

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name)		Telephone Number
Street Address		City State Zip
Authorizing CPA Signature 	Printed Name	License Number

**Western Mason County Fire District
Authority, Inc.**

Mason County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2007

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

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December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Authority Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

We have audited the accompanying financial statements of the governmental activities, and the major fund of Western Mason County Fire District Authority, Inc. as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Western Mason County Fire District Authority, Inc. management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Western Mason County Fire District Authority, Inc. as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Grand Rapids, Michigan
April 20, 2008

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements.

The Authority as a Whole

The Authority's combined net assets increased 13% from a year ago, increasing from \$897,656 to \$1,014,076. This results from reductions in long-term debt.

In a condensed format, the table below shows a comparison of the net assets as of December 31, 2007 to the prior year:

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<u>Current assets</u>	\$ 369,252	\$ 359,031
<u>Noncurrent assets</u>	961,639	1,059,599
<u>Total assets</u>	<u>1,330,891</u>	<u>1,418,630</u>
<u>Long-term debt outstanding</u>	309,108	509,512
<u>Other liabilities</u>	7,707	11,464
<u>Total liabilities</u>	<u>316,815</u>	<u>520,976</u>
<u>Net assets</u>		
Invested in capital assets - net of debt	652,531	550,087
Unrestricted	361,545	347,567
<u>Total net assets</u>	<u>\$ 1,014,076</u>	<u>\$ 897,654</u>

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$13,978. This is an increase of approximately 4%. The current level of unrestricted net assets for our governmental activities stands at \$361,545, or about 189% of expenses. This is within the targeted range set by the Authority Board during its last budget process.

The following table shows the changes of the net assets as of December 31, 2007 to the prior year:

	<u>2007</u>	<u>2006</u>
<u>Program revenues</u>		
Charges for services	\$ 44,820	\$ 42,670
<u>General Revenue</u>		
Property tax	246,010	229,230
Unrestricted investment earnings	9,476	9,540
Miscellaneous	7,366	557
<u>Total Revenue</u>	<u>307,672</u>	<u>281,997</u>
<u>Program expenses</u>		
Public Safety	191,252	166,971
<u>Change in net assets</u>	<u>\$ 116,420</u>	<u>\$ 115,026</u>

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

The Authority's net assets continue to remain healthy. As the Authority's revenue is derived primarily from property taxes and charges for services, which are not affected by reductions by the State, revenue is expected to continue to increase and maintain a healthy fund balance.

Governmental Activities

Expenditures decreased by \$24,281 from the previous year. This resulted from lower interest expense and lower truck maintenance expense than in the prior year.

The Authority's Funds

Our analysis of the Authority's major fund begins on page 10, following the entity wide financial statements. The Authority Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Authority's major fund for 2007 was the General Fund.

Capital Asset and Debt Administration

At the end of 2007, the Authority had \$961,639, net of accumulated depreciation, invested in fire trucks. No additions were made to capital assets or long-term debt.

Economic Factors and Next Year's Budgets and Rates

The Authority's budget for 2008 is expected to be higher than in 2007 because the Authority has contracted to purchase two trucks at a cost of approximately \$365,000. It will finance approximately \$320,000 of the purchase. The Authority Board is also evaluating the purchase of a ladder truck. The Authority's management has not identified any economic factors that may have significant impact on the Authority's financial results.

Contacting the Authority's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's Secretary/Treasurer at the Pere Marquette Township hall, 1699 S. Pere Marquette Highway, Ludington, Michigan, 49431. The Authority's phone number is (231) 845-1277.

GOVERNMENT WIDE FINANCIAL STATEMENTS

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Statement of Net Assets

For the year ended December 31, 2007

	Governmental activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 140,251
Receivables (net)	227,705
Prepaid items	1,296
Capital assets	961,639
TOTAL ASSETS	\$ 1,330,891
<u>LIABILITIES</u>	
Accrued and other liabilities	\$ 7,707
Due within one year	95,270
Due in more than one year	213,838
TOTAL LIABILITIES	316,815
<u>NET ASSETS</u>	
Invested in capital assets	652,531
Unrestricted	361,545
TOTAL NET ASSETS	1,014,076
TOTAL LIABILITIES AND NET ASSETS	\$ 1,330,891

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Statement of Activities

For the year ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for services</u>	<u>Governmental activities</u>
Public safety	\$ 191,252	\$ 44,820	\$ (146,432)
<u>General Revenues</u>			
Property taxes			246,010
Unrestricted investment income			9,476
Miscellaneous			7,366
Total general revenues - special items and transfers			262,852
Change in net assets			116,420
Net assets at beginning of year			897,656
Net assets at end of year		\$	1,014,076

The Notes to the Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Governmental Fund Balance Sheet

December 31, 2007

ASSETS

Cash and cash equivalents	\$	140,251
Prepaid items		1,296
Receivables		227,705
TOTAL ASSETS	\$	369,252

FUND BALANCES

Unreserved, unrestricted	\$	369,252
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The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2007

