179,874	\$ 186,374	\$ 187,816	\$ 1,442
Supplies, printing and postage	5,300	5,300	4,354	(946)
Memberships and subscription	700	700	719	19
Travel	2,500	2,500	1,884	(616)
Employee training	3,000	3,000	2,228	(772)
Total drain commission	<u>191,374</u>	<u>197,874</u>	<u>197,001</u>	<u>(873)</u>
Total general government	<u>3,834,137</u>	<u>3,952,316</u>	<u>3,879,912</u>	<u>(72,404)</u>
Public safety				
Courthouse security				
Salaries and fringes	148,775	148,775	99,563	(49,212)
Supplies, printing and postage	1,040	1,040	1,050	10
Laundry - employees	400	400	192	(208)
Total courthouse security	<u>150,215</u>	<u>150,215</u>	<u>100,805</u>	<u>(49,410)</u>
Sheriff's department				
Salaries and fringes	1,672,023	1,672,023	1,522,474	(149,549)
Supplies, printing and postage	9,000	9,000	8,317	(683)
Vehicle operating supplies	850	850	805	(45)
Kitchen supplies	250	250	95	(155)
Clothing and bedding	7,000	7,000	10,061	3,061
Uniforms and accessories	5,000	5,500	4,993	(507)
Gas, oil and grease	9,000	9,000	9,603	603
Drugs and prescriptions	35,000	35,000	23,115	(11,885)
Janitorial supplies	9,000	9,000	9,598	598
Contractual services	78,000	68,880	-	(68,880)
Memberships and subscription	1,000	1,000	968	(32)
Laundry - employees	4,500	4,500	3,646	(854)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Sheriff's department - continued				
Jail	\$ 272,535	\$ 289,772	\$ 273,105	\$ (16,667)
Health services	207,700	220,080	288,731	68,651
Telephone	12,300	13,800	13,159	(641)
Travel	800	800	793	(7)
Advertising (help bids)	50	50	50	-
Insurance and bonds	17,256	21,256	20,372	(884)
Repairs and maintenance	17,000	16,500	16,811	311
Equipment rental	3,000	3,000	4,291	1,291
Investigations	500	500	326	(174)
Employee training	1,000	1,000	892	(108)
	<u>2,362,764</u>	<u>2,388,761</u>	<u>2,212,205</u>	<u>(176,556)</u>
Total sheriff's department				
County weighmaster				
Salaries and fringes	74,694	74,694	75,175	481
Insurance	2,286	2,286	2,267	(19)
Laundry	600	600	-	(600)
	<u>77,580</u>	<u>77,580</u>	<u>77,442</u>	<u>(138)</u>
Total county weighmaster				
Marine safety				
Salaries and fringes	6,005	6,005	7,180	1,175
Supplies, printing and postage	140	140	51	(89)
Gas, oil and grease	800	800	1,165	365
Equipment maintenance and supplies	300	300	25	(275)
Insurance	1,400	1,400	1,292	(108)
Repairs and maintenance	1,200	1,200	344	(856)
Rentals	3,100	3,100	2,439	(661)
Employee training	200	200	106	(94)
	<u>13,145</u>	<u>13,145</u>	<u>12,602</u>	<u>(543)</u>
Total marine safety				
Secondary road patrol				
Salaries and fringes	67,331	76,331	81,303	4,972
Gas, oil and grease	6,200	6,323	4,072	(2,251)
Laundry	250	250	650	400
Liability and blanket bond	3,000	3,000	2,910	(90)
Equipment	7,152	5,027	1,864	(3,163)
	<u>83,933</u>	<u>90,931</u>	<u>90,799</u>	<u>(132)</u>
Total secondary road patrol				

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Thumb area narcotics group				
Salaries and fringes	\$ 27,838	\$ 27,838	\$ 14,557	\$ (13,281)
Planning commission				
Salaries and fringes	3,978	3,978	2,081	(1,897)
Supplies, printing and postage	900	900	27	(873)
Employee training	1,500	1,500	350	(1,150)
Travel	1,450	1,450	930	(520)
Total planning commission	<u>7,828</u>	<u>7,828</u>	<u>3,388</u>	<u>(4,440)</u>
Emergency services				
Salaries and fringes	76,288	76,788	76,873	85
Supplies, printing and postage	900	2,190	1,642	(548)
Uniforms and accessories	500	500	472	(28)
Gas, oil and grease	2,500	2,500	2,120	(380)
Memberships and subscription	200	200	174	(26)
Telephone	1,480	1,780	1,675	(105)
Travel	250	250	212	(38)
Vehicle insurance	660	660	643	(17)
Repairs and maintenance	2,550	3,240	3,203	(37)
Employee training	2,000	2,000	1,804	(196)
Total emergency services	<u>87,328</u>	<u>90,108</u>	<u>88,818</u>	<u>(1,290)</u>
Animal shelter				
Contractual services	136,500	141,310	137,737	(3,573)
Supplies, printing and postage	2,000	2,000	344	(1,656)
Gas, oil and grease	12,000	12,000	11,085	(915)
Telephone	500	500	686	186
Total animal shelter	<u>151,000</u>	<u>155,810</u>	<u>149,852</u>	<u>(5,958)</u>
Total public safety	<u>2,961,631</u>	<u>3,002,216</u>	<u>2,750,468</u>	<u>(251,748)</u>

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public works				
Building codes				
Contractual services	\$ 376,000	\$ 380,000	\$ 369,043	\$ (10,957)
Department of public works	3,112	3,112	2,339	(773)
Drains at large	443,612	443,612	443,611	(1)
Total public works	822,724	826,724	814,993	(11,731)
Health and welfare				
Substance abuse	97,500	109,740	109,737	(3)
Medical examiner				
Supplies, printing and postage	750	6,648	10,444	3,796
Body transport	3,000	3,000	2,026	(974)
Autopsies	23,000	23,000	26,450	3,450
Employee training	4,500	4,500	300	(4,200)
Contractual services	25,000	26,460	24,167	(2,293)
Total medical examiner	56,250	63,608	63,387	(221)
Veterans' burial	15,000	15,000	12,600	(2,400)
Airport zoning board	678	1,086	401	(685)
Economic development	41,568	61,568	50,754	(10,814)
Mental health appropriations	288,243	288,243	288,243	-
Cigarette tax	2,538	2,538	-	(2,538)
Total health and welfare	501,777	541,783	525,122	(16,661)
Other				
Insurance and bonds	95,000	120,000	111,340	(8,660)
Vacation and sick pay	70,000	70,000	30,523	(39,477)
Tax refunds and rebates	28,000	18,703	11,368	(7,335)
Appropriations	4,000	4,200	5,418	1,218
Audit	35,000	35,000	33,000	(2,000)
Accounting services	11,000	23,000	15,039	(7,961)
Contingency	157,854	160,282	-	-
Total other	400,854	431,185	206,688	(64,215)
Total expenditures	10,953,474	11,189,952	10,550,136	(639,816)

(Continued)

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses)				
Transfers in				
Veterans trust	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Revolving tax	789,539	789,539	658,253	(131,286)
Principal exemption	1,218	1,218	1,218	-
Road patrol	52,500	52,500	52,500	-
Tax foreclosure	50,000	50,000	50,000	-
Total transfers in	<u>894,257</u>	<u>894,257</u>	<u>762,971</u>	<u>(131,286)</u>
Transfers out				
Friend of the court	(282,970)	(282,970)	(282,970)	-
Health department	(327,506)	(327,506)	(327,506)	-
Veterans counsel	(46,000)	(46,000)	(46,000)	-
Equipment/capital improvement	(145,600)	(399,485)	(213,600)	(185,885)
State survey grant	-	(61)	(60)	(1)
Child care - department of human services	(366,000)	(366,000)	(366,000)	-
Community corrections	(18,000)	(18,000)	(16,500)	(1,500)
Department of human services	(9,000)	(9,000)	(9,000)	-
Probate child care	(477,600)	(477,600)	(477,600)	-
Victim services	-	(6,000)	(6,000)	-
Purdy building debt	(71,850)	(72,450)	(72,424)	(26)
Homeland Security	-	(15)	(15)	-
Soldiers' relief	(18,000)	(23,600)	(23,600)	-
Total transfers out	<u>(1,762,526)</u>	<u>(2,028,687)</u>	<u>(1,841,275)</u>	<u>(187,412)</u>
Total other financing sources (uses)	<u>(868,269)</u>	<u>(1,134,430)</u>	<u>(1,078,304)</u>	<u>56,126</u>
Net change in fund balance	(233,881)	(270,133)	116,646	386,779
Fund balance, beginning of year	<u>2,645,943</u>	<u>2,645,943</u>	<u>2,645,943</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,412,062</u>	<u>\$ 2,375,810</u>	<u>\$ 2,762,589</u>	<u>\$ 386,779</u>

**TUSCOLA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HEALTH DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Licenses and permits	\$ 147,647	\$ 148,366	\$ 144,170	\$ (4,196)
Intergovernmental				
Federal/state	1,660,869	1,738,723	1,854,844	116,121
Charges for services	464,091	414,488	402,128	(12,360)
General contributions	2,412	1,492	1,950	458
Other	533	2,758	2,901	143
Total revenues	<u>2,275,552</u>	<u>2,305,827</u>	<u>2,405,993</u>	<u>100,166</u>
Expenditures				
Current				
Health and welfare	<u>2,723,400</u>	<u>2,718,277</u>	<u>2,707,036</u>	<u>(11,241)</u>
Revenues (under) expenditures	(447,848)	(412,450)	(301,043)	111,407
Other financing sources				
Transfer in	<u>399,974</u>	<u>400,111</u>	<u>400,111</u>	<u>-</u>
Total other financing sources	<u>399,974</u>	<u>400,111</u>	<u>400,111</u>	<u>-</u>
Net change in fund balance	(47,874)	(12,339)	99,068	111,407
Fund balance, beginning of year, restated	<u>528,878</u>	<u>528,878</u>	<u>528,878</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 481,004</u></u>	<u><u>\$ 516,539</u></u>	<u><u>\$ 627,946</u></u>	<u><u>\$ 111,407</u></u>

**TUSCOLA COUNTY**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date <u>December 31,</u></b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2004	\$ 17,829,901	\$ 18,850,858	\$ 1,020,957	95%	\$ 5,449,245	19%
2005	\$ 18,804,202	\$ 20,032,289	\$ 1,228,087	94%	\$ 5,674,721	22%
2006	\$ 20,136,041	\$ 21,260,458	\$ 1,124,417	95%	\$ 6,022,135	19%
2007	\$ 21,546,461	\$ 22,620,177	\$ 1,073,716	95%	\$ 6,210,832	17%
2008	\$ 22,229,277	\$ 24,362,442	\$ 2,133,165	91%	\$ 6,116,289	35%
2009	\$ 22,665,201	\$ 25,258,027	\$ 2,592,826	90%	\$ 6,720,273	39%
2010	\$ 23,419,238	\$ 26,325,295	\$ 2,906,057	89%	\$ 6,506,213	45%
2011	\$ 24,053,833	\$ 27,682,168	\$ 3,628,335	87%	\$ 5,681,317	64%
2012	\$ 24,521,554	\$ 28,327,052	\$ 3,805,498	87%	\$ 5,867,274	65%
2013	\$ 25,227,788	\$ 29,531,643	\$ 4,303,855	85%	\$ 6,052,324	71%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 359,130	100%
2006	\$ 364,181	100%
2007	\$ 406,387	100%
2008	\$ 416,397	100%
2009	\$ 423,934	100%
2010	\$ 554,311	100%
2011	\$ 578,304	100%
2012	\$ 587,964	100%
2013	\$ 573,216	100%
2014	\$ 612,288	100%

**TUSCOLA COUNTY MEDICAL CARE FACILITY**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2005	\$ 9,179,884	\$ 7,958,259	\$(1,221,625)	115%	\$ 4,912,174	-25%
2006	\$ 9,725,999	\$ 8,299,125	\$(1,426,874)	117%	\$ 5,971,270	-24%
2007	\$ 10,389,257	\$ 9,074,952	\$(1,314,305)	114%	\$ 6,716,626	-20%
2008	\$ 10,572,192	\$ 9,682,238	\$ (889,954)	109%	\$ 7,348,098	-12%
2009	\$ 10,846,293	\$ 9,904,171	\$ (942,122)	110%	\$ 8,026,910	-12%
2010	\$ 11,297,110	\$ 10,530,220	\$ (766,890)	107%	\$ 8,218,895	-9%
2011	\$ 11,768,084	\$ 11,193,154	\$ (574,930)	105%	\$ 8,596,307	-7%
2012	\$ 12,198,023	\$ 12,058,173	\$ (139,850)	101%	\$ 8,596,307	-2%
2013	\$ 12,866,264	\$ 13,094,877	\$ 228,613	98%	\$ 9,419,136	2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2006	\$ -	0%
2007	\$ -	0%
2008	\$ -	0%
2009	\$ 4,630	100%
2010	\$ 77,982	100%
2011	\$ 84,878	100%
2012	\$ 115,493	100%
2013	\$ 142,921	100%
2014	\$ 178,260	138%

**TUSCOLA COUNTY HEALTH DEPARTMENT**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2004	\$ 4,666,152	\$ 4,958,294	\$ 292,142	94%	\$ 1,171,612	25%
2005	\$ 5,033,724	\$ 5,493,348	\$ 459,624	92%	\$ 1,185,815	39%
2006	\$ 5,488,915	\$ 6,009,115	\$ 520,200	91%	\$ 1,376,380	38%
2007	\$ 5,963,981	\$ 6,452,569	\$ 488,588	92%	\$ 1,322,778	37%
2008	\$ 6,254,801	\$ 6,872,962	\$ 618,161	91%	\$ 1,349,891	46%
2009	\$ 6,594,584	\$ 7,433,999	\$ 839,415	89%	\$ 1,428,774	59%
2010	\$ 6,825,380	\$ 7,491,980	\$ 1,116,600	86%	\$ 1,205,813	93%
2011	\$ 7,045,444	\$ 8,324,050	\$ 1,278,606	85%	\$ 1,206,485	106%
2012	\$ 7,248,392	\$ 8,668,145	\$ 1,419,753	84%	\$ 1,172,048	121%
2013	\$ 7,565,501	\$ 9,136,246	\$ 1,570,745	83%	\$ 1,179,970	133%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 102,942	100%
2006	\$ 113,290	100%
2007	\$ 127,946	100%
2008	\$ 129,004	100%
2009	\$ 130,908	100%
2010	\$ 131,266	100%
2011	\$ 132,754	100%
2012	\$ 154,827	100%
2013	\$ 197,418	100%
2014	\$ 223,294	100%

**TUSCOLA COUNTY ROAD COMMISSION**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2004	\$ 2,105,045	\$ 3,068,059	\$ 963,014	69%	\$ 788,509	122%
2005	\$ 2,195,640	\$ 3,187,163	\$ 991,523	69%	\$ 678,624	146%
2006	\$ 2,335,396	\$ 3,370,443	\$ 1,035,047	69%	\$ 747,723	138%
2007	\$ 2,489,359	\$ 3,625,637	\$ 1,136,278	69%	\$ 781,776	145%
2008	\$ 2,766,674	\$ 4,064,500	\$ 1,297,826	68%	\$ 1,004,970	129%
2009	\$ 2,890,794	\$ 4,149,712	\$ 1,258,918	70%	\$ 1,040,605	121%
2010	\$ 3,089,765	\$ 4,314,814	\$ 1,225,049	72%	\$ 1,065,900	115%
2011	\$ 3,280,873	\$ 4,695,146	\$ 1,414,273	70%	\$ 991,049	142%
2012	\$ 3,471,194	\$ 5,058,850	\$ 1,587,656	69%	\$ 1,029,300	154%
2013	\$ 3,586,470	\$ 5,303,215	\$ 1,716,745	68%	\$ 1,046,740	164%
2014	\$ 3,897,773	\$ 5,708,825	\$ 1,811,052	68%	\$ 955,866	190%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 108,108	100%
2006	\$ 97,226	100%
2007	\$ 93,840	100%
2008	\$ 106,632	100%
2009	\$ 116,436	100%
2010	\$ 116,952	100%
2011	\$ 110,280	100%
2012	\$ 124,752	100%
2013	\$ 143,148	100%
2014	\$ 145,852	100%

**TUSCOLA COUNTY ROAD COMMISSION**

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

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date April 1,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2005	\$ 157,793	\$ 464,021	\$ 333,339	34%	\$ 2,487,412	13%
2006	\$ 85,412	\$ 502,454	\$ 417,042	17%	\$ 2,328,064	18%
2007	\$ 53,979	\$ 505,023	\$ 451,044	11%	\$ 2,315,427	20%
2008	\$ 76,483	\$ 488,787	\$ 412,048	16%	\$ 2,461,335	17%
2009	\$ 93,561	\$ 533,819	\$ 440,258	18%	\$ 2,499,699	18%
2010	\$ 109,750	\$ 563,871	\$ 454,121	20%	\$ 2,493,507	18%
2011	\$ 129,345	\$ 619,104	\$ 489,759	21%	\$ 2,553,429	19%
2012	\$ 130,318	\$ 534,991	\$ 404,773	24%	\$ 2,456,261	17%
2013	\$ 145,196	\$ 586,044	\$ 440,848	25%	\$ 2,358,329	19%
2014	\$ 149,179	\$ 521,604	\$ 372,425	29%	\$ 2,318,497	16%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended March 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$ 45,621	32%
2006	\$ 43,253	33%
2007	\$ 50,962	27%
2008	\$ 52,234	118%
2009	\$ 51,536	28%
2010	\$ 54,702	61%
2011	\$ 55,339	26%
2012	\$ 58,876	100%
2013	\$ 50,260	72%
2014	\$ 49,881	100%



## **NONMAJOR GOVERNMENTAL FUNDS**

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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

Millington Township Police Contract (232) The revenue for this fund is provided by reimbursement of Millington Township for services provided by the Tuscola County Sheriff Department in the support of enforcing township ordinances.

