

Reset Form

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# Auditing Procedures Report

Issued under Public Act 2 of 1988, as amended.

Unit Name	County of Mason	County	MASON	Type	COUNTY	MuniCode	53-0-000
Opinion Date	6/27/2008	Audit Submitted	6/30/2008	Fiscal Year	12/31/2007		

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <u>NA</u>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 9,626,235.00
General Fund Expenditure:	\$ 6,242,947.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 2,367,553.00
Governmental Activities Long-Term Debt (see instructions):	\$ 4,762,827.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Vickie	Last Name	Crouch	Ten Digit License Number	1101013436					
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**MASON COUNTY, MICHIGAN**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2007**

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# Layton & Richardson, P.C.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
of Mason County  
Ludington, Michigan

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 the County of Mason, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Mason, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Mason County Road Commission. The Mason County Road Commission represents 97% of the assets and 98% of the revenues of the component unit fund type. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mason County Road Commission is based solely on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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. 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 opinion.

In our opinion, 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 the County of Mason, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the County of Mason, Michigan'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 results of that testing, and not to provide an opinion on the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 and the required supplementary information on pages 66 through 69 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Mason Michigan's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements 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 of the County of Mason, Michigan. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Layton & Richardson, P.C.*

*Certified Public Accountants*

East Lansing, Michigan  
June 27, 2008

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Mason, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2007. For more detailed information, the Road Commission's separately issued financial statements may be obtained from their administrative office. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

## Financial Highlights

- \* The assets of the County primary government exceeded its liabilities at the close of fiscal year by \$35,007,554.71 (*net assets*). Of this amount \$18,347,601.04 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The County's total net assets increased by \$2,398,435.11 compared to 2006.
- \* As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue funds, debt service and capital projects funds) reported combined ending fund balances of \$20,227,277.00 an increase of \$1,587,459.12 in comparison with the prior year. Of the fund balance amount, \$17,299,538.11 is *available for spending* at the government's discretion (*unreserved fund balance*.)
- \* The general fund had an excess of revenues over expenditures and other financing uses of \$479,156.78 for 2007. At the end of the year, unreserved fund balance for the general fund was \$2,259,749.01 or approximately 23% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$2,367,552.71.
- \* The County's total bonded debt decreased by \$604,997.54 during the current fiscal year.

## 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 County as a whole (government-wide financial statements) and present a longer-term view of the County'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 County's operations in more detail than the government-wide statements providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Reporting the County as a Whole

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health or *financial position*. Over time, *increase or decreases* in the County's net assets are an indicator of whether its *financial health* is improving or deteriorating. During 2007, the net assets of the County increased by \$2,398,435.11.

The Statement of Net Assets and the Statement of Activities present information about the following:

**Governmental activities.** All of the County’s basic services are considered to be governmental activities, including legislative, judicial, general government administration, public safety, public works, health and welfare, recreation and cultural, and other activities. Property taxes, intergovernmental revenue, and charges for services finance most of these activities.

**Business-type activities.** Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections, airport, and the sewer system.

**Component units.** The County includes three legally separate entities in its financial statements: the Mason County Drain Commission, Lake Improvement Districts and the Mason County Road Commission. Although legally separate, these “component units” are important because the County is financially accountable for them.

Financial Statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Mason County Department of Public Works and the Mason County Building Authority, although legally separate, function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide statement of Net Assets and Statement of Activities can be found on pages 12-15 of this report.

### **Reporting the County’s Most Significant Funds**

**Fund Financial Statement.** The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. The County’s two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

**Governmental funds.** Most of the County’s basic services are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the County’s general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because the focus of the 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 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, jail operations, state revenue sharing reserve and the medical care facility, each of which are considered to be major funds. Data for the other 40 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 the report.

**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 delinquent tax operations, airport, public works and park operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for payroll fringe benefits and insurance costs. 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 public works and airport operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Reporting the County's Fiduciary Responsibilities**

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the 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 these funds are *not* available to support the County's own programs. Amounts held by the County's fiduciary funds are reported in a separate Combining Balance Sheet of Fiduciary Funds. The accounting used in fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Additional Information**

The notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented as listed in the table of contents.