Total fund balances - total governmental funds	\$ 369,252
 Amounts reported for governmental activities in the statement of net assets are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital assets at cost	1,959,912
Accumulated depreciation	(998,273)
Net capital assets	961,639
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2007 were:	
Long-term debt payable	(309,108)
Accrued interest on bonds	(7,707)
Net assets of governmental activities	\$ 1,014,076

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance

For the year ended December 31, 2007

<u>REVENUE</u>	
Property taxes	\$ 246,011
Charges for services	44,820
Investment earnings	9,476
Other revenue	7,366
TOTAL REVENUE	307,673
<u>EXPENDITURES</u>	
Public safety	73,002
Debt service	
Interest	24,091
Principal	200,359
TOTAL EXPENDITURES	297,452
NET CHANGE IN FUND BALANCE	10,221
FUND BALANCE, BEGINNING OF YEAR	359,031
FUND BALANCE, END OF YEAR	\$ 369,252

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2007

Net change in fund balances - total governmental funds	\$	10,221
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		200,404
Some expense 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		
Depreciation		(97,960)
Reduction in accrued interest		3,755
Change in net assets of government activities	\$	116,420

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

General Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2007 with comparative actual amounts for 2006

	Original and final budget	Actual	Variance with final budget	Prior year
REVENUE				
Property taxes	\$ 227,354	\$ 246,011	\$ 18,657	\$ 229,230
Charges for services	42,000	44,820	2,820	42,670
Investment earnings	8,000	9,476	1,476	9,540
Other revenue	-	7,366	7,366	557
TOTAL REVENUE	277,354	307,673	30,319	281,997
EXPENDITURES				
Public safety	57,175	73,002	(15,827)	41,303
Debt Service				
Interest	21,500	24,091	(2,591)	30,450
Principal	193,679	200,359	(6,680)	164,479
Miscellaneous expense	5,000	-	5,000	-
TOTAL EXPENDITURES	277,354	297,452	(20,098)	236,232
NET CHANGE IN FUND BALANCES	-	10,221	10,221	45,765
Fund balance at beginning of year	359,031	359,031	-	313,266
Fund balance at end of year	\$ 359,031	\$ 369,252	\$ 10,221	\$ 359,031

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Western Mason County Fire District Authority, Inc. conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Western Mason County Fire District Authority, Inc.

A. Reporting Entity

Western Mason County Fire District Authority, Inc. is governed by a six-member Board composed of the Supervisor or City Manager and the Fire Chief of each participating municipality . The accompanying financial statements present the activities of the Authority. There are no component units to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The Authority has only one fund, the General Fund.

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 revenue.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental fund:

The General Fund accounts for principal and interest payments on long-term debt and for payments for certain general operating items.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Capital Assets--Capital assets, which include fire trucks, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$1,000 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.

Fire trucks are depreciated using the straight-line method over the following useful lives:

Fire trucks	7 to 20 years
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Long-Term Obligations--In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. The face amount of debt issued is reported as other financing sources.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented for the General Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of this fund.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Authority normally follows these procedures in establishing the budgetary data reflected in the financial statements:

An annual budget for the next year shall be prepared and adopted by the Board before the end of the current fiscal year. This budget shall be presented to each of the three units of government, in timely fashion for their review, before year-end. The operating budget includes proposed expenditures and the means of financing them.

On or before December 31, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Authority board.

Budgeted amounts are presented as originally adopted, or as amended by the Authority board before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Authority Board throughout the operating year.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Authority Board.

The legal level of control is at the fund expenditure totals for the General Fund.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the Board is the fund level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Western Mason County Fire District Authority, Inc. to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Western Mason County Fire District Authority, Inc. Board has designated two banks for the deposit of Authority funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Western Mason County Fire District Authority, Inc.'s deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities
<u>Cash and cash equivalents</u>	<u>\$ 140,251</u>

The bank balance of the primary government's deposits is \$140,251, all of which is covered by federal depository insurance.

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
Capital assets being depreciated:	\$	\$	\$	\$
<u>Fire trucks</u>	<u>1,959,912</u>			<u>1,959,912</u>
Accumulated depreciation:				
<u>Fire trucks</u>	<u>900,313</u>	<u>97,960</u>		<u>998,273</u>
<u>Net capital assets being depreciated</u>	<u>1,059,599</u>	<u>(97,960)</u>		<u>961,639</u>
<u>Net capital assets</u>	<u>\$ 1,059,599</u>	<u>\$ (97,960)</u>	<u>\$</u>	<u>\$ 961,639</u>

Depreciation expense was charged to programs of the Authority as follows:

Governmental activities:	
<u>Public Safety</u>	<u>\$ 97,960</u>

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

NOTE 5 - TAX LEVY AND RESERVED FUND BALANCES

On August 6, 1996 the voters of the City of Ludington and the Townships of Hamlin and Pere Marquette approved a tax levy of .3 mills for the Western Mason County Fire District Authority for a period of 20 years (1996 through 2015 inclusive). The purpose of the levy is for purchasing, maintaining, upgrading, or equipping fire trucks to be used in accordance with the Articles of Incorporation of the Authority and for the purchase of insurance.