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

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

Victim Services (236) The revenue source for this fund is generated by a State Grant reimbursement. The fund provides services to individuals who are victims of crimes.

Voted Mosquito (240) The revenue source for this fund derives from a county wide millage. The revenue is used to reduce the risk of mosquito-borne diseases in Tuscola County. The goal is also to minimize the nuisance population of mosquitoes whenever possible.

CDBG Housing Grant (250) The revenue source for this fund is a State Housing Grant. The Human Development Commission is contracted by Tuscola County to administer the grant, which provides improvements to homes in the County.

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

State Survey Grant (252) State grant funds are received every year and a small appropriation from the General Fund to cover administrative cost makes up the revenue sources for this fund. The revenues are used to replace section corners within the County to improve the process of surveying. Expenditures must meet grant requirements to qualify for reimbursement.

Victim of Crime Act Grant (255) This grant is established to provide services to victims for various reasons. The revenue source is a state grant reimbursement for qualified expenditures.

Register of Deed Automation (256) This fund is used to account for funds set aside under provisions of Public Act 698 of 2002 (MCL 600.2568). The fund was created for upgrading technology in the Register of Deeds' Office.

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

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

## SPECIAL REVENUE FUNDS: (continued)

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

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

Community Corrections Services (264) State of Michigan, Department of Corrections grant program which allows an employee to oversee sentenced inmates of the county jail to work as part of their sentence. They provide community service to non-profit organizations. They also accept contributions that help pay for some expenses.

Local Corrections Officer Training (265) The revenue source for this fund is established from Public Act 134 of 2003 as amended in new section MCL 801.4b. This new source of revenue will allow training programs for local correctional officers.

Forfeiture Sheriff/Prosecutor (266) The monies are forfeited from the confiscation of property, cars, and monies that were determined to be used in a criminal act involving drugs. The forfeited monies will be used to fight the war against drugs in Tuscola County.

Law Library (269) The revenue source for this fund is the established penal fine amount of \$6,500. Appropriations from the General Fund also create a revenue source. The Law Books purchased will be located in one central location.

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

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

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

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

**SPECIAL REVENUE FUNDS: (continued)**

Soldiers Relief (293) The fund was established to provide services to indigent veterans who may not qualify for Veterans Trust Fund monies. The revenue source for this fund is an appropriation from the County's General Fund.

Veterans Trust (294) The fund provides services to veterans and/or dependents that require assistance with such items as shelter, food, clothing, utility bills, medical care and other expenses. A Veterans Trust Fund Board is established and reviews all claims. The revenue source is State Reimbursement.

Voted Senior Citizens (297) A millage passed by the voters of Tuscola County provides the revenue source for this fund. This fund provides services for the senior citizens of Tuscola County. Examples of some services are flu shots and home delivered and congregated meals.

### **DEBT SERVICE FUNDS:**

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

#### **Building Authority Bonds**

State Police Post Building (381)

#### **Other**

Purdy Building Debt (374)

### **CAPITAL PROJECT FUNDS:**

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

#### **Building Authority**

State Police Capital Expenditures (470)

#### **Other**

Equipment (244)

Capital Improvements Fund (483)

### **PERMANENT FUNDS:**

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

## ADDITIONAL SUPPLEMENTARY INFORMATION

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund - State Police Post Building</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 2,700,398	\$ 11,384	\$ 1,189,946	\$ 6,824	\$ 3,908,552
Taxes receivable	3,047,931	-	-	-	3,047,931
Taxes receivable - delinquent	33,799	-	-	-	33,799
Accounts receivable	471,806	-	-	-	471,806
Due from other funds	65,158	-	11,384	-	76,542
Due from federal	34,321	-	-	-	34,321
Due from state	232,435	-	-	-	232,435
<b>Total assets</b>	<b><u>\$ 6,585,848</u></b>	<b><u>\$ 11,384</u></b>	<b><u>\$ 1,201,330</u></b>	<b><u>\$ 6,824</u></b>	<b><u>\$ 7,805,386</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 345,327	\$ -	\$ 12,254	\$ -	\$ 357,581
Accrued liabilities	86,046	-	-	-	86,046
Due to other governments	62,033	-	-	-	62,033
Due to other funds	246,585	11,384	-	-	257,969
<b>Total liabilities</b>	<b><u>739,991</u></b>	<b><u>11,384</u></b>	<b><u>12,254</u></b>	<b><u>-</u></b>	<b><u>763,629</u></b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	33,799	-	-	-	33,799
Taxes levied for a subsequent period	3,047,931	-	-	-	3,047,931
<b>Total deferred inflows of resources</b>	<b><u>3,081,730</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,081,730</u></b>
<b>Fund balance</b>					
Restricted for:					
Capital projects	-	-	1,189,076	-	1,189,076
Cemetery	-	-	-	6,824	6,824
Special revenue funds	2,759,127	-	-	-	2,759,127
Committed for:					
County resident hospital program	5,000	-	-	-	5,000
<b>Total fund balance</b>	<b><u>2,764,127</u></b>	<b><u>-</u></b>	<b><u>1,189,076</u></b>	<b><u>6,824</u></b>	<b><u>3,960,027</u></b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b><u>\$ 6,585,848</u></b>	<b><u>\$ 11,384</u></b>	<b><u>\$ 1,201,330</u></b>	<b><u>\$ 6,824</u></b>	<b><u>\$ 7,805,386</u></b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund - State Police Post Building</b>	<b>Debt Service Purdy Building</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Revenues						
Taxes	\$ 2,821,819	\$ -	\$ -	\$ -	\$ -	\$ 2,821,819
Intergovernmental						
Federal	876,689	-	-	-	-	876,689
State	1,090,411	162,134	-	-	-	1,252,545
Local	438,396	-	-	-	-	438,396
Charges for services	1,318,095	-	-	-	-	1,318,095
Fines and forfeits	147,703	-	-	-	-	147,703
Interest and rent	13,700	13	12	4,163	33	17,921
Reimbursements and refunds	129,845	-	-	1	-	129,846
Other	127,284	-	-	-	-	127,284
<b>Total revenues</b>	<b>6,963,942</b>	<b>162,147</b>	<b>12</b>	<b>4,164</b>	<b>33</b>	<b>7,130,298</b>
Expenditures						
Current						
Judicial	1,015,420	-	-	-	-	1,015,420
General government	1,390,123	-	750	-	-	1,390,873
Public safety	3,133,639	-	-	-	-	3,133,639
Health and welfare	1,831,524	-	-	-	-	1,831,524
Culture and recreation	8,989	-	-	-	34	9,023
Capital outlay	498,702	-	-	370,028	-	868,730
Debt service - principal	-	140,000	35,000	-	-	175,000
Debt service - interest	-	10,763	36,700	-	-	47,463
<b>Total expenditures</b>	<b>7,878,397</b>	<b>150,763</b>	<b>72,450</b>	<b>370,028</b>	<b>34</b>	<b>8,471,672</b>
Revenues over (under) expenditures	(914,455)	11,384	(72,438)	(365,864)	(1)	(1,341,374)
Other financing sources (uses)						
Transfer in	1,181,745	-	72,424	224,984	-	1,479,153
Transfer out	(54,718)	(11,384)	-	-	-	(66,102)
<b>Total other financing sources (uses)</b>	<b>1,127,027</b>	<b>(11,384)</b>	<b>72,424</b>	<b>224,984</b>	<b>-</b>	<b>1,413,051</b>
Net change in fund balance	212,572	-	(14)	(140,880)	(1)	71,677
Fund balance, beginning of year	2,551,555	-	14	1,329,956	6,825	3,888,350
Fund balance, end of year	<u>\$ 2,764,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,189,076</u>	<u>\$ 6,824</u>	<u>\$ 3,960,027</u>

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2014**

	<b>Road Patrol</b>	<b>Parks and Recreation</b>	<b>Local Government Police Contract</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 271,631	\$ 609	\$ -
Taxes receivable	1,457,875	-	-
Taxes receivable - delinquent	18,035	-	-
Accounts receivable	53	-	18,791
Due from other funds	2,326	-	-
Due from federal	-	-	-
Due from state	-	-	-
	<b>\$ 1,749,920</b>	<b>\$ 609</b>	<b>\$ 18,791</b>
<b>Total assets</b>	<b>\$ 1,749,920</b>	<b>\$ 609</b>	<b>\$ 18,791</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 8,492	\$ 359	\$ 232
Accrued liabilities	30,662	242	5,359
Due to other governments	-	-	-
Due to other funds	55	-	13,200
	39,209	601	18,791
<b>Total liabilities</b>	<b>39,209</b>	<b>601</b>	<b>18,791</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	18,035	-	-
Taxes levied for a subsequent period	1,457,875	-	-
	1,475,910	-	-
<b>Total deferred inflows of resources</b>	<b>1,475,910</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>			
Committed	-	-	-
Restricted	234,801	8	-
	234,801	8	-
<b>Total fund balance</b>	<b>234,801</b>	<b>8</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 1,749,920</b>	<b>\$ 609</b>	<b>\$ 18,791</b>

<u>Friend of the the Court Act 294</u>	<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>
\$ 119,197	\$ 40,862	\$ 172,986	\$ 1	\$ 396,910	\$ -
-	-	-	-	242,979	-
-	-	-	-	1,599	-
46,202	-	323,407	9,335	-	16,885
2,922	-	2,411	-	240	-
34,321	-	-	-	-	-
12,592	-	-	-	-	-
<u>\$ 215,234</u>	<u>\$ 40,862</u>	<u>\$ 498,804</u>	<u>\$ 9,336</u>	<u>\$ 641,728</u>	<u>\$ 16,885</u>
\$ 3,554	\$ 252	\$ 2,493	\$ 196	\$ 13,468	\$ 216
6,800	-	25,377	2,178	4,182	4,317
-	-	-	-	-	-
-	-	5,423	6,962	725	12,352
<u>10,354</u>	<u>252</u>	<u>33,293</u>	<u>9,336</u>	<u>18,375</u>	<u>16,885</u>
-	-	-	-	1,599	-
-	-	-	-	242,979	-
-	-	-	-	244,578	-
-	-	-	-	-	-
<u>204,880</u>	<u>40,610</u>	<u>465,511</u>	<u>-</u>	<u>378,775</u>	<u>-</u>
<u>204,880</u>	<u>40,610</u>	<u>465,511</u>	<u>-</u>	<u>378,775</u>	<u>-</u>
<u>\$ 215,234</u>	<u>\$ 40,862</u>	<u>\$ 498,804</u>	<u>\$ 9,336</u>	<u>\$ 641,728</u>	<u>\$ 16,885</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2014**

	<b>Victim Services</b>	<b>Voted Mosquito</b>
<b><u>ASSETS</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 793,179
Taxes receivable	-	1,023,104
Taxes receivable - delinquent	-	10,558
Accounts receivable	20,274	-
Due from other funds	-	480
Due from federal	-	-
Due from state	-	-
	-	-
<b>Total assets</b>	<b>\$ 20,274</b>	<b>\$ 1,827,321</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,548	\$ 150,738
Accrued liabilities	-	1,211
Due to other governments	-	-
Due to other funds	18,394	14
	18,394	14
<b>Total liabilities</b>	<b>19,942</b>	<b>151,963</b>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	-	10,558
Taxes levied for a subsequent period	-	1,023,104
	-	1,023,104
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,033,662</b>
<b>Fund balance</b>		
Committed	-	-
Restricted	332	641,696
	332	641,696
<b>Total fund balance</b>	<b>332</b>	<b>641,696</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 20,274</b>	<b>\$ 1,827,321</b>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
\$ 15,606	\$ 56,649	\$ -	\$ 184,759	\$ -	\$ 1,000
-	-	-	-	-	-
-	-	-	-	174	-
-	-	-	-	-	-
-	-	12,684	-	97,095	-
<u>\$ 15,606</u>	<u>\$ 56,649</u>	<u>\$ 12,684</u>	<u>\$ 184,759</u>	<u>\$ 97,269</u>	<u>\$ 1,000</u>
\$ -	\$ -	\$ 999	\$ 25,000	\$ 6,004	\$ -
-	-	-	-	1,325	-
-	-	-	-	-	-
-	-	11,679	-	81,557	-
<u>-</u>	<u>-</u>	<u>12,678</u>	<u>25,000</u>	<u>88,886</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,606	56,649	6	159,759	8,383	1,000
<u>15,606</u>	<u>56,649</u>	<u>6</u>	<u>159,759</u>	<u>8,383</u>	<u>1,000</u>
<u>\$ 15,606</u>	<u>\$ 56,649</u>	<u>\$ 12,684</u>	<u>\$ 184,759</u>	<u>\$ 97,269</u>	<u>\$ 1,000</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2014**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 44,869	\$ -	\$ 147,937	\$ 15,972
Taxes receivable	-	-	-	-	-
Taxes receivable - delinquent	-	-	-	-	-
Accounts receivable	-	-	36,435	-	-
Due from other funds	-	-	15	-	-
Due from federal	-	-	-	-	-
Due from state	6,055	-	-	-	-
<b>Total assets</b>	<b>\$ 6,055</b>	<b>\$ 44,869</b>	<b>\$ 36,450</b>	<b>\$ 147,937</b>	<b>\$ 15,972</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 149	\$ 45	\$ 1,084	\$ -	\$ 517
Accrued liabilities	1,430	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	4,434	-	35,366	-	-
<b>Total liabilities</b>	<b>6,013</b>	<b>45</b>	<b>36,450</b>	<b>-</b>	<b>517</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Committed - county resident hospital program	-	-	-	-	-
Restricted	42	44,824	-	147,937	15,455
<b>Total fund balance</b>	<b>42</b>	<b>44,824</b>	<b>-</b>	<b>147,937</b>	<b>15,455</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 6,055</b>	<b>\$ 44,869</b>	<b>\$ 36,450</b>	<b>\$ 147,937</b>	<b>\$ 15,972</b>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services Board</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ 9,715	\$ 172,027	\$ 34,198	\$ 159,448	\$ -	\$ 42,741	\$ 20,102
-	-	-	-	-	323,973	-
-	-	-	-	-	3,607	-
-	-	-	-	-	-	250
-	55,486	-	678	600	-	-
-	-	-	-	-	-	-
-	-	-	104,009	-	-	-
<u>\$ 9,715</u>	<u>\$ 227,513</u>	<u>\$ 34,198</u>	<u>\$ 264,135</u>	<u>\$ 600</u>	<u>\$ 370,321</u>	<u>\$ 20,352</u>
\$ -	\$ 98,876	\$ 848	\$ 21,225	\$ -	\$ 8,781	\$ 251
-	-	-	2,936	-	27	-
-	-	-	62,033	-	-	-
-	-	-	55,730	549	145	-
-	98,876	848	141,924	549	8,953	251
-	-	-	-	-	3,607	-
-	-	-	-	-	323,973	-
-	-	-	-	-	327,580	-
-	-	5,000	-	-	-	-
9,715	128,637	28,350	122,211	51	33,788	20,101
9,715	128,637	33,350	122,211	51	33,788	20,101
<u>\$ 9,715</u>	<u>\$ 227,513</u>	<u>\$ 34,198</u>	<u>\$ 264,135</u>	<u>\$ 600</u>	<u>\$ 370,321</u>	<u>\$ 20,352</u>

(Continued)

**TUSCOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2014**

	<b>Totals</b>
<b><u>ASSETS</u></b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 2,700,398
Taxes receivable	3,047,931
Taxes receivable - delinquent	33,799
Accounts receivable	471,806
Due from other funds	65,158
Due from federal	34,321
Due from state	232,435
	232,435
<b>Total assets</b>	<b>\$ 6,585,848</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 345,327
Accrued liabilities	86,046
Due to other governments	62,033
Due to other funds	246,585
	246,585
Total liabilities	739,991
<b>Deferred inflows of resources</b>	
Unavailable revenue - property taxes	33,799
Taxes levied for a subsequent period	3,047,931
	3,047,931
Total deferred inflows of resources	3,081,730
<b>Fund balance</b>	
Committed	5,000
Restricted	2,759,127
	2,759,127
Total fund balance	2,764,127
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 6,585,848</b>



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Road Patrol</u>	<u>Parks and Recreation</u>	<u>Local Government Police Contract</u>
Revenues			
Taxes	\$ 1,350,237	\$ -	\$ -
Intergovernmental			
Federal	4,300	-	-
State	9,753	-	-
Local	-	-	146,746
Charges for services	9,681	3,987	-
Fines and forfeits	-	-	-
Interest and rent	3,499	-	-
Reimbursements and refunds	4,492	-	-
Other	50,618	-	-
	<u>1,432,580</u>	<u>3,987</u>	<u>146,746</u>
Total revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	1,262,248	-	146,746
Health and welfare	-	-	-
Culture and recreation	-	8,989	-
Capital outlay	100,845	-	-
	<u>1,363,093</u>	<u>8,989</u>	<u>146,746</u>
Total expenditures			
Revenues over (under) expenditures	<u>69,487</u>	<u>(5,002)</u>	<u>-</u>
Other financing sources (uses)			
Transfer in	-	-	-
Transfer out	(52,500)	-	-
	<u>(52,500)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	16,987	(5,002)	-
Fund balance, beginning of year	<u>217,814</u>	<u>5,010</u>	<u>-</u>
Fund balance, end of year	<u>\$ 234,801</u>	<u>\$ 8</u>	<u>\$ -</u>

<u>Friend of the the Court Act 294</u>	<u>Family Counseling</u>	<u>Dispatch/ 911</u>	<u>Vassar Township Police Contract</u>	<u>Recycling</u>	<u>Millington Township Police Contract</u>	<u>GPGS/ Strong Families</u>
\$ -	\$ -	\$ -	\$ -	\$ 224,701	\$ -	\$ -
612,764	-	-	-	-	-	-
55,388	-	206,677	-	-	-	6,907
-	-	-	81,502	-	155,808	-
75,327	4,965	1,112,976	-	55,854	-	-
-	-	-	-	-	-	-
450	-	311	-	2,282	-	-
-	7,423	10,690	-	-	-	-
7,484	-	-	-	-	-	-
<u>751,413</u>	<u>12,388</u>	<u>1,330,654</u>	<u>81,502</u>	<u>282,837</u>	<u>155,808</u>	<u>6,907</u>
1,001,202	8,098	-	-	-	-	-
-	-	-	-	248,077	-	-
-	-	1,119,067	81,502	-	155,808	-
-	-	-	-	-	-	8,684
-	-	-	-	-	-	-
1,407	-	240,544	-	24,193	-	-
<u>1,002,609</u>	<u>8,098</u>	<u>1,359,611</u>	<u>81,502</u>	<u>272,270</u>	<u>155,808</u>	<u>8,684</u>
<u>(251,196)</u>	<u>4,290</u>	<u>(28,957)</u>	<u>-</u>	<u>10,567</u>	<u>-</u>	<u>(1,777)</u>
282,970	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>282,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31,774	4,290	(28,957)	-	10,567	-	(1,777)
<u>173,106</u>	<u>36,320</u>	<u>494,468</u>	<u>-</u>	<u>368,208</u>	<u>-</u>	<u>1,777</u>
<u>\$ 204,880</u>	<u>\$ 40,610</u>	<u>\$ 465,511</u>	<u>\$ -</u>	<u>\$ 378,775</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Victim Services</u>	<u>Voted Mosquito</u>	<u>Regional DWI Court Grants</u>	<u>GIS</u>
Revenues				
Taxes	\$ -	\$ 947,569	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	66,079	-	138,715	-
Local	-	-	-	1,000
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	5,346	-	-
Reimbursements and refunds	-	1,084	-	-
Other	-	14,000	-	-
Total revenues	<u>66,079</u>	<u>967,999</u>	<u>138,715</u>	<u>1,000</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	854,609	-	-
Public safety	71,764	-	130,332	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	81,677	-	-
Total expenditures	<u>71,764</u>	<u>936,286</u>	<u>130,332</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,685)</u>	<u>31,713</u>	<u>8,383</u>	<u>1,000</u>
Other financing sources (uses)				
Transfer in	6,000	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	315	31,713	8,383	1,000
Fund balance, beginning of year	<u>17</u>	<u>609,983</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 332</u>	<u>\$ 641,696</u>	<u>\$ 8,383</u>	<u>\$ 1,000</u>

<u>CDBG Housing Grant</u>	<u>Principal Residence Exemption</u>	<u>State Survey Grant</u>	<u>Victim of Crime Act Grant</u>	<u>Register of Deeds Automation</u>	<u>HDC Stop Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
138,520	-	-	69,219	-	-
15,606	-	80,827	-	-	-
-	53,340	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	179	-	-	819	-
-	-	-	-	-	-
-	-	-	-	54,887	-
<u>154,126</u>	<u>53,519</u>	<u>80,827</u>	<u>69,219</u>	<u>55,706</u>	<u>-</u>
-	-	-	-	-	-
138,520	23,369	80,888	-	44,660	-
-	-	-	69,250	-	4,671
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	856	-
<u>138,520</u>	<u>23,369</u>	<u>80,888</u>	<u>69,250</u>	<u>45,516</u>	<u>4,671</u>
15,606	30,150	(61)	(31)	10,190	(4,671)
-	-	60	-	-	-
-	(1,218)	-	-	-	-
<u>-</u>	<u>(1,218)</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>
15,606	28,932	(1)	(31)	10,190	(4,671)
-	27,717	1	37	149,569	4,671
<u>\$ 15,606</u>	<u>\$ 56,649</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 159,759</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Community Corrections Services</u>	<u>Local Correction Officer Training</u>	<u>Homeland Security</u>	<u>Forfeiture Sheriff/ Prosecutor</u>	<u>Law Library</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal	-	-	51,886	-	-
State	36,132	-	-	-	-
Local	-	-	-	-	-
Charges for services	4,396	10,841	-	-	-
Fines and forfeits	-	-	-	141,203	6,500
Interest and rent	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-
Other	-	295	-	-	-
<b>Total revenues</b>	<u>40,528</u>	<u>11,136</u>	<u>51,886</u>	<u>141,203</u>	<u>6,500</u>
Expenditures					
Current					
Judicial	-	-	-	-	6,120
General government	-	-	-	-	-
Public safety	57,496	18,541	2,721	7,272	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	49,180	-	-
<b>Total expenditures</b>	<u>57,496</u>	<u>18,541</u>	<u>51,901</u>	<u>7,272</u>	<u>6,120</u>
Revenues over (under) expenditures	<u>(16,968)</u>	<u>(7,405)</u>	<u>(15)</u>	<u>133,931</u>	<u>380</u>
Other financing sources (uses)					
Transfer in	16,500	-	15	-	-
Transfer out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>16,500</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(468)	(7,405)	-	133,931	380
Fund balance, beginning of year	510	52,229	-	14,006	15,075
Fund balance, end of year	<u>\$ 42</u>	<u>\$ 44,824</u>	<u>\$ -</u>	<u>\$ 147,937</u>	<u>\$ 15,455</u>

<u>Michigan Justice Training</u>	<u>Child Care DHS</u>	<u>Department of Human Services Board</u>	<u>Probate Child Care</u>	<u>Soldiers Relief</u>	<u>Voted Senior Citizens</u>	<u>Veterans Trust</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,312	\$ -
-	-	-	-	-	-	-
5,367	341,016	-	103,766	-	-	24,178
-	-	-	-	-	-	-
-	26,276	-	13,792	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	814	-
-	-	-	106,156	-	-	-
-	-	-	-	-	-	-
<u>5,367</u>	<u>367,292</u>	<u>-</u>	<u>223,714</u>	<u>-</u>	<u>300,126</u>	<u>24,178</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,221	-	-	-	-	-	-
-	704,204	8,340	752,005	30,592	312,130	15,569
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,221</u>	<u>704,204</u>	<u>8,340</u>	<u>752,005</u>	<u>30,592</u>	<u>312,130</u>	<u>15,569</u>
(854)	(336,912)	(8,340)	(528,291)	(30,592)	(12,004)	8,609
-	366,000	9,000	477,600	23,600	-	-
-	-	-	-	-	-	(1,000)
-	366,000	9,000	477,600	23,600	-	(1,000)
(854)	29,088	660	(50,691)	(6,992)	(12,004)	7,609
10,569	99,549	32,690	172,902	7,043	45,792	12,492
<u>\$ 9,715</u>	<u>\$ 128,637</u>	<u>\$ 33,350</u>	<u>\$ 122,211</u>	<u>\$ 51</u>	<u>\$ 33,788</u>	<u>\$ 20,101</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Totals</b>
Revenues	
Taxes	\$ 2,821,819
Intergovernmental	
Federal	876,689
State	1,090,411
Local	438,396
Charges for services	1,318,095
Fines and forfeits	147,703
Interest and rent	13,700
Reimbursements and refunds	129,845
Other	127,284
Total revenues	6,963,942
Expenditures	
Current	
Judicial	1,015,420
General government	1,390,123
Public safety	3,133,639
Health and welfare	1,831,524
Culture and recreation	8,989
Capital outlay	498,702
Total expenditures	7,878,397
Revenues over (under) expenditures	(914,455)
Other financing sources (uses)	
Transfer in	1,181,745
Transfer out	(54,718)
Total other financing sources (uses)	1,127,027
Net change in fund balance	212,572
Fund balance, beginning of year	2,551,555
Fund balance, end of year	\$ 2,764,127



**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Road Patrol</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ 1,342,837	\$ 1,372,837	\$ 1,350,237	\$ (22,600)
Intergovernmental				
Federal	-	-	4,300	4,300
State	-	1,125	9,753	8,628
Local	-	-	-	-
Charges for services	8,500	8,500	9,681	1,181
Fines and forfeits	-	-	-	-
Interest and rent	2,000	2,600	3,499	899
Reimbursements and refunds	3,700	5,700	4,492	(1,208)
Other	1,200	2,300	50,618	48,318
<b>Total revenues</b>	<b>1,358,237</b>	<b>1,393,062</b>	<b>1,432,580</b>	<b>39,518</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,420,143	1,375,157	1,262,248	(112,909)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	61,000	61,000	100,845	39,845
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>1,481,143</b>	<b>1,436,157</b>	<b>1,363,093</b>	<b>(73,064)</b>
Revenues over (under) expenditures	(122,906)	(43,095)	69,487	112,582
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	(52,500)	(52,500)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(52,500)</b>	<b>(52,500)</b>	<b>-</b>
Net change in fund balance	(122,906)	(95,595)	16,987	112,582
Fund balance, beginning of year	217,814	217,814	217,814	-
Fund balance, end of year	<u>\$ 94,908</u>	<u>\$ 122,219</u>	<u>\$ 234,801</u>	<u>\$ 112,582</u>

Parks and Recreation				Local Government Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	167,764	167,764	146,746	(21,018)
2,900	4,000	3,987	(13)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,900</u>	<u>4,000</u>	<u>3,987</u>	<u>(13)</u>	<u>167,764</u>	<u>167,764</u>	<u>146,746</u>	<u>(21,018)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	167,764	167,764	146,746	(21,018)
-	-	-	-	-	-	-	-
6,250	8,987	8,989	2	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,250</u>	<u>8,987</u>	<u>8,989</u>	<u>2</u>	<u>167,764</u>	<u>167,764</u>	<u>146,746</u>	<u>(21,018)</u>
<u>(3,350)</u>	<u>(4,987)</u>	<u>(5,002)</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(3,350)</u>	<u>(4,987)</u>	<u>(5,002)</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,010</u>	<u>5,010</u>	<u>5,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,660</u>	<u>\$ 23</u>	<u>\$ 8</u>	<u>\$ (15)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Friend of the Court Act 294</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	693,521	693,521	612,764	(80,757)
State	3,000	3,000	55,388	52,388
Local	-	-	-	-
Charges for services	89,500	89,500	75,327	(14,173)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	450	450
Reimbursements and refunds	-	-	-	-
Other	10,000	10,000	7,484	(2,516)
<b>Total revenues</b>	<b>796,021</b>	<b>796,021</b>	<b>751,413</b>	<b>(44,608)</b>
Expenditures				
Current				
Judicial	1,082,512	1,082,512	1,001,202	(81,310)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	5,500	5,500	1,407	(4,093)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>1,088,012</b>	<b>1,088,012</b>	<b>1,002,609</b>	<b>(85,403)</b>
<b>Revenues over (under) expenditures</b>	<b>(291,991)</b>	<b>(291,991)</b>	<b>(251,196)</b>	<b>40,795</b>
Other financing sources (uses)				
Transfer in	282,970	282,970	282,970	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>282,970</b>	<b>282,970</b>	<b>282,970</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(9,021)</b>	<b>(9,021)</b>	<b>31,774</b>	<b>40,795</b>
Fund balance, beginning of year	173,106	173,106	173,106	-
<b>Fund balance, end of year</b>	<b>\$ 164,085</b>	<b>\$ 164,085</b>	<b>\$ 204,880</b>	<b>\$ 40,795</b>

Family Counseling				Dispatch/911			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	213,056	213,056	206,677	(6,379)
-	-	-	-	-	-	-	-
5,000	5,000	4,965	(35)	1,121,844	1,121,844	1,112,976	(8,868)
-	-	-	-	-	-	-	-
-	-	-	-	700	700	311	(389)
7,000	7,000	7,423	423	9,500	9,900	10,690	790
-	-	-	-	-	-	-	-
12,000	12,000	12,388	388	1,345,100	1,345,500	1,330,654	(14,846)
20,000	20,000	8,098	(11,902)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,394,705	1,395,105	1,119,067	(276,038)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	241,000	241,000	240,544	(456)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,000	20,000	8,098	(11,902)	1,635,705	1,636,105	1,359,611	(276,494)
(8,000)	(8,000)	4,290	12,290	(290,605)	(290,605)	(28,957)	261,648
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(8,000)	(8,000)	4,290	12,290	(290,605)	(290,605)	(28,957)	261,648
36,320	36,320	36,320	-	494,468	494,468	494,468	-
<u>\$ 28,320</u>	<u>\$ 28,320</u>	<u>\$ 40,610</u>	<u>\$ 12,290</u>	<u>\$ 203,863</u>	<u>\$ 203,863</u>	<u>\$ 465,511</u>	<u>\$ 261,648</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Vassar Township Police Contract</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	85,947	85,947	81,502	(4,445)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>85,947</u>	<u>85,947</u>	<u>81,502</u>	<u>(4,445)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	85,947	85,947	81,502	(4,445)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>85,947</u>	<u>85,947</u>	<u>81,502</u>	<u>(4,445)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Recycling				Millington Township Police Contract			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 223,806	\$ 227,806	\$ 224,701	\$ (3,105)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
64,210	64,210	55,854	(8,356)	168,353	168,353	155,808	(12,545)
-	-	-	-	-	-	-	-
2,010	2,010	2,282	272	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>290,026</u>	<u>294,026</u>	<u>282,837</u>	<u>(11,189)</u>	<u>168,353</u>	<u>168,353</u>	<u>155,808</u>	<u>(12,545)</u>
-	-	-	-	-	-	-	-
291,517	285,682	248,077	(37,605)	-	-	-	-
-	-	-	-	168,353	168,353	155,808	(12,545)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,000	26,000	24,193	(1,807)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>315,517</u>	<u>311,682</u>	<u>272,270</u>	<u>(39,412)</u>	<u>168,353</u>	<u>168,353</u>	<u>155,808</u>	<u>(12,545)</u>
<u>(25,491)</u>	<u>(17,656)</u>	<u>10,567</u>	<u>28,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(25,491)</u>	<u>(17,656)</u>	<u>10,567</u>	<u>28,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>368,208</u>	<u>368,208</u>	<u>368,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 342,717</u>	<u>\$ 350,552</u>	<u>\$ 378,775</u>	<u>\$ 28,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>GPGS/Strong Families</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	28,840	28,840	6,907	(21,933)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>28,840</b>	<b>28,840</b>	<b>6,907</b>	<b>(21,933)</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	28,840	28,840	8,684	(20,156)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>28,840</b>	<b>28,840</b>	<b>8,684</b>	<b>(20,156)</b>
Revenues over (under) expenditures	-	-	(1,777)	(1,777)
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	(1,777)	(1,777)
Fund balance, beginning of year	1,777	1,777	1,777	-
Fund balance, end of year	<u>\$ 1,777</u>	<u>\$ 1,777</u>	<u>\$ -</u>	<u>\$ (1,777)</u>