**Mason County's Net Assets**

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$26,453,133.39	\$28,481,594.63	\$6,262,453.76	\$6,894,310.89	\$32,715,587.15	\$35,375,905.52
Capital assets	<u>17,161,189.95</u>	<u>16,405,130.11</u>	<u>3,337,906.54</u>	<u>3,166,780.93</u>	<u>20,499,096.49</u>	<u>19,571,911.04</u>
Total Assets	<u>43,614,323.34</u>	<u>44,886,724.74</u>	<u>9,600,360.30</u>	<u>10,061,091.82</u>	<u>53,214,683.64</u>	<u>54,947,816.56</u>
General obligation						
bonds and notes	2,043,417.00	1,400,000.00	4,399,000.00	4,289,002.46	6,442,417.00	5,689,002.46
Other liabilities	<u>13,927,323.69</u>	<u>14,011,992.25</u>	<u>235,823.35</u>	<u>239,267.14</u>	<u>14,163,147.04</u>	<u>14,251,259.39</u>
Total liabilities	<u>15,970,740.69</u>	<u>15,411,992.25</u>	<u>4,634,823.35</u>	<u>4,528,269.60</u>	<u>20,605,564.04</u>	<u>19,940,261.85</u>
Net Assets:						
Invested in capital assets, net of related debt	14,585,074.74	14,411,786.36	2,185,494.22	2,074,409.04	16,770,568.96	16,486,195.40
Restricted	154,447.25	173,758.27	0.00	0.00	154,447.25	173,758.27
Unrestricted	<u>\$12,904,060.66</u>	<u>\$14,889,187.86</u>	<u>\$2,780,042.73</u>	<u>\$3,458,413.18</u>	<u>\$15,684,103.39</u>	<u>\$18,347,601.04</u>
Total Net Assets	<u>\$27,643,582.65</u>	<u>\$29,474,732.49</u>	<u>\$4,965,536.95</u>	<u>\$5,532,822.22</u>	<u>\$32,609,119.60</u>	<u>\$35,007,554.71</u>

A portion of the County's net assets, \$16,486,195.40 (47 percent), is its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's assets, \$173,758.27 (1 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$18,347,601.04 (52 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Mason County's Changes in Net Assets

	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities	Total	Total
Revenues	2006	2007	2006	2007	2006	2007
<b>Program revenues:</b>						
Charges for services	\$ 8,542,146.10	\$ 8,320,999.75	\$ 679,572.23	\$ 709,573.65	\$ 9,221,718.33	\$ 9,030,573.40
Operating grants and contributions	1,415,669.50	1,555,121.61	23,372.08	24,775.90	1,439,041.58	1,579,897.51
Capital grants and contributions	28,603.56	10,965.00	1,625,918.31	10,748.13	1,654,521.87	21,713.13
<b>General revenues:</b>						
Property taxes and special assessments	11,967,077.64	11,013,116.87	0.00	0.00	11,967,077.64	11,013,116.87
State shared revenue	0.00	0.00	0.00	0.00	0.00	0.00
Investment earnings	741,018.41	982,698.19	93,616.54	69,137.92	834,634.95	1,051,836.11
Gain (Loss) on sale of fixed assets	37,500.00	8,376.73	0.00	3,156.50	37,500.00	11,533.23
Other revenues	1,274,159.95	1,100,858.77	121,177.13	446,994.75	1,395,337.08	1,547,853.52
Transfers	( 40,650.00)	(160,950.00)	40,650.00	160,950.00	0.00	0.00
<b>Total revenues</b>	<b>23,965,525.16</b>	<b>22,831,186.92</b>	<b>2,584,306.29</b>	<b>1,425,336.85</b>	<b>26,549,831.45</b>	<b>24,256,523.77</b>
<b>Expenses</b>						
Legislative	294,772.04	309,989.12	0.00	0.00	294,772.04	309,989.12
Judicial	1,673,116.20	1,707,458.21	0.00	0.00	1,673,116.20	1,707,458.21
General government administration	2,960,465.96	3,088,410.81	0.00	0.00	2,960,465.96	3,088,410.81
Public safety	4,816,327.35	4,728,943.79	0.00	0.00	4,816,327.35	4,728,943.79
Public works	36,021.05	37,489.75	0.00	0.00	36,021.05	37,489.75
Health and welfare	9,067,531.14	9,703,130.92	0.00	0.00	9,067,531.14	9,703,130.92
Parks, recreation, and cultural	916,205.88	978,736.94	0.00	0.00	916,205.88	978,736.94
Miscellaneous	612,389.74	364,832.99	0.00	0.00	612,389.74	364,832.99
Interest on long-term debt	108,864.66	85,771.74	0.00	0.00	108,864.66	85,771.74
Delinquent tax collections and other Business-type activities	0.00	0.00	1,229,728.46	858,110.57	1,229,728.46	858,110.57
<b>Total Expenses</b>	<b>20,485,694.02</b>	<b>21,004,764.27</b>	<b>1,229,728.46</b>	<b>858,110.57</b>	<b>21,715,422.48</b>	<b>21,862,874.84</b>
<b>Increase in net assets</b>	<b>3,479,831.14</b>	<b>1,826,422.65</b>	<b>1,354,577.83</b>	<b>567,226.28</b>	<b>4,834,408.97</b>	<b>2,393,648.93</b>
Net assets, beginning of year	30,038,291.28	27,643,582.65	3,581,982.44	4,965,536.95	33,620,273.72	32,609,119.60
Prior Period adjustment	(5,874,539.77)	4,727.19	28,976.68	58.99	(5,845,563.09)	4,786.18
<b>Total Net Assets, end of year</b>	<b>\$27,643,582.65</b>	<b>\$29,474,732.49</b>	<b>\$4,965,536.95</b>	<b>\$5,532,822.22</b>	<b>\$32,609,119.60</b>	<b>\$35,007,554.71</b>