This .3 mill levy resulted in \$246,009 of tax revenues recognized in 2007.

In accordance with Article X of the by-laws and the approved tax millage, all tax collections received by the Western Mason County Fire District Authority shall be budgeted for fire vehicle replacement, insurance, or major vehicle repair. Transactions in the restricted tax millage account for the year ended December 31, 2007 are summarized as follows:

	Restricted tax millage	
<u>REVENUE</u>		
Property taxes	\$	246,009
Interest earned		4
Reimbursements		7,366
Total Revenue		253,379
<u>EXPENDITURES</u>		
Insurance		15,699
Truck maintenance		45,126
Miscellaneous		440
Debt service		
Principal		200,359
Interest		24,090
Total expenditures		285,714
Excess of revenue over (under) expenditures		(32,335)
Beginning restricted fund balance		(167,445)
Ending restricted fund balance	\$	(199,780)

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2007

NOTE 6 - LONG-TERM DEBT

The Authority enters into installment contracts to provide for the acquisition fire trucks and similar equipment.

Total interest incurred for the Authority for the year approximated \$24,090.

Summarized long-term debt obligation activity follows:

	Balance			Balance	Due within
	January 1, 2007	Additions	Reductions	December 31, 2007	one year
Installment Contracts	\$ 509,512	\$	\$ 200,404	\$ 309,108	\$ 95,270

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended December 31,	Principal	Interest	Total
2008	\$ 95,270	\$ 14,776	\$ 110,046
2009	99,867	10,179	110,046
2010	50,674	5,371	56,045
2011	51,282	2,509	53,791
2012	12,015	523	12,538
Totals	\$ 309,108	\$ 33,358	\$ 342,466

NOTE 7 - COMMITMENT TO PURCHASE TWO FIRE TRUCKS

The Authority entered into an agreement to purchase two new fire trucks from Spencer Manufacturing with financing to be provided by West Shore Bank. The total purchase price of the trucks will be \$246,828. The bank loan will be repaid over ten years.

Long-Term Debt Schedules

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$191,323 Installment Contract Payable: Fire Truck - Pere Marquette - Marion

December 31, 2007

Year ended December 31,	Interest Rate	Principal	Interest	Total
2008	4.56%	\$ 18,603	\$ 3,719	22,322
2009	4.56%	19,474	2,848	22,322
2010	4.56%	20,374	1,948	22,322
2011	4.56%	21,750	557	22,307
Totals		\$ 80,201	\$ 9,072	89,273

In 2007, the bank will adjust the interest rate on this contract.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$420,000 Installment Contract Payable: Fire Truck - Pere Marquette - Aerial

December 31, 2007

Year ended December 31,	Interest Rate	Principal	Interest	Total
2008	4.85%	\$ 49,108	\$ 4,893	54,001
2009	4.85%	51,504	2,497	54,001
Totals		\$ 100,612	\$ 7,390	108,002

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$100,000 Installment Contract Payable: Fire Truck - Hamlin - Tanker

December 31, 2007

Year ended December 31,	Interest Rate	Principal	Interest	Total
2008	4.39%	\$ 10,140	\$ 2,405	12,545
2009	4.39%	10,581	1,964	12,545
2010	4.39%	11,041	1,504	12,545
2011	4.39%	11,521	1,024	12,545
2012	4.39%	12,015	523	12,538
Totals		\$ 55,298	\$ 7,420	62,718

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$162,280 Installment Contract Payable: Fire Truck - Ludington - Fire and Rescue

December 31, 2007

Year ended December 31,	Interest Rate	Principal	Interest	Total
2008	5.15%	\$ 17,419	\$ 3,759	21,178
2009	5.15%	18,308	2,870	21,178
2010	5.15%	19,259	1,919	21,178
2011	5.15%	18,011	928	18,939
Totals		\$ 72,997	\$ 9,476	82,473

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

We have audited the general purpose financial statements of Western Mason County Fire District Authority, Inc., Mason County, Michigan for the year ended December 31, 2007, and have issued our report thereon dated April 20, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 24, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Western Mason County Fire District Authority, Inc.. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Western Mason County Fire District Authority, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Western Mason County Fire District Authority, Inc. are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2007. We noted no transactions entered into by Western Mason County Fire District Authority, Inc. during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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

This information is intended solely for the use of the Authority Board and management of Western Mason County Fire District Authority, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
April 20, 2008

MANAGEMENT COMMENTS LETTER

To the Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

In planning and performing our audit of the financial statements of Western Mason County Fire District Authority, Inc. as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Western Mason County Fire District Authority, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board, others within the organization, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

This report is intended solely for the information and use of the Board and the Michigan Department of Treasury and is not to be used by anyone other than these specific parties.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
April 20, 2008