Victim Services				Voted Mosquito			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 942,373	\$ 963,573	\$ 947,569	\$ (16,004)
-	-	-	-	-	-	-	-
63,550	63,550	66,079	2,529	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	5,346	346
-	-	-	-	-	-	1,084	1,084
-	-	-	-	17,000	17,000	14,000	(3,000)
<u>63,550</u>	<u>63,550</u>	<u>66,079</u>	<u>2,529</u>	<u>964,373</u>	<u>985,573</u>	<u>967,999</u>	<u>(17,574)</u>
-	-	-	-	-	-	-	-
-	-	-	-	905,915	884,483	854,609	(29,874)
63,550	69,550	71,764	2,214	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	285,750	288,050	81,677	(206,373)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>63,550</u>	<u>69,550</u>	<u>71,764</u>	<u>2,214</u>	<u>1,191,665</u>	<u>1,172,533</u>	<u>936,286</u>	<u>(236,247)</u>
-	(6,000)	(5,685)	315	(227,292)	(186,960)	31,713	218,673
-	6,000	6,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,000	6,000	-	-	-	-	-
-	-	315	315	(227,292)	(186,960)	31,713	218,673
17	17	17	-	609,983	609,983	609,983	-
<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 332</u>	<u>\$ 315</u>	<u>\$ 382,691</u>	<u>\$ 423,023</u>	<u>\$ 641,696</u>	<u>\$ 218,673</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>CDBG Housing Grant</b>			<b>Over (Under) Budget</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	125,000	125,000	138,520	13,520
State	-	5,000	15,606	10,606
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>125,000</b>	<b>130,000</b>	<b>154,126</b>	<b>24,126</b>
Expenditures				
Current				
Judicial	-	-	-	-
General government	125,000	125,000	138,520	13,520
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>125,000</b>	<b>125,000</b>	<b>138,520</b>	<b>13,520</b>
Revenues over (under) expenditures	-	5,000	15,606	10,606
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>5,000</b>	<b>15,606</b>	<b>10,606</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 15,606</b>	<b>\$ 10,606</b>

Principal Residence Exemption			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
44,500	44,500	53,340	8,840
-	-	-	-
200	200	179	(21)
-	-	-	-
-	-	-	-
<u>44,700</u>	<u>44,700</u>	<u>53,519</u>	<u>8,819</u>
-	-	-	-
40,000	40,000	23,369	(16,631)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>40,000</u>	<u>40,000</u>	<u>23,369</u>	<u>(16,631)</u>
4,700	4,700	30,150	25,450
-	-	-	-
(1,218)	(1,218)	(1,218)	-
(1,218)	(1,218)	(1,218)	-
3,482	3,482	28,932	25,450
27,717	27,717	27,717	-
<u>\$ 31,199</u>	<u>\$ 31,199</u>	<u>\$ 56,649</u>	<u>\$ 25,450</u>

State Survey Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
80,827	80,827	80,827	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,827</u>	<u>80,827</u>	<u>80,827</u>	<u>-</u>
-	-	-	-
80,827	80,889	80,888	(1)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,827</u>	<u>80,889</u>	<u>80,888</u>	<u>(1)</u>
-	(62)	(61)	1
-	62	60	(2)
-	-	-	-
-	62	60	(2)
-	-	(1)	(1)
1	1	1	-
<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Victim of Crime Act Grant</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	70,000	70,000	69,219	(781)
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>70,000</u>	<u>70,000</u>	<u>69,219</u>	<u>(781)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	70,000	70,000	69,250	(750)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>70,000</u>	<u>70,000</u>	<u>69,250</u>	<u>(750)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(31)</u>	<u>(31)</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(31)	(31)
Fund balance, beginning of year	<u>37</u>	<u>37</u>	<u>37</u>	<u>-</u>
Fund balance, end of year	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 6</u>	<u>\$ (31)</u>

Register of Deeds Automation				HDC Stop Grant			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	20,246	20,246	-	(20,246)
-	-	-	-	-	-	-	-
500	500	819	319	-	-	-	-
-	-	-	-	-	-	-	-
60,000	60,000	54,887	(5,113)	-	-	-	-
60,500	60,500	55,706	(4,794)	20,246	20,246	-	(20,246)
-	-	-	-	-	-	-	-
113,075	113,075	44,660	(68,415)	-	-	-	-
-	-	-	-	20,246	20,246	4,671	(15,575)
-	-	-	-	-	-	-	-
8,000	8,000	856	(7,144)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
121,075	121,075	45,516	(75,559)	20,246	20,246	4,671	(15,575)
(60,575)	(60,575)	10,190	70,765	-	-	(4,671)	(4,671)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(60,575)	(60,575)	10,190	70,765	-	-	(4,671)	(4,671)
149,569	149,569	149,569	-	4,671	4,671	4,671	-
<u>\$ 88,994</u>	<u>\$ 88,994</u>	<u>\$ 159,759</u>	<u>\$ 70,765</u>	<u>\$ 4,671</u>	<u>\$ 4,671</u>	<u>\$ -</u>	<u>\$ (4,671)</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Community Corrections Services</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	30,457	30,457	36,132	5,675
Local	-	-	-	-
Charges for services	3,163	4,463	4,396	(67)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>33,620</u>	<u>34,920</u>	<u>40,528</u>	<u>5,608</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	52,122	52,122	57,496	5,374
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>52,122</u>	<u>52,122</u>	<u>57,496</u>	<u>5,374</u>
<b>Revenues over (under) expenditures</b>	<u>(18,502)</u>	<u>(17,202)</u>	<u>(16,968)</u>	<u>234</u>
Other financing sources (uses)				
Transfer in	18,000	18,000	16,500	(1,500)
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>18,000</u>	<u>18,000</u>	<u>16,500</u>	<u>(1,500)</u>
<b>Net change in fund balance</b>	(502)	798	(468)	(1,266)
<b>Fund balance, beginning of year</b>	<u>510</u>	<u>510</u>	<u>510</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 8</u>	<u>\$ 1,308</u>	<u>\$ 42</u>	<u>\$ (1,266)</u>

Local Correction Officer Training				Homeland Security			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	75,000	75,000	51,886	(23,114)
-	-	-	-	-	-	-	-
14,000	14,000	10,841	(3,159)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	295	295	-	-	-	-
<u>14,000</u>	<u>14,000</u>	<u>11,136</u>	<u>(2,864)</u>	<u>75,000</u>	<u>75,000</u>	<u>51,886</u>	<u>(23,114)</u>
-	-	-	-	-	-	-	-
19,000	19,000	18,541	(459)	-	-	2,721	2,721
-	-	-	-	-	-	-	-
-	-	-	-	75,000	75,000	49,180	(25,820)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,000</u>	<u>19,000</u>	<u>18,541</u>	<u>(459)</u>	<u>75,000</u>	<u>75,000</u>	<u>51,901</u>	<u>(23,099)</u>
<u>(5,000)</u>	<u>(5,000)</u>	<u>(7,405)</u>	<u>(2,405)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(15)</u>
-	-	-	-	-	15	15	-
-	-	-	-	-	-	-	-
-	-	-	-	-	15	15	-
(5,000)	(5,000)	(7,405)	(2,405)	-	15	-	(15)
<u>52,229</u>	<u>52,229</u>	<u>52,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 47,229</u>	<u>\$ 47,229</u>	<u>\$ 44,824</u>	<u>\$ (2,405)</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (15)</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Forfeiture Sheriff/Prosecutor</u>			<u>Over (Under) Budget</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	1,000	142,050	141,203	(847)
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>1,000</u>	<u>142,050</u>	<u>141,203</u>	<u>(847)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	15,307	17,507	7,272	(10,235)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>15,307</u>	<u>17,507</u>	<u>7,272</u>	<u>(10,235)</u>
<b>Revenues over (under) expenditures</b>	<u>(14,307)</u>	<u>124,543</u>	<u>133,931</u>	<u>9,388</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(14,307)</u>	<u>124,543</u>	<u>133,931</u>	<u>9,388</u>
Fund balance, beginning of year	<u>14,006</u>	<u>14,006</u>	<u>14,006</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ (301)</u></u>	<u><u>\$ 138,549</u></u>	<u><u>\$ 147,937</u></u>	<u><u>\$ 9,388</u></u>

Law Library				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	4,000	4,000	5,367	1,367
-	-	-	-	-	-	-	-
6,500	6,500	6,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>5,367</u>	<u>1,367</u>
6,500	6,500	6,120	(380)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8,000	8,000	6,221	(1,779)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,500</u>	<u>6,500</u>	<u>6,120</u>	<u>(380)</u>	<u>8,000</u>	<u>8,000</u>	<u>6,221</u>	<u>(1,779)</u>
-	-	380	380	(4,000)	(4,000)	(854)	3,146
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	380	380	(4,000)	(4,000)	(854)	3,146
<u>15,075</u>	<u>15,075</u>	<u>15,075</u>	<u>-</u>	<u>10,569</u>	<u>10,569</u>	<u>10,569</u>	<u>-</u>
<u>\$ 15,075</u>	<u>\$ 15,075</u>	<u>\$ 15,455</u>	<u>\$ 380</u>	<u>\$ 6,569</u>	<u>\$ 6,569</u>	<u>\$ 9,715</u>	<u>\$ 3,146</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Child Care DHS</b>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	446,193	446,193	341,016	(105,177)
Local	-	-	-	-
Charges for services	30,000	30,000	26,276	(3,724)
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>476,193</u>	<u>476,193</u>	<u>367,292</u>	<u>(108,901)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	922,424	922,424	704,204	(218,220)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<u>922,424</u>	<u>922,424</u>	<u>704,204</u>	<u>(218,220)</u>
Revenues over (under) expenditures	<u>(446,231)</u>	<u>(446,231)</u>	<u>(336,912)</u>	<u>109,319</u>
Other financing sources (uses)				
Transfer in	366,000	366,000	366,000	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>366,000</u>	<u>366,000</u>	<u>366,000</u>	<u>-</u>
Net change in fund balance	(80,231)	(80,231)	29,088	109,319
Fund balance, beginning of year	99,549	99,549	99,549	-
Fund balance, end of year	<u>\$ 19,318</u>	<u>\$ 19,318</u>	<u>\$ 128,637</u>	<u>\$ 109,319</u>

Department of Human Services Board				Probate Child Care			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	203,317	203,317	103,766	(99,551)
-	-	-	-	-	-	-	-
-	-	-	-	24,000	24,000	13,792	(10,208)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	137,100	137,100	106,156	(30,944)
-	-	-	-	-	-	-	-
-	-	-	-	<u>364,417</u>	<u>364,417</u>	<u>223,714</u>	<u>(140,703)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,415	13,415	8,340	(5,075)	928,635	933,135	752,005	(181,130)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,415</u>	<u>13,415</u>	<u>8,340</u>	<u>(5,075)</u>	<u>928,635</u>	<u>933,135</u>	<u>752,005</u>	<u>(181,130)</u>
<u>(8,415)</u>	<u>(13,415)</u>	<u>(8,340)</u>	<u>5,075</u>	<u>(564,218)</u>	<u>(568,718)</u>	<u>(528,291)</u>	<u>40,427</u>
9,000	9,000	9,000	-	475,000	475,000	477,600	2,600
-	-	-	-	-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>477,600</u>	<u>2,600</u>
585	(4,415)	660	5,075	(89,218)	(93,718)	(50,691)	43,027
<u>32,690</u>	<u>32,690</u>	<u>32,690</u>	<u>-</u>	<u>172,902</u>	<u>172,902</u>	<u>172,902</u>	<u>-</u>
<u>\$ 33,275</u>	<u>\$ 28,275</u>	<u>\$ 33,350</u>	<u>\$ 5,075</u>	<u>\$ 83,684</u>	<u>\$ 79,184</u>	<u>\$ 122,211</u>	<u>\$ 43,027</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Soldiers Relief</b>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	18,000	30,600	30,592	(8)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>18,000</u>	<u>30,600</u>	<u>30,592</u>	<u>(8)</u>
Revenues over (under) expenditures	<u>(18,000)</u>	<u>(30,600)</u>	<u>(30,592)</u>	<u>8</u>
Other financing sources (uses)				
Transfer in	18,000	23,600	23,600	-
Transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>18,000</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
Net change in fund balance	-	(7,000)	(6,992)	8
Fund balance, beginning of year	<u>7,043</u>	<u>7,043</u>	<u>7,043</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,043</u>	<u>\$ 43</u>	<u>\$ 51</u>	<u>\$ 8</u>

Veterans Trust				Voted Senior Citizens			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 298,408	\$ 298,408	\$ 299,312	\$ 904
-	-	-	-	-	-	-	-
9,500	25,000	24,178	(822)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	250	250	814	564
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,500</u>	<u>25,000</u>	<u>24,178</u>	<u>(822)</u>	<u>298,658</u>	<u>298,658</u>	<u>300,126</u>	<u>1,468</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,500	24,000	15,569	(8,431)	277,490	322,890	312,130	(10,760)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,500</u>	<u>24,000</u>	<u>15,569</u>	<u>(8,431)</u>	<u>277,490</u>	<u>322,890</u>	<u>312,130</u>	<u>(10,760)</u>
-	1,000	8,609	7,609	21,168	(24,232)	(12,004)	12,228
-	-	-	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
(1,000)	(1,000)	(1,000)	-	-	-	-	-
(1,000)	-	7,609	7,609	21,168	(24,232)	(12,004)	12,228
<u>12,492</u>	<u>12,492</u>	<u>12,492</u>	<u>-</u>	<u>45,792</u>	<u>45,792</u>	<u>45,792</u>	<u>-</u>
<u>\$ 11,492</u>	<u>\$ 12,492</u>	<u>\$ 20,101</u>	<u>\$ 7,609</u>	<u>\$ 66,960</u>	<u>\$ 21,560</u>	<u>\$ 33,788</u>	<u>\$ 12,228</u>

(Continued)

**TUSCOLA COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Regional DWI Court Grants</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	191,639	211,724	138,715	(73,009)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rent	-	-	-	-
Reimbursements and refunds	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<u>191,639</u>	<u>211,724</u>	<u>138,715</u>	<u>(73,009)</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	191,639	199,780	130,332	(69,448)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>191,639</u>	<u>199,780</u>	<u>130,332</u>	<u>(69,448)</u>
Revenues over (under) expenditures	<u>-</u>	<u>11,944</u>	<u>8,383</u>	<u>(3,561)</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>11,944</u>	<u>8,383</u>	<u>(3,561)</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 11,944</u></u>	<u><u>\$ 8,383</u></u>	<u><u>\$ (3,561)</u></u>

GIS				Totals			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 2,807,424	\$ 2,862,624	\$ 2,821,819	\$ (40,805)
-	-	-	-	963,521	963,521	876,689	(86,832)
-	-	-	-	1,274,379	1,316,089	1,090,411	(225,678)
-	-	1,000	1,000	486,810	486,810	438,396	(48,414)
-	-	-	-	1,363,117	1,365,517	1,318,095	(47,422)
-	-	-	-	7,500	148,550	147,703	(847)
-	-	-	-	10,660	11,260	13,700	2,440
-	-	-	-	157,300	159,700	129,845	(29,855)
-	-	-	-	88,200	89,300	127,284	37,984
-	-	1,000	1,000	7,158,911	7,403,371	6,963,942	(439,429)
-	-	-	-	1,109,012	1,109,012	1,015,420	(93,592)
-	-	-	-	1,556,334	1,529,129	1,390,123	(139,006)
-	-	-	-	3,676,776	3,648,531	3,133,639	(514,892)
-	-	-	-	2,193,304	2,275,304	1,831,524	(443,780)
-	-	-	-	6,250	8,987	8,989	2
-	-	-	-	700,250	704,550	498,702	(205,848)
-	-	-	-	9,241,926	9,275,513	7,878,397	(1,397,116)
-	-	1,000	1,000	(2,083,015)	(1,872,142)	(914,455)	957,687
-	-	-	-	1,168,970	1,180,647	1,181,745	1,098
-	-	-	-	(2,218)	(54,718)	(54,718)	-
-	-	-	-	1,166,752	1,125,929	1,127,027	1,098
-	-	1,000	1,000	(916,263)	(746,213)	212,572	958,785
-	-	-	-	2,551,555	2,551,555	2,551,555	-
\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,635,292	\$ 1,805,342	\$ 2,764,127	\$ 958,785



**TUSCOLA COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
December 31, 2014**

	<b>State Police Capital Expenditures</b>	<b>Equipment Fund</b>	<b>Capital Improvements</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 144,659	\$ 41,099	\$ 1,004,188	\$ 1,189,946
Due from other funds	11,384	-	-	11,384
<b>Total assets</b>	<b>\$ 156,043</b>	<b>\$ 41,099</b>	<b>\$ 1,004,188</b>	<b>\$ 1,201,330</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 2,512	\$ 9,742	\$ 12,254
<b>Total liabilities</b>	-	2,512	9,742	12,254
<b>Fund balance</b>				
Restricted for capital projects	156,043	38,587	994,446	1,189,076
<b>Total liabilities and fund balance</b>	<b>\$ 156,043</b>	<b>\$ 41,099</b>	<b>\$ 1,004,188</b>	<b>\$ 1,201,330</b>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>State Police Capital Expenditures</u>	<u>Equipment Fund</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues				
Interest and rent	\$ 730	\$ -	\$ 3,433	\$ 4,163
Reimbursement	-	-	1	1
Total revenues	<u>730</u>	<u>-</u>	<u>3,434</u>	<u>4,164</u>
Expenditures				
Capital outlay	<u>15,615</u>	<u>192,621</u>	<u>161,792</u>	<u>370,028</u>
Revenues under expenditures	(14,885)	(192,621)	(158,358)	(365,864)
Other financing sources (uses)				
Transfer in	<u>11,384</u>	<u>213,600</u>	<u>-</u>	<u>224,984</u>
Total other financing source(uses)	11,384	213,600	-	224,984
Net change in fund balance	(3,501)	20,979	(158,358)	(140,880)
Fund balance, beginning of year	<u>159,544</u>	<u>17,608</u>	<u>1,152,804</u>	<u>1,329,956</u>
Fund balance, end of year	<u>\$ 156,043</u>	<u>\$ 38,587</u>	<u>\$ 994,446</u>	<u>\$ 1,189,076</u>

## **NONMAJOR ENTERPRISE FUNDS**

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## NONMAJOR ENTERPRISE FUNDS

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

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

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

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

Denmark Water Extension Construction (486) This fund accounts for the accumulation of funds for the payment of interest and principal on the Denmark Water Extension Construction Bonds.