The County's net assets increased by \$2,398,435.11 during the current fiscal year - \$1,831,149.84 increase for governmental activities and a \$567,285.27 increase for business-type activities.

**Governmental activities.** Governmental activities increased the County's net assets by \$1,831,149.84. Key elements of this increase are as follows:

- The General Fund and a number of Special Revenue Funds had expenditures that were less than the final budget.
- The self funded internal service funds had operating losses that were less than the amounts appropriated to those funds.
- The Capital Projects benefited from increased transfers from the General Fund and the Medical Care Facility Fund.

**Business-type activities.** Net assets of the County's business-type activities increased \$567,285.27. This increase in net assets reflects improved operating results in the Park Operations and Public Works Operation and Maintenance Funds and a net income of over \$400,000.00 in the Delinquent Tax Revolving and Delinquent Tax Foreclosure Funds.

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

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

As of the year ended December 31, 2007, the County's governmental funds reported combined ending fund balances of \$20,227,277.00; an increase of \$1,587,459.12 comparison with the prior year. Of the fund balance amount, \$17,299,538.11 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the year, unreserved fund balance of the general fund was \$2,259,749.01, while total fund balance was \$2,367,552.71.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 23 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$485,751.46 during the current fiscal year. This is primarily attributable to Friend of the Court Incentive grants, investment income, property tax collections, reimbursements for special elections, and charges for services in the Equalization Department and District Court being higher than budgeted amounts and several offices and departments keeping their expenditures under budgeted amounts.

The fund balance of the Building Authority Operations Fund increased by \$217,366.10 due to positive operations.

The beginning of the phase out of the Revenue Sharing Reserve Fund decreased the fund balance by \$333,575.78.

The Oakview Addition Fund added \$948,270.65, as the County Medical Care Facility earmarked funds for the construction of an Alzheimer addition in 2008.

The Public Improvement Fund added \$575,363.75, as the County earmarked funds for future construction projects.

The Equipment Replacement Fund added \$219,506.71, as the County earmarked funds for future vehicle and equipment purchases.

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

Unrestricted net assets of the delinquent tax foreclosure, delinquent tax revolving, airport, public works operation and maintenance, and park operations funds at the end of the year amounted to \$215,782.34, \$1,361,017.04, \$1,695,612.28, \$2,148,226.53, and \$112,184.03, respectively. Factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

**General Fund Budgetary Highlights**

Revenues in the general fund (including transfers in) increased by \$138,075.00 from the original to the final budget. This increase is primarily attributable to Friend of the Court Incentive grants, investment income, property tax collections, reimbursements for special elections, and charges for services in the Equalization Department and District Court being higher than budgeted amounts and several offices and departments keeping their expenditures under budgeted amounts.

The revised budget was also supported by net expenditure (including transfers out) savings of \$298,352.76 as a result of expenditure savings in several departments including contingency.

Expenditure savings and additional revenue provided the funds to