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



**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET POSITION -  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2014**

	<b>Mayville Storm Sewer</b>	<b>Richville Water System (Refunded)</b>
<b>Assets</b>		
Current assets		
Cash	\$ -	\$ -
Due from other funds	-	-
Contracts receivable - current	44,267	50,758
	<u>44,267</u>	<u>50,758</u>
Total current assets	<u>44,267</u>	<u>50,758</u>
Noncurrent assets		
Contracts receivable, net of current portion	1,009,000	280,000
	<u>1,009,000</u>	<u>280,000</u>
<b>Total assets</b>	<u>1,053,267</u>	<u>330,758</u>
 <b>Liabilities</b>		
Current liabilities		
Accounts payable	-	-
Accrued liabilities	17,267	758
Bonds payable, current	27,000	50,000
	<u>44,267</u>	<u>50,758</u>
Total current liabilities	<u>44,267</u>	<u>50,758</u>
Bonds payable, net of current portion	1,009,000	280,000
	<u>1,009,000</u>	<u>280,000</u>
<b>Total liabilities</b>	<u>1,053,267</u>	<u>330,758</u>
 <b>Net position</b>		
Unrestricted	<u>\$ -</u>	<u>\$ -</u>

<b>Millington Sewer System</b>	<b>Denmark Sewer System</b>	<b>Tax Foreclosure</b>	<b>Total</b>
\$ -	\$ -	\$ 769,858	\$ 769,858
-	-	260	260
<u>15,225</u>	<u>51,264</u>	<u>-</u>	<u>161,514</u>
<u>15,225</u>	<u>51,264</u>	<u>770,118</u>	<u>931,632</u>
<u>5,000</u>	<u>1,934,000</u>	<u>-</u>	<u>3,228,000</u>
<u>20,225</u>	<u>1,985,264</u>	<u>770,118</u>	<u>4,159,632</u>
-	-	3,715	3,715
225	20,264	-	38,514
<u>15,000</u>	<u>31,000</u>	<u>-</u>	<u>123,000</u>
15,225	51,264	3,715	165,229
<u>5,000</u>	<u>1,934,000</u>	<u>-</u>	<u>3,228,000</u>
<u>20,225</u>	<u>1,985,264</u>	<u>3,715</u>	<u>3,393,229</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,403</u>	<u>\$ 766,403</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Operating revenues		
Charges for services	\$ -	\$ -
Other	-	-
	<u>-</u>	<u>-</u>
Total operating revenues	-	-
Operating expenses		
Administration	-	-
	<u>-</u>	<u>-</u>
Operating income	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses)		
Interest and rent	-	-
Interest expense and fiscal charges	(52,667)	(4,828)
	<u>(52,667)</u>	<u>(4,828)</u>
Total nonoperating revenues (expenses)	<u>(52,667)</u>	<u>(4,828)</u>
Income (loss) before capital contributions and transfers	<u>(52,667)</u>	<u>(4,828)</u>
Capital contributions	<u>52,667</u>	<u>4,828</u>
Transfers		
Transfers out	-	-
	<u>-</u>	<u>-</u>
Change in net position	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 175,250	\$ 175,250
-	-	-	465,033	465,033
-	-	-	640,283	640,283
-	-	-	405,857	405,857
-	-	-	234,426	234,426
-	-	-	3,460	3,460
(1,706)	(81,954)	(888)		(142,043)
(1,706)	(81,954)	(888)	3,460	(138,583)
(1,706)	(81,954)	(888)	237,886	95,843
1,706	81,954	888		142,043
-	-	-	(50,000)	(50,000)
-	-	-	187,886	187,886
-	-	-	578,517	578,517
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,403</u>	<u>\$ 766,403</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Mayville Storm Sewer</u>	<u>Richville Water System (Refunded)</u>
Cash flows from operating activities		
Cash received from customers	\$ -	\$ -
Cash payments for interfund services provided	-	-
Cash payments to suppliers	-	-
Other operating revenue	-	-
	<hr/>	<hr/>
Net cash provided by operating activities	-	-
	<hr/>	<hr/>
Cash flows from noncapital financing activities		
Transfers out	-	-
	<hr/>	<hr/>
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(26,000)	(40,000)
Interest paid on long-term debt	(52,667)	(4,828)
Contributions from local units	78,667	44,828
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	-	-
	<hr/>	<hr/>
Cash flows from investing activities		
Interest and rent	-	-
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	-	-
	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>
	<hr/>	<hr/>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable		
Due from other funds		
Due from other governments	433	57
Accounts payable		
Accrued liabilities	(433)	(57)
	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>

<u>Millington Sewer System</u>	<u>Denmark Sewer System</u>	<u>Denmark Water Extension</u>	<u>Tax Foreclosure</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 175,250	\$ 175,250
-	-	-	(2)	(2)
-	-	-	(406,115)	(406,115)
-	-	-	465,033	465,033
-	-	-	234,166	234,166
-	-	-	(50,000)	(50,000)
(15,000)	(29,000)	(395,000)	-	(505,000)
(1,706)	(81,954)	(888)	-	(142,043)
16,706	110,954	395,888	-	647,043
-	-	-	-	-
-	-	-	3,460	3,460
-	-	-	187,626	187,626
-	-	-	582,232	582,232
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,858</u>	<u>\$ 769,858</u>
\$ -	\$ -	\$ -	\$ 234,426	\$ 234,426
			(2)	(2)
169	299	520		1,478
(169)	(299)	(520)	(258)	(258)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,166</u>	<u>\$ 234,166</u>



# **INTERNAL SERVICE FUNDS**

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## INTERNAL SERVICE FUNDS

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Workers' Compensation Insurance (677) The various funds of the County make a transfer to this fund that sets aside monies to apply against premiums and claims for employees who qualify for this benefit. The County General Fund also makes an appropriation to this fund.

Health Insurance (678) This fund sets aside monies to pay the insurance premiums. Various funds transfer the appropriate level of obligation to this fund when payments are made.

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

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2014**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash	\$ 399,134	\$ 14,991	\$ 439,162	\$ 853,287
Accounts receivable	6,140	-	27,375	33,515
Due from other funds	-	244	-	244
<b>Total assets</b>	<u>405,274</u>	<u>15,235</u>	<u>466,537</u>	<u>887,046</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 173	\$ 67	\$ -	\$ 240
Accrued liabilities	-	-	206,989	206,989
Due to other funds	-	-	27,375	27,375
<b>Total liabilities</b>	<u>173</u>	<u>67</u>	<u>234,364</u>	<u>234,604</u>
<b>Net position</b>				
Unrestricted	<u>\$ 405,101</u>	<u>\$ 15,168</u>	<u>\$ 232,173</u>	<u>\$ 652,442</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Workers' Compensation Insurance</u>	<u>Motor Pool Fund</u>	<u>Health Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 37,840	\$ 5,125	\$ 2,285,982	\$ 2,328,947
Operating expenses				
Vehicle expenses		1,653		1,653
Insurance costs	82,001	-	2,186,103	2,268,104
Settlements and claims	232	-	-	232
Total operating expenses	<u>82,233</u>	<u>1,653</u>	<u>2,186,103</u>	<u>2,269,989</u>
Change in net position	(44,393)	3,472	99,879	58,958
Net position, beginning of year	<u>449,494</u>	<u>11,696</u>	<u>132,294</u>	<u>593,484</u>
Net position, end of year	<u>\$ 405,101</u>	<u>\$ 15,168</u>	<u>\$ 232,173</u>	<u>\$ 652,442</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<b>Workers' Compensation Insurance</b>	<b>Motor Pool Fund</b>	<b>Health Insurance</b>	<b>Total</b>
Cash flows from operating activities				
Cash received from interfund services provided	\$ 31,700	\$ 5,125	\$ 2,258,697	\$ 2,295,522
Cash received from interfund services provided	-	(113)	27,375	27,262
Cash payments to suppliers for goods and services	(82,187)	(1,616)	(2,346,048)	(2,429,851)
Net cash provided (used) by operating activities	(50,487)	3,396	(59,976)	(107,067)
Cash and cash equivalents, beginning of year	449,621	11,595	499,138	960,354
Cash and cash equivalents, end of year	\$ 399,134	\$ 14,991	\$ 439,162	\$ 853,287
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	\$ (44,393)	\$ 3,472	\$ 99,879	\$ 58,958
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which				
Increase (decrease) cash:				
Accounts receivable	(6,140)		(27,285)	(33,425)
Due from other funds		(113)		(113)
Prepaid expenses				-
Accounts payable	46	37		83
Accrued liabilities			(159,945)	(159,945)
Due to other funds			27,375	27,375
Net cash provided (used) by operating activities	\$ (50,487)	\$ 3,396	\$ (59,976)	\$ (107,067)



# FIDUCIARY FUNDS

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## FIDUCIARY FUNDS

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

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

**TUSCOLA COUNTY**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2014**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,148,726	\$ 23,373	\$ 1,172,099
Accounts receivable	-		-
<b>Total assets</b>	<u>\$ 1,148,726</u>	<u>\$ 23,373</u>	<u>\$ 1,172,099</u>
<b>Liabilities</b>			
Accrued liabilities	\$ 450,480		\$ 450,480
Due to other governmental units	693,044		693,044
Undistributed receipts	5,202	\$ 23,373	28,575
<b>Total liabilities</b>	<u>\$ 1,148,726</u>	<u>\$ 23,373</u>	<u>\$ 1,172,099</u>

**TUSCOLA COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2014</u>
<b>Trust and Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,304,710	\$ 18,570,733	\$ 18,726,717	\$ 1,148,726
Accounts receivable	325		325	-
<b>Total assets</b>	<u>\$ 1,305,035</u>	<u>\$ 18,570,733</u>	<u>\$ 18,727,042</u>	<u>\$ 1,148,726</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,437,880	\$ 10,437,880	\$ -
Accrued liabilities	515,549	1,480,930	1,415,861	450,480
Due to other governmental units	789,061	17,115,856	17,019,839	693,044
Undistributed receipts	425	650	5,427	5,202
<b>Total liabilities</b>	<u>\$ 1,305,035</u>	<u>\$ 29,035,316</u>	<u>\$ 28,879,007</u>	<u>\$ 1,148,726</u>
<b>Library Penal Fines</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 29,594	\$ 353,307	\$ 359,528	\$ 23,373
<b>Total assets</b>	<u>\$ 29,594</u>	<u>\$ 353,307</u>	<u>\$ 359,528</u>	<u>\$ 23,373</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 352,247	\$ 352,247	\$ -
Undistributed receipts	29,594	359,528	353,307	23,373
<b>Total liabilities</b>	<u>\$ 29,594</u>	<u>\$ 711,775</u>	<u>\$ 705,554</u>	<u>\$ 23,373</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,334,304	\$ 18,924,040	\$ 19,086,245	\$ 1,172,099
Accounts receivable	325	-	325	-
<b>Total assets</b>	<u>\$ 1,334,629</u>	<u>\$ 18,924,040</u>	<u>\$ 19,086,570</u>	<u>\$ 1,172,099</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,790,127	\$ 10,790,127	\$ -
Accrued liabilities	515,549	1,480,930	1,415,861	450,480
Due to other governmental units	789,061	17,115,856	17,019,839	693,044
Undistributed receipts	30,019	360,178	358,734	28,575
<b>Total liabilities</b>	<u>\$ 1,334,629</u>	<u>\$ 29,747,091</u>	<u>\$ 29,584,561</u>	<u>\$ 1,172,099</u>

# COMPONENT UNIT

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TUSCOLA COUNTY

DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF NET POSITION AND BALANCE SHEET  
December 31, 2014

	Governmental Fund Types			Total Governmental Funds	Adjustments	Statement of Net Position
	Debt Service	Capital Project	Revolving Drain			
<b>Assets</b>						
Cash and cash equivalents	\$ 842,323	\$ 1,552,465	\$ 3,977	\$ 2,398,765	\$ -	\$ 2,398,765
Investments	1,718,477	2,269,284	-	3,987,761	-	3,987,761
Special assessments receivable	5,161,107	735,120	-	5,896,227	-	5,896,227
Accounts receivable	-	-	-	-	-	-
Due from other component units	-	803	414,661	415,464	(415,464)	-
Capital assets, not being depreciated	-	-	-	-	100,454	100,454
Capital assets, net of depreciation	-	-	-	-	16,120,415	16,120,415
<b>Total assets</b>	<b>\$ 7,721,907</b>	<b>\$ 4,557,672</b>	<b>\$ 418,638</b>	<b>\$ 12,698,217</b>	<b>\$ 15,805,405</b>	<b>\$ 28,503,622</b>
<b>Liabilities</b>						
Accounts payable	\$ 922	\$ 93,131	\$ 8,049	\$ 102,102	\$ -	\$ 102,102
Accrued interest payable	-	-	-	-	25,575	25,575
Due to other component units	216	414,659	589	415,464	(415,464)	-
Due to other governmental units	-	2,115	-	2,115	-	2,115
Unearned revenue	5,161,107	735,120	-	5,896,227	(5,896,227)	-
Drain bonds payable	-	-	-	-	5,439,355	5,439,355
Drain notes payable	-	-	-	-	584,290	584,290
Advance from primary government	-	-	410,000	410,000	-	410,000
<b>Total liabilities</b>	<b>5,162,245</b>	<b>1,245,025</b>	<b>418,638</b>	<b>6,825,908</b>	<b>(262,471)</b>	<b>6,563,437</b>
<b>Fund equity</b>						
Fund balance						
Restricted for debt service	2,559,662	-	-	2,559,662	(2,559,662)	-
Restricted for drain projects	-	3,312,647	-	3,312,647	(3,312,647)	-
<b>Total fund equity</b>	<b>2,559,662</b>	<b>3,312,647</b>	<b>-</b>	<b>5,872,309</b>	<b>(5,872,309)</b>	<b>-</b>
<b>Total liabilities and fund equity</b>	<b>\$ 7,721,907</b>	<b>\$ 4,557,672</b>	<b>\$ 418,638</b>	<b>\$ 12,698,217</b>		
Net position:						
Net investment in capital assets					10,197,224	10,197,224
Restricted for:						
Debt service					2,559,662	2,559,662
Acquisition/construction of capital assets					3,312,647	3,312,647
Unrestricted					5,870,652	5,870,652
Total net position					<b>\$ 21,940,185</b>	<b>\$ 21,940,185</b>

**TUSCOLA COUNTY**

**DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 1,424,848	\$ 725,230	\$ 2,150,078	\$ (992,726)	\$ 1,157,352
Interest and rents	5,683	12,849	18,532		18,532
Total revenues	<u>1,430,531</u>	<u>738,079</u>	<u>2,168,610</u>	<u>(992,726)</u>	<u>1,175,884</u>
Expenditures / expenses					
Capital outlay	-	989,747	989,747	(100,454)	889,293
Depreciation			-	403,319	403,319
Debt service					
Principal	1,142,240	31,098	1,173,338	(1,166,322)	7,016
Interest and charges	267,751	6,768	274,519	25,575	300,094
Total expenditures / expenses	<u>1,409,991</u>	<u>1,027,613</u>	<u>2,437,604</u>	<u>(837,882)</u>	<u>1,599,722</u>
Revenues over (under) expenditures	<u>20,540</u>	<u>(289,534)</u>	<u>(268,994)</u>	<u>(154,844)</u>	<u>(423,838)</u>
Other financing sources (uses)					
Transfers in	-	631,390	631,390	(631,390)	-
Transfers out	(229,325)	(402,065)	(631,390)	631,390	-
Total other financing sources (uses)	<u>(229,325)</u>	<u>229,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(208,785)	(60,209)	(268,994)	268,994	-
Change in net position	-	-	-	(423,838)	(423,838)
Fund balance / net position, beginning of year	<u>2,768,447</u>	<u>3,372,856</u>	<u>6,141,303</u>	<u>16,222,720</u>	<u>22,364,023</u>
Fund balance / net position, end of year	<u>\$ 2,559,662</u>	<u>\$ 3,312,647</u>	<u>\$ 5,872,309</u>	<u>\$ 16,067,876</u>	<u>\$ 21,940,185</u>

### III. STATISTICAL SECTION

### **III. STATISTICAL SECTION**

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.	<b>119-125</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the county’s most significant local revenue source, the property tax.	<b>126-129</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the county’s current levels of outstanding debt and the county’s ability to issue additional debt in the future.	<b>130-133</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.	<b>134-135</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the county’s financial report relates to the services the county provides and the activities it performs.	<b>136-138</b>

# TUSCOLA COUNTY, MICHIGAN

Table 1

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

	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,790,205	\$ 5,041,097	\$ 4,989,367	\$ 4,922,081	\$ 5,059,405	\$ 4,915,865	\$ 5,308,338	\$ 4,934,954	\$ 4,992,236	\$ 5,265,708
Restricted	1,829,746	2,059,273	2,415,673	2,407,986	2,012,008	1,935,180	1,555,459	1,397,671	1,336,781	1,195,900
Unrestricted	<u>7,145,675</u>	<u>7,602,231</u>	<u>7,242,269</u>	<u>6,252,969</u>	<u>6,218,185</u>	<u>6,254,015</u>	<u>6,120,317</u>	<u>6,853,468</u>	<u>6,312,514</u>	<u>6,644,960</u>
Total governmental activities net position	<u>\$ 13,765,626</u>	<u>\$ 14,702,601</u>	<u>\$ 14,647,309</u>	<u>\$ 13,583,036</u>	<u>\$ 13,289,598</u>	<u>\$ 13,105,060</u>	<u>\$ 12,984,114</u>	<u>\$ 13,186,093</u>	<u>\$ 12,641,531</u>	<u>\$ 13,106,568</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 4,128,673	\$ 4,074,228	\$ 4,030,033	\$ 4,030,033	\$ 4,095,078	\$ 4,136,239	\$ 6,410,175	\$ 7,030,684	\$ 7,728,386	\$ 9,337,696
Restricted	1,871,357	931,338	1,241,842	1,241,842	1,910,834	2,286,104	1,564,341	1,880,647	2,161,654	2,579,165
Unrestricted	<u>7,531,928</u>	<u>10,770,558</u>	<u>18,225,519</u>	<u>18,994,109</u>	<u>19,169,261</u>	<u>12,657,056</u>	<u>12,337,630</u>	<u>14,309,485</u>	<u>14,056,322</u>	<u>12,932,697</u>
Total business-type activities net position	<u>\$ 13,531,958</u>	<u>\$ 15,776,124</u>	<u>\$ 23,497,394</u>	<u>\$ 24,265,984</u>	<u>\$ 25,175,173</u>	<u>\$ 19,079,399</u>	<u>\$ 20,312,146</u>	<u>\$ 23,220,816</u>	<u>\$ 23,946,362</u>	<u>\$ 24,849,558</u>
Primary government										
Invested in capital assets, net of related debt	\$ 8,918,878	\$ 9,115,325	\$ 9,019,400	\$ 8,952,114	\$ 9,154,483	\$ 9,052,104	\$ 11,718,513	\$ 11,965,638	\$ 12,720,622	\$ 14,603,404
Restricted	3,701,103	2,990,611	3,657,515	3,649,828	3,922,842	4,221,284	3,119,800	3,278,318	3,498,435	3,775,065
Unrestricted	<u>14,677,603</u>	<u>18,372,789</u>	<u>25,467,788</u>	<u>25,247,078</u>	<u>25,387,446</u>	<u>18,911,071</u>	<u>18,457,947</u>	<u>21,162,953</u>	<u>20,368,836</u>	<u>19,577,657</u>
Total primary government net position	<u>\$ 27,297,584</u>	<u>\$ 30,478,725</u>	<u>\$ 38,144,703</u>	<u>\$ 37,849,020</u>	<u>\$ 38,464,771</u>	<u>\$ 32,184,459</u>	<u>\$ 33,296,260</u>	<u>\$ 36,406,909</u>	<u>\$ 36,587,893</u>	<u>\$ 37,956,126</u>

# TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
<b>Governmental activities:</b>										
Legislative	\$ 117,986	\$ 119,534	\$ 121,633	\$ 119,951	\$ 146,185	\$ 139,691	\$ 101,774	\$ 101,764	\$ 105,073	\$ 103,402
Judicial	3,236,683	3,403,161	3,376,451	3,665,853	3,909,719	3,737,722	3,550,345	2,879,517	3,196,846	3,262,153
General government	5,300,418	5,026,156	5,194,811	5,580,391	5,711,900	5,844,575	6,755,644	6,199,985	6,321,346	6,345,529
Public safety	5,016,821	5,040,173	5,182,899	5,628,777	5,997,680	5,696,877	5,841,052	5,804,282	6,029,646	5,652,616
Public works	1,064,344	912,869	913,182	939,794	865,143	769,984	693,296	795,586	924,147	815,625
Health and welfare	4,658,677	4,811,305	5,159,902	5,463,407	5,250,554	4,930,144	5,288,860	5,150,298	5,091,444	5,216,376
Culture and recreation	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023
Interest on debt	87,755	69,229	75,153	50,441	42,620	36,004	41,826	60,669	52,768	44,999
<b>Total governmental activities expenses</b>	<b>19,485,164</b>	<b>19,385,771</b>	<b>20,035,204</b>	<b>21,454,657</b>	<b>21,930,342</b>	<b>21,159,398</b>	<b>22,282,522</b>	<b>20,999,000</b>	<b>21,727,407</b>	<b>21,449,723</b>
<b>Business-type activities:</b>										
Medical care facility	10,086,430	12,315,825	13,417,162	14,476,962	16,390,118	17,189,496	17,899,830	18,068,414	18,849,925	19,652,039
Delinquent property tax	28	366	4,412	2,478	1,455	90	85	21	48	832
Water/sewage systems	139,455	146,134	527,715	3,778,099	312,675	299,672	284,295	258,873	242,510	526,639
Tax foreclosure	37,239	115,871	112,853	114,590	215,711	253,288	343,287	336,683	446,017	405,857
<b>Total business-type activities expenses</b>	<b>10,263,152</b>	<b>12,578,196</b>	<b>14,062,142</b>	<b>18,372,129</b>	<b>16,919,959</b>	<b>17,742,546</b>	<b>18,527,497</b>	<b>18,663,991</b>	<b>19,538,500</b>	<b>20,585,367</b>
<b>Total primary government expenses</b>	<b>\$ 29,748,316</b>	<b>\$ 31,963,967</b>	<b>\$ 34,097,346</b>	<b>\$ 39,826,786</b>	<b>\$ 38,850,301</b>	<b>\$ 38,901,944</b>	<b>\$ 40,810,019</b>	<b>\$ 39,662,991</b>	<b>\$ 41,265,907</b>	<b>\$ 42,035,090</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
Judicial	\$ 1,371,148	\$ 1,456,367	\$ 1,359,716	\$ 1,275,539	\$ 1,335,407	\$ 1,307,466	\$ 1,217,478	\$ 1,274,481	\$ 1,224,201	\$ 1,216,028
General government	964,670	899,733	859,655	844,975	806,527	761,439	689,760	749,121	744,192	740,750
Public safety	1,627,690	1,658,525	1,855,330	1,830,531	1,811,889	1,743,017	1,714,978	1,764,703	1,842,902	2,046,308
Public works	544,889	467,382	396,643	418,363	324,593	275,567	269,213	376,012	472,183	369,043
Health and welfare	821,370	795,485	896,500	1,007,945	1,191,633	742,876	810,346	822,751	683,951	586,366
Culture and recreation	189	199	4,751	2,209	2,414	3,861	1,548	2,800	3,902	3,987
<b>Operating grants and contributions</b>										
Judicial	1,126,102	1,062,160	1,059,074	1,067,410	1,103,077	1,364,571	1,467,812	1,250,005	1,237,672	1,252,854
General government	530,629	202,550	345,126	252,725	230,215	159,249	547,666	246,226	190,582	234,953
Public Safety	1,050,512	938,694	750,387	914,234	1,016,033	690,258	883,561	655,231	860,223	638,185
Health and welfare	2,277,666	2,297,058	2,580,301	2,619,685	2,541,733	2,539,046	2,543,246	2,706,160	1,969,721	2,406,930
Capital grants and contributions	182,980	185,615	142,617	127,155	50,264	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>10,497,845</b>	<b>9,963,768</b>	<b>10,250,100</b>	<b>10,360,771</b>	<b>10,413,785</b>	<b>9,587,350</b>	<b>10,145,608</b>	<b>9,847,490</b>	<b>9,229,529</b>	<b>9,495,404</b>

(continued)

Source: Tuscola County Financial Reports

**TUSCOLA COUNTY, MICHIGAN**

Table 2

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

	<b>Fiscal Year</b>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Business-type activities:										
Charges for services										
Medical Care Facility	8,464,985	11,938,841	12,386,663	13,302,206	14,746,024	16,068,197	16,801,011	18,782,303	17,120,685	17,976,404
Delinquent Tax	541,475	542,980	538,748	603,172	710,041	714,369	787,947	718,620	754,501	582,800
Water/Sewer Systems	300,000	288,001	14,099	81,248	-	-	-	-	-	-
Tax Foreclosure	61,896	116,396	121,257	144,563	159,146	187,921	-	175,909	179,424	175,250
Operating grants and contributions	-	-	-	-	-	-	207,628	-	-	-
Capital grants and contributions	139,455	146,134	7,120,155	3,495,097	589,188	299,672	284,295	258,856	242,510	400,446
Total business-type activities program revenues	<u>9,507,811</u>	<u>13,032,352</u>	<u>20,180,922</u>	<u>17,626,286</u>	<u>16,204,399</u>	<u>17,270,159</u>	<u>18,080,881</u>	<u>19,935,688</u>	<u>18,297,120</u>	<u>19,134,900</u>
Total primary government program revenues	<u>\$ 20,005,656</u>	<u>\$ 22,996,120</u>	<u>\$ 30,431,022</u>	<u>\$ 27,987,057</u>	<u>\$ 26,618,184</u>	<u>\$ 26,857,509</u>	<u>\$ 28,226,489</u>	<u>\$ 29,783,178</u>	<u>\$ 27,526,649</u>	<u>\$ 28,630,304</u>
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (8,987,319)	\$ (9,422,003)	\$ (9,785,104)	\$ (11,093,886)	\$ (11,516,557)	\$ (11,572,048)	\$ (12,136,914)	\$ (11,151,510)	\$ (12,497,878)	\$ (11,954,319)
Business-type activities	<u>(755,341)</u>	<u>454,156</u>	<u>6,118,780</u>	<u>(745,843)</u>	<u>(715,560)</u>	<u>(472,387)</u>	<u>(446,616)</u>	<u>1,271,697</u>	<u>(1,241,380)</u>	<u>(1,450,467)</u>
Total primary government net expense	<u>\$ (9,742,660)</u>	<u>\$ (8,967,847)</u>	<u>\$ (3,666,324)</u>	<u>\$ (11,839,729)</u>	<u>\$ (12,232,117)</u>	<u>\$ (12,044,435)</u>	<u>\$ (12,583,530)</u>	<u>\$ (9,879,813)</u>	<u>\$ (13,739,258)</u>	<u>\$ (13,404,786)</u>

(continued)

Source: Tuscola County Financial Reports

## TUSCOLA COUNTY, MICHIGAN

Table 2

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 8,604,431	\$ 9,127,818	\$ 8,152,320	\$ 8,329,783	\$ 8,899,366	\$ 8,238,352	\$ 8,182,316	\$ 8,138,839	\$ 8,580,677	\$ 9,218,752
Grants and contributions not restricted to specific programs	98,107	106,465	114,210	589,645	1,184,605	1,106,822	1,152,433	1,033,823	1,045,628	1,165,279
Unrestricted investment earnings	204,241	350,147	530,747	312,610	270,797	592,262	560,159	499,575	471,176	481,646
Loss on sale of assets						(86)	-	-	-	-
Other	-	10,302	-	-	11,241	672,730	1,139,163	858,469	1,052,109	796,222
Transfers - Internal activities	<u>775,307</u>	<u>764,246</u>	<u>802,573</u>	<u>797,575</u>	<u>857,111</u>	<u>872,404</u>	<u>908,509</u>	<u>842,214</u>	<u>825,463</u>	<u>734,858</u>
Total governmental activities	<u>9,682,086</u>	<u>10,358,978</u>	<u>9,599,850</u>	<u>10,029,613</u>	<u>11,223,120</u>	<u>11,482,484</u>	<u>11,942,580</u>	<u>11,372,920</u>	<u>11,975,053</u>	<u>12,396,757</u>
Business-type activities:										
Property taxes	1,507,485	1,575,186	1,677,012	1,773,731	1,812,867	1,845,663	1,770,769	1,743,674	1,735,187	1,894,897
Unrestricted investment earnings	609,127	417,938	439,658	229,178	137,287	103,738	75,249	66,403	35,869	51,914
Other	-	330,159	307,797	302,614	523,536	509,380	693,617	665,500	973,408	1,115,105
Transfers - Internal activities	<u>(726,120)</u>	<u>(715,932)</u>	<u>(759,916)</u>	<u>(751,517)</u>	<u>(848,941)</u>	<u>(805,776)</u>	<u>(860,272)</u>	<u>(798,862)</u>	<u>(777,538)</u>	<u>(708,253)</u>
Total business-type activities	<u>1,390,492</u>	<u>1,607,351</u>	<u>1,664,551</u>	<u>1,554,006</u>	<u>1,624,749</u>	<u>1,653,005</u>	<u>1,679,363</u>	<u>1,676,715</u>	<u>1,966,926</u>	<u>2,353,663</u>
Total primary government	<u>\$ 11,072,578</u>	<u>\$ 11,966,329</u>	<u>\$ 11,264,401</u>	<u>\$ 11,583,619</u>	<u>\$ 12,847,869</u>	<u>\$ 13,135,489</u>	<u>\$ 13,621,943</u>	<u>\$ 13,049,635</u>	<u>\$ 13,941,979</u>	<u>\$ 14,750,420</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 694,767	\$ 936,975	\$ (185,254)	\$ (1,064,273)	\$ (293,437)	\$ (89,564)	\$ (194,334)	\$ 221,410	\$ (522,825)	\$ 442,438
Business-type activities	<u>635,151</u>	<u>2,061,507</u>	<u>7,783,331</u>	<u>808,163</u>	<u>909,189</u>	<u>1,180,618</u>	<u>1,232,747</u>	<u>2,948,412</u>	<u>725,546</u>	<u>903,196</u>
Total primary government	<u>\$ 1,329,918</u>	<u>\$ 2,998,482</u>	<u>\$ 7,598,077</u>	<u>\$ (256,110)</u>	<u>\$ 615,752</u>	<u>\$ 1,091,054</u>	<u>\$ 1,038,413</u>	<u>\$ 3,169,822</u>	<u>\$ 202,721</u>	<u>\$ 1,345,634</u>

(concluded)

# TUSCOLA COUNTY, MICHIGAN

Table 3

## Fund Balances, Governmental Funds, Last Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Fund</b>										
Reserved	\$ 610,000	\$ 610,000	\$ 610,000	\$ 310,000	\$ 314,895	\$ 323,723	\$ -	\$ -	\$ -	\$ -
Unreserved	1,163,631	1,377,578	1,377,311	1,906,960	1,256,998	1,337,490	-	-	-	-
Nonspendable	-	-	-	-	-	-	416,551	310,000	418,867	417,310
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	1,248,368	1,212,000	1,272,000	1,462,000
Unassigned	-	-	-	-	-	-	691,679	1,024,692	955,077	883,279
<b>Total general fund</b>	<u>\$ 1,773,631</u>	<u>\$ 1,987,578</u>	<u>\$ 1,987,311</u>	<u>\$ 2,216,960</u>	<u>\$ 1,571,893</u>	<u>\$ 1,661,213</u>	<u>\$ 2,356,598</u>	<u>\$ 2,546,692</u>	<u>\$ 2,645,944</u>	<u>\$ 2,762,589</u>
<b>Health Department</b>										
Reserved	\$ 47,611	\$ 50,618	\$ 47,760	\$ 166,945	\$ 43,452	\$ 78,746	\$ -	\$ -	\$ -	\$ -
Unreserved	642,274	593,147	587,388	470,300	614,268	557,500	-	-	-	-
Nonspendable	-	-	-	-	-	-	72,939	99,596	86,687	65,630
Restricted	-	-	-	-	-	-	224,790	394,145	39,475	149,830
Committed	-	-	-	-	-	-	279,162	347,752	353,337	412,486
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	26,779	-
<b>Total Health Department</b>	<u>\$ 689,885</u>	<u>\$ 643,765</u>	<u>\$ 635,148</u>	<u>\$ 637,245</u>	<u>\$ 657,720</u>	<u>\$ 636,246</u>	<u>\$ 576,891</u>	<u>\$ 841,493</u>	<u>\$ 506,278</u>	<u>\$ 627,946</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 1,837,225	\$ 2,069,039	\$ 2,423,520	\$ 2,313,327	\$ 2,004,243	\$ 1,930,178	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	3,377,837	3,809,423	3,162,689	2,365,336	2,621,574	2,732,624	-	-	-	-
Permanent funds	173	234	241	100	14	8	-	-	-	-
Nonspendable	-	-	-	-	-	-	6,800	6,800	99	-
Restricted	-	-	-	-	-	-	3,954,999	3,738,092	3,638,251	3,955,027
Committed	-	-	-	-	-	-	-	-	-	5,000
Assigned	-	-	-	-	-	-	-	-	250,000	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 5,215,235</u>	<u>\$ 5,878,696</u>	<u>\$ 5,586,450</u>	<u>\$ 4,678,763</u>	<u>\$ 4,625,831</u>	<u>\$ 4,662,810</u>	<u>\$ 3,961,799</u>	<u>\$ 3,744,892</u>	<u>\$ 3,888,350</u>	<u>\$ 3,960,027</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Taxes	\$8,614,597	\$ 9,132,692	\$ 7,951,067	\$ 8,479,464	\$ 8,462,190	\$ 8,350,911	\$ 8,224,862	\$ 8,146,390	\$ 8,598,619	\$ 9,200,434
Licenses and permits	870,300	737,975	681,338	692,278	610,135	578,920	568,282	693,121	840,436	694,797
Intergovernmental		-	-							
Federal	2,262,902	1,836,165	2,795,143	2,999,238	3,168,650	2,872,131	3,763,104	3,213,216	2,645,846	2,857,756
State	2,766,050	2,680,428	2,168,467	2,573,953	2,994,055	2,987,815	2,828,386	2,660,920	2,641,255	2,977,660
Local	492,373	478,792	417,121	405,052	484,203	484,180	420,500	437,648	435,065	439,896
Charges for services	3,424,880	3,552,911	3,800,881	3,726,581	3,620,834	3,728,820	3,661,697	3,824,985	3,669,283	3,454,787
Fines and forfeits	86,547	78,720	82,030	54,515	50,138	42,306	56,072	51,423	43,272	235,787
Interest and rents	299,140	445,076	626,293	447,461	641,691	592,262	560,159	499,575	471,176	481,646
Reimbursements and refunds	545,246	512,336	531,317	553,645	544,238	693,980	1,155,875	883,282	1,101,760	806,479
Other	142,755	192,977	129,437	116,880	104,769	101,205	105,329	107,407	87,655	132,135
<b>Total revenues</b>	<b>19,504,790</b>	<b>19,648,072</b>	<b>19,183,094</b>	<b>20,049,067</b>	<b>20,680,903</b>	<b>20,432,530</b>	<b>21,344,266</b>	<b>20,517,967</b>	<b>20,534,367</b>	<b>21,281,377</b>
<b>Expenditures</b>										
Legislative	117,986	119,534	122,906	118,052	146,040	139,864	101,988	102,468	104,414	103,947
Judicial	3,215,610	3,381,877	3,503,913	3,576,395	3,858,932	3,744,726	3,554,120	2,979,588	3,190,866	3,284,426
General government	4,676,476	4,466,593	4,803,426	5,213,922	5,210,485	5,073,462	5,407,442	4,987,566	4,990,297	5,270,785
Public safety	4,665,773	4,741,128	4,991,425	5,238,880	5,494,042	5,477,302	5,624,365	5,773,317	5,874,232	5,884,107
Public works	1,062,425	911,102	910,866	939,330	864,916	769,096	693,338	795,703	921,486	814,993
Health and welfare	4,530,105	4,675,219	5,013,725	5,321,457	5,111,779	4,842,755	5,264,353	5,060,626	4,983,297	5,063,682
Culture and recreation	2,480	3,344	11,173	6,043	6,541	4,401	9,725	6,899	6,137	9,023
Other	220,764	245,792	203,733	241,097	242,903	220,651	360,059	180,079	251,022	206,688
Capital outlay	608,893	643,010	540,621	692,935	1,109,845	657,795	2,569,679	1,030,783	905,437	868,730
Debt service		-	-							
Principal	433,105	403,173	126,987	171,579	125,565	131,538	120,000	165,000	170,000	175,000
Interest	87,755	69,229	58,022	52,567	44,490	37,959	40,626	62,963	55,147	47,463
<b>Total expenditures</b>	<b>19,621,372</b>	<b>19,660,001</b>	<b>20,286,797</b>	<b>21,572,257</b>	<b>22,215,538</b>	<b>21,099,549</b>	<b>23,745,695</b>	<b>21,144,992</b>	<b>21,452,335</b>	<b>21,728,844</b>
Excess of revenues over (under) expenditures	(116,582)	(11,929)	(1,103,703)	(1,523,190)	(1,534,635)	(667,019)	(2,401,429)	(627,025)	(917,968)	(447,467)

(continued)

Source: Tuscola County Financial Reports

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

Table 4

<b>Other Financing Sources (Uses)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Note proceeds	14,487	69,874	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond agent	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Contract proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	22,600	-	-
Bond proceeds	-	-	-	-	-	-	1,029,156	-	-	-
Sale of capital assets	-	9,097	-	-	-	-	-	-	-	-
Proceeds from issuance of capita	-	-	-	49,674	-	-	-	-	-	-
Transfer in	3,754,063	3,741,877	3,717,950	3,396,769	2,561,589	2,238,502	2,555,146	2,370,765	2,601,686	2,642,235
Transfer out	(2,998,756)	(2,977,631)	(2,915,377)	(2,599,194)	(1,704,478)	(1,371,598)	(1,646,637)	(1,528,551)	(1,776,223)	(1,907,377)
<b>Total other financing sources (uses)</b>	<b>769,794</b>	<b>843,217</b>	<b>802,573</b>	<b>847,249</b>	<b>857,111</b>	<b>866,904</b>	<b>1,937,665</b>	<b>864,814</b>	<b>825,463</b>	<b>734,858</b>
<b>Net change in fund balances</b>	<b>\$ 653,212</b>	<b>\$ 831,288</b>	<b>\$ (301,130)</b>	<b>\$ (675,941)</b>	<b>\$ (677,524)</b>	<b>\$ 199,885</b>	<b>\$ (463,764)</b>	<b>\$ 237,789</b>	<b>\$ (92,505)</b>	<b>\$ 287,391</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.74%</b>	<b>2.48%</b>	<b>0.94%</b>	<b>1.07%</b>	<b>0.81%</b>	<b>0.83%</b>	<b>0.76%</b>	<b>1.13%</b>	<b>1.10%</b>	<b>1.07%</b>

(concluded)

Source: Tuscola County Financial Reports

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

Table 5

Fiscal Year Ended December 31,	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Industrial, & Developmental	Residential	Timber-Cut & Agricultural						
2005	\$ 122,255,050	\$ 1,071,185,776	\$ 452,798,941	\$ 82,528,308	\$ 1,728,768,075	8.4810	\$ 3,457,536,150	50%	
2006	136,006,806	1,145,276,940	478,606,091	101,406,559	1,861,296,396	8.4597	3,722,592,792	50%	
2007	143,515,900	1,201,815,100	511,894,760	98,273,322	1,955,499,082	8.4597	3,910,998,164	50%	
2008	145,632,150	1,198,943,488	538,793,530	103,462,209	1,986,831,377	8.4846	3,973,662,754	50%	
2009	145,245,450	1,146,682,103	571,960,980	104,556,201	1,968,444,734	8.4163	3,936,889,468	50%	
2010	140,962,900	998,577,902	591,196,950	98,725,410	1,829,463,162	8.4921	3,658,926,324	50%	
2011	132,608,025	916,610,507	586,216,731	101,708,858	1,737,144,121	8.4921	3,474,288,242	50%	
2012	130,754,171	878,425,910	620,457,418	104,604,689	1,734,242,188	8.4921	3,468,484,376	50%	
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%	

**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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>County direct rates</b>										
Operating Millage	3.9251	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141	3.9141
Special Millage	3.5559	3.5456	3.5456	3.5705	3.5022	3.5780	3.5780	3.5780	3.5780	3.5780
Debt Millage	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-
Total direct rate	8.4810	8.4597	8.4597	8.4846	8.4163	8.4921	8.4921	8.4921	8.4921	7.4921
<b>City rate</b>										
Vassar	17.5000	17.5000	17.5000	17.5000	17.5000	17.5000	17.0000	17.0000	17.0000	16.0000
Caro (2)	-	-	-	-	-	16.1643	16.1643	16.1643	16.1643	16.1643
<b>Village rates</b>										
	11.4678-	11.3072-	11.1658-	12.0440-	12.0440-	11.0000-	11.0000-	11.0000-	11.0000-	11.0000-
	21.9340	21.8569	21.6884	21.6036	21.6036	21.6036	21.6036	18.1387	18.1387	21.7268
<b>School district rates (1)</b>										
	25.5067-	27.4038-	26.7817-	26.7817-	26.7817-	26.7817-	28.2409-	28.2409-	22.7079-	22.7079-
	29.2506	29.2509	29.0998	29.0998	29.0998	29.0998	29.2409	28.4480	28.0409	29.9860
<b>Township rates</b>										
	1.0456-	1.0160-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-	1.0000-
	5.4667	5.4381	5.4170	5.3957	5.3957	5.6563	6.3957	6.3957	6.4175	6.4026
<b>District library rates</b>										
	.7966-	.7966-	.7924-	.7916-	.7916-	.7916-	.7916-	.7500-	.7500-	.7500-
	1.4794	1.4761	1.4761	1.4761	1.4761	1.4761	1.4909	1.4909	1.4909	1.4909
<b>Caro Transit Authority (3)</b>										
	-	-	-	-	-	1.0000	1.0000	1.0000	1.0000	1.0000

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

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

(3) In 2010 new millage for public transportation.

**Source:** Tuscola County Equalization Department.

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

# TUSCOLA COUNTY, MICHIGAN

Principal Property Tax Payers,  
Current Year and Nine Years Ago

## Current Year 2014

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable	
Tuscola Bay Wind LLC	\$ 179,052,850	1	11.00%	
ITC Transmissions	53,953,595	2	3.32%	
Detroit Edison Co	34,617,443	3	2.13%	
Consumers Energy	13,608,387	4	0.84%	
POET-Biorefining - Caro	13,589,981	5	0.84%	
Thumb Electric	6,100,473	6	0.37%	
Wal-Mart Stores #01-1798	5,208,828	7	0.32%	
Michigan Sugar	4,520,146	8	0.28%	
Russell Family Land Co LLC	3,213,446	9	0.20%	
TI Group Automotive Systems	3,037,010	10	0.20%	
	-		-	<b>2014</b>
				<b>Taxable Value</b>
				<b>\$ 1,627,457,617</b>
Totals	\$ 316,902,159		19.50%	

## 9 Years ago 2005

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable	
Detroit Edison Co	\$ 22,717,026	1	1.79%	
Dept of Natural Resources	8,918,975	2	0.70%	
Michigan Ethanol - East	8,219,567	3	0.65%	
Wal-Mat Stores #01-1798	5,697,926	4	0.45%	
Consumers Power Company	5,549,678	5	0.44%	
TI Group Automotive Systems	5,017,130	6	0.40%	
Thum Electric Co-Op	3,943,251	7	0.31%	
Michigan Sugar	3,084,000	8	0.24%	
International Transmission	1,970,600	9	0.16%	
Kaumagraph Flint Corp.	1,938,100	10	0.15%	
	-		-	<b>2005</b>
				<b>Taxable Value</b>
				<b>\$ 1,269,585,053</b>
Totals	\$ 67,056,253		5.29%	

# 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
2005	\$ 4,733,095	\$ 4,723,028	99.79%	\$ -	\$ -	\$ -	-
2006	5,198,749	3,774,616	72.61%	707,740	235,913	4,718,269	90.76%
2007	5,462,074	4,284,974	78.45%	373,356	442,712	5,101,042	93.39%
2008	5,627,842	4,970,391	88.32%	352,127	294,169	5,616,687	99.80%
2009	5,766,836	4,964,091	86.08%	376,146	328,277	5,668,514	98.30%
2010	5,577,639	4,858,788	87.11%	408,811	271,535	5,539,134	99.31%
2011	5,455,216	4,837,071	88.67%	369,721	183,040	5,389,832	98.80%
2012	5,123,153	4,538,536	88.59%	292,379	281,547	5,112,462	99.79%
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%

**Source:** Tuscola County Treasurer

# TUSCOLA COUNTY, MICHIGAN

Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita (3)
	General Obligation Bonds	Capital Improvement Bonds	Bond Discount	Equipment Loan	Compensated Absences	Capital Lease Payable	Refunding Bonds	Medical Care Small House	General Obligation Bonds	USDA Loans	Compensated Absences			
2005 (1)	\$ 1,435,000	\$ -	\$ -	\$ -	\$ -	\$ 59,295	\$ -	\$ -	14,306,172	\$ -	\$ -	\$ 15,800,467	8.34%	271
2006	1,105,000	-	-	-	-	55,995	-	-	13,506,697	-	-	14,667,692	9.20%	252
2007	1,005,000	-	-	-	-	29,008	-	-	16,253,596	-	-	17,287,604	8.01%	297
2008	880,000	-	-	-	-	32,103	-	-	18,421,627	-	-	19,333,730	7.49%	332
2009	770,000	-	-	-	-	16,538	-	-	17,356,663	-	-	18,143,201	7.97%	311
2010	655,000	-	-	-	-	-	-	-	16,034,912	-	-	16,689,912	8.75%	286
2011	535,000	995,000	-	-	-	-	-	-	13,631,114	-	-	15,161,114	10.36%	272
2012	405,000	960,000	-	-	-	-	-	-	12,563,114	-	-	13,928,114	11.66%	255
2013 (2)	270,000	925,000	(13,184)	26,013	603,076	212,496	3,450,000	4,600,000	7,559,114	5,219,000	295,963	23,147,478	7.25%	427
2014	130,000	890,000	(12,438)	13,221	658,849	-	2,420,000	4,600,000	6,743,114	5,060,000	358,479	20,861,225	8.05%	386

(1) For FYE 2005 certain debt and capital projects funds were re-classified as Business-type Activities to comply with Statement 10, as amended.

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

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

Source: Tuscola County Financial Reports

Note: Details regarding the county's debt can be found in the notes to the financial statements under Note 3-F.

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>							Percentage of Taxable Value
	Building Authority Bonds	Sewer Obligation Bonds	Capital Lease Payable	Capital Improvement Bonds	Less Paid by Benefited Municipality	Net General Bonded	Total Taxable Value	
2005	\$ 1,435,000	\$ 3,317,000	\$ 59,295	-	\$ 4,752,000	\$ 59,295	\$ 1,269,585,053	0.0047%
2006	1,105,000	3,134,000	55,995	-	4,239,000	55,995	1,360,892,331	0.0041%
2007	1,005,000	2,936,000	29,008	-	3,941,000	29,008	1,413,750,488	0.0021%
2008	880,000	4,886,000	32,103	-	5,766,000	32,103	1,448,148,172	0.0022%
2009	770,000	4,641,000	16,538	-	5,411,000	16,538	1,495,175,733	0.0011%
2010	655,000	4,422,000	-	-	5,077,000	-	1,436,953,853	0.0000%
2011	535,000	10,240,114	-	995,000	10,775,114	995,000	1,401,083,732	0.0710%
2012	405,000	12,975,114	-	960,000	13,380,114	960,000	1,392,442,700	0.0689%
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%
	<u>Overlapping Debt</u>							Percentage of Taxable Value
	School Districts	Townships	Intermediate School	Village	City	Net Overlapping		
2005	\$ 57,239,380	\$ 3,135,910	\$ 34,450	\$ 5,208,526	-	\$ 65,618,266	5.1685%	
2006	55,081,941	3,438,351	31,996	4,772,431	688,846	64,013,565	4.7038%	
2007	52,840,002	3,080,762	28,838	7,005,182	658,433	63,613,217	4.4996%	
2008	60,621,869	4,925,844	25,646	6,577,385	627,998	72,778,742	5.0256%	
2009	57,545,124	4,633,287	33,329	6,142,228	597,563	68,951,531	4.6116%	
2010	55,944,375	4,215,737	79,603	5,686,071	567,127	66,492,913	4.6274%	
2011	52,883,867	3,911,263	23,915	5,229,922	532,633	62,581,600	4.4667%	
2012	50,170,509	6,877,194	73,342	3,213,133	2,678,404	63,012,582	4.5253%	
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%	

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

# TUSCOLA COUNTY, MICHIGAN

Table 11

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

2010 Census Totals 2014 Taxable Value	55,729 1,627,457,617	Gross	Self-Support or Portion Paid by Benefited Municipality	Net
Direct debt of County:				
Building Authority		\$ 130,000	\$ 130,000	\$ -
Sewer/Water		11,873,000	11,873,000	-
Capital Improvement		890,000	-	890,000
Capital Leases		-	-	-
		\$ 12,893,000	\$ 12,003,000	\$ 890,000
Per-Capita County Net Direct Debt				15.97
Percent County Net Direct Debt to 2014 Taxable				0.0547%
Overlapping Debt of County:				
School Districts				\$ 47,882,889
Townships				6,939,267
Intermediate School District				1,286,014
Village				3,403,835
City				1,994,106
Net Overlapping Debt				\$ 61,506,111
Net County and Overlapping Debt				\$ 62,396,111
Per-Capita County Net Direct and Overlapping Debt				\$ 1,119.63
Percent Net Direct and Overlapping Debt to 2014 Taxable Value				3.8340%

(1) Includes Primary Government

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

# TUSCOLA COUNTY, MICHIGAN

Table 12

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

<u>Fiscal Year</u>	<u>Assessed Year</u>	<u>Assessed Value of Property</u>	<u>Debt limit, 10% of Assessed Value (Statutory Limitation)</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2005	2004	1,728,731,237	172,873,124	4,810,550	\$ 168,062,574	2.78%
2006	2005	1,861,296,396	186,129,640	4,294,995	\$ 181,834,645	2.31%
2007	2006	1,955,499,082	195,549,908	3,970,008	\$ 191,579,900	2.03%
2008	2007	1,986,831,377	198,683,138	5,798,103	\$ 192,885,035	2.92%
2009	2008	1,968,444,734	196,844,473	5,427,538	\$ 191,416,935	2.76%
2010	2009	1,829,463,162	182,946,316	5,077,000	\$ 177,869,316	2.78%
2011	2010	1,737,144,121	173,714,412	11,770,114	\$ 161,944,298	6.78%
2012	2011	1,734,242,188	173,424,219	14,340,114	\$ 159,084,105	8.27%
2013	2012	1,504,307,893	150,430,789	13,573,000	\$ 136,857,789	9.02%
2014	2013	1,627,457,617	162,745,762	12,893,000	\$ 149,852,762	7.92%

# TUSCOLA COUNTY, MICHIGAN

Demographic and Economic Statistics,  
Last Ten Calendar Years

Table 13

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2005	57,502	1,318,247	22,907	11,171	8.0%
2006	56,983	1,350,000	23,665	11,052	8.4%
2007	56,683	1,384,000	24,415	10,810	8.3%
2008	56,187	1,447,497	25,818	10,473	10.1%
2009	55,395	1,445,494	26,094	9,991	15.5%
2010	55,665	1,459,860	26,226	9,496	14.4%
2011	55,729	1,570,715	27,589	9,518	11.4%
2012	54,662	1,624,119	29,712	9,561	9.9%
2013	54,263	1,678,000	30,923	9,140	10.5%
2014	54,000	1,679,678	31,105	8,833	8.5%

(1) Census Bureau 2005-2009 estimated census data. 2010 actual census data. 2011-2014 estimated

(2) Personal income includes net earnings by place of residence, dividends, interest and rent, and personal current transfer receipts. (dollars stated in thousands)

BEA data not available for 2014. Estimates based on population changes, and state change in personal income.

2013 updated with reported actuals.

(3) Fall membership count. Public schools only.

(4) Annual yearly rates shown.

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

**Tuscola County, Michigan  
Principal Employers  
Current Year and Nine Years Ago (1) - Unaudited**

Table 14

<u>2014</u>					<u>2006</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	420	1	3.6%	Tuscola County (2)	Government	475	1	3.8%
Caro Regional Center	Health Care	360	2	3.1%	MI Dept of Mental Health	Mental Health Care	435	2	3.5%
Hills and Dales General Hospital	Health Care	250	3	2.1%	Grede-Vassar	Manufacturing	360	3	2.9%
Wolverine Human Services	Health Care	300	4	2.6%	Wolverine Human Services	Juvenile Rehabilitation	333	4	2.7%
Caro Community Schools	Education	264	5	2.2%	Hills and Dales General Hospital	Health Care	330	5	2.7%
Vassar Schools	Education	245	6	2.1%	Wal-Mart, Inc.	Retail	330	6	2.7%
Tuscola Intermediate School Dist.	Education	255	7	2.2%	Walbro Corp	Manufacturing	300	7	2.4%
Walbro - Engine Management	Manufacturing	258	8	2.2%	Caro Schools	Education	288	8	2.3%
Wal-Mart	Retail	142	9	1.2%	Tuscola Intermediate School Dist.	Education	250	9	2.0%
Metavation Foundry	Manufacturing	140	10	1.2%	Plastech	Manufacturing	205	10	1.7%
<b>Total</b>		<b><u>2634</u></b>		<b><u>22.4%</u></b>	<b>Total</b>		<b><u>3306</u></b>		<b><u>26.7%</u></b>

(1) Data for 2005 not available, for comparison we used 2006.

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

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

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

Table 15

<b>Function</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Legislative	5	5	5	5	5	5	5	5	5	5
Judicial (1)	45	45	45	45	48	45	44	42	43	36
General Government	52	53	53	53	53	50	50	48	49	48
Public Safety	59	57	57	58	59	60	60	59	57	62
Public Works	-	-	-	-	-	-	-	-	-	-
Health and Welfare (2)	167	171	190	190	196	189	196	200	203	215
<b>Total</b>	<b>328</b>	<b>331</b>	<b>350</b>	<b>351</b>	<b>361</b>	<b>349</b>	<b>355</b>	<b>354</b>	<b>357</b>	<b>366</b>

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

(2) Does not include Component Units

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

# TUSCOLA COUNTY, MICHIGAN

Table 16

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Function/Program</b>										
<b>Public safety (1)</b>										
Incarcerated offenders	1,843	2,039	2,160	2,247	2,157	2,025	2,002	2,054	1,761	1,987
First time offenders	608	766	603	608	589	562	577	547	514	474
Repeat offenders	1,380	1,555	1,557	1,639	1,568	1,463	1,425	1,507	1,247	1,513
Traffic violations and other summons issued	2,689	3,318	2,870	2,635	3,056	2,968	2,263	2,237	1,784	1,766
Complaints responded to	4,682	4,731	4,599	4,985	5,028	5,040	5,088	4,977	4,975	4,884
Physical arrests made	1,005	841	920	1,013	994	893	854	891	746	725
Accidents responded to	1,103	1,007	982	1,209	1,195	1,071	1,033	1,048	1,068	966
Fatal Crashes	8	7	3	7	5	2	1	11	2	8
Car Deer Accidents	569	503	518	623	667	644	621	614	609	549
<b>Total 911 Calls received (2)</b>	<b>22,323</b>	<b>20,381</b>	<b>20,960</b>	<b>20,913</b>	<b>19,786</b>	<b>20,406</b>	<b>22,791</b>	<b>23,068</b>	<b>22,703</b>	<b>22,225</b>
Wireless/Voip Calls	9,209	9,749	10,525	11,023	11,517	12,616	14,919	15,657	15,845	15,718
Landline Calls	13,114	10,632	10,435	9,890	8,269	7,790	7,872	7,411	6,858	6,507
Non-emergency calls	52,501	49,259	53,427	53,744	45,299	42,783	41,752	39,839	38,919	36,584
Calls for Service logged	27,180	28,558	27,632	26,752	30,165	32,604	32,165	33,226	37,850	39,283
Traffic Accidents	1,186	1,257	1,290	1,442	1,295	1,272	1,265	1,223	1,230	1,252
Car Deer	702	699	775	800	869	805	825	821	780	744
Traffic Stops	6,738	8,397	7,023	6,095	8,357	9,639	8,390	8,483	12,892	13,047
Fires	494	520	625	686	506	625	576	573	699	523
Medicals (not include accidents)	5,173	5,108	5,139	5,216	4,804	4,671	4,913	5,179	5,086	5,657
<b>Judicial</b>										
54th Circuit Court new case filings	1,467	1,626	1,595	1,533	1,375	1,368	1,311	1,407	1,314	1,212
71B District Court new case filings	10,446	10,842	10,120	9,335	9,451	8,922	7,670	7,680	7,783	7,111
Probate Court new case filings	382	351	322	388	349	325	343	347	400	394

(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>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Public Safety</b>										
<b>Sheriffs Department</b>										
Vehicles (1)	22	24	21	21	22	23	22	22	24	21
Mileage	388,822	397,278	435,970	398,914	425,351	383,335	364,153	317,250	330,004	356,320
Boats/Watercraft	2	2	2	2	2	2	2	2	2	2
Stations	1	1	1	1	1	1	1	1	1	1
<b>Animal control (2)</b>										
Vehicles	-	-	-	-	-	-	-	-	-	-
<b>General Government</b>										
<b>Building and Grounds</b>										
Vehicles	12	14	12	12	13	11	12	12	12	10
Buildings										
<b>Mosquito control</b>										
Vehicles	15	16	17	19	19	19	17	17	17	21
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Recycling</b>										
Vehicles	1	1	1	1	2	2	2	2	2	3
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Health and Welfare</b>										
<b>Health Department</b>										
Vehicles	4	4	4	4	4	4	4	4	4	5
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Recreation and Culture</b>										
<b>Vanderbilt Park</b>										
Acres	17	17	17	17	17	17	17	17	17	17

(1) Not all vehicles used for Road Patrol

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

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

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

#### IV. SINGLE AUDIT

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Awards Expended</b>
<b>U.S. Department of Agriculture</b>			
Direct:			
Water and Waste Disposal Systems for Rural Communities Loans and Grants	10.760		\$ 83,229
Communities Facilities Loans and Grants Loans and Grants	10.766		4,300
<b>Total U.S. Department of Agriculture</b>			<b>87,529</b>
<b>U.S. Department of Health and Human Services</b>			
Passed-Through Michigan Department of Human Services			
Title IV-D Child Support Enforcement Program Prosecuting Attorney Cooperative Reimbursement Program	93.563	CSPA 13-79002	68,802
Friend of Court Cooperative Reimbursement Program	93.563	CSFOC 13-79001	535,182
Title IV-D Incentive Program	93.563		77,582
<b>Total U.S. Department of Health and Human Services</b>			<b>681,566</b>
<b>U.S. Department of Homeland Security</b>			
Passed-Through Alcona County			
Homeland Security Grant	97.067		51,886
Passed-Through Michigan Department of State Police			
Emergency Management Performance	97.042	551 W4308105 001 2014	7,775
Emergency Management Performance	97.042	551 W4319909 001 2014	409
Emergency Management Performance	97.042	551 W5502430 001 2015	27,729
Hazardous Materials Emergency Preparedness	97.042	551 W5502779 001 2015	3,154
Passed-Through Michigan Department of Natural Resources:			
Marine Safety Program	97.012		11,100
<b>Total U.S. Department of Homeland Security</b>			<b>102,053</b>
<b>U.S. Department of Justice</b>			
Passed-Through Office of Community Health:			
Victims of Crime Act	16.575	20587-17 V2013	50,778
Victims of Crime Act		20150128-00	18,441
Passed-Through Lapeer County			
Formula Edward Byrne Justice Assistance Grant	16.738	2013-DJ-BX-0109	5,156
Formula Edward Byrne Justice Assistance Grant		2014-DJ-BX-0109	2,098
<b>Total U.S. Department of Justice</b>			<b>76,473</b>
<b>U.S. Department of Housing and Urban Development</b>			
Passed-Through Michigan State Housing Development Authority:			
Michigan Community Development Block Grant (CDBG) Housing Program	14.228	MSC-2011-0815-HOA	138,520
<b>Total U.S. Department of Housing and Urban Development</b>			<b>138,520</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 1,086,141</b>

**TUSCOLA COUNTY, MICHIGAN**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Tuscola County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 portion, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the Tuscola County's Comprehensive Annual Financial Report. The County's financial statements include the operations of the Tuscola County Health Department, which received federal awards that are not included in the Schedule for the year ended December 31, 2014, as this entity was separately audited.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 3 – USDA LONG-TERM DEBT**

The County has outstanding loans under the USDA Water and Waste Disposal Systems for Rural Communities totaling \$3,095,000 at December 31, 2014.



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

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

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

Board of Commissioners  
County of Tuscola  
Caro, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tuscola County, Michigan**, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise **Tuscola County's** basic financial statements and have issued our report thereon dated June 26, 2015. Our report includes a reference to other auditors who audited the financial statements of Tuscola County Health Department and Tuscola County Medical Care Facility, as described in our report on the **Tuscola County's** financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **Tuscola County's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Tuscola County's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Tuscola County's** internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Tuscola County's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

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

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

**JUNE 26, 2015**



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

Board of Commissioners  
County of Tuscola  
Caro, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited **Tuscola County's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Tuscola County's** major federal programs for the year ended December 31, 2014. **Tuscola County's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Tuscola County's** basic financial statements include the operations of the Tuscola County Health Department, which received \$960,725 in federal awards and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, described below, did not include the operations of the Tuscola County Health Department because other auditors performed the audit in accordance with OMB Circular A-133.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of **Tuscola County's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Tuscola County's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Tuscola County's** compliance with these requirements.

### **Opinion on Each Major Federal Program**

In our opinion, **Tuscola County** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of **Tuscola County** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Tuscola County's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Tuscola County's** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

**JUNE 26, 2015**

**TUSCOLA COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

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

***Financial Statements***

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_\_\_Yes      X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_Yes      X  None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_Yes      X  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_Yes      X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_Yes      X  None reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_Yes      X  No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_Yes      X  No

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2014

**Section II – Financial Statement Findings**

None

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

None

**TUSCOLA COUNTY, MICHIGAN**  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2014

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

None

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

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Board of Commissioners  
Tuscola County

In planning and performing our audit of the financial statements of the **Tuscola County, Michigan** as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 26, 2015 on the financial statements of **Tuscola County, Michigan**. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

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

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

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

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

Board of Commissioners  
Page two

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

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

Very truly yours,

Handwritten signature in black ink that reads "Anderson, Tuckey, Bernhardt & Doran, P.C." The signature is written in a cursive, flowing style.

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

June 26, 2015

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

## Certified Public Accountants

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To the Members of the Board  
Tuscola County

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Tuscola County** for the year ended December 31, 2014, and have issued our report thereon dated June 26, 2015. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated January 13, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 14, 2015.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Tuscola County** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated June 26, 2015.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on additional supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction on Use

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

Very truly yours,

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

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

June 26, 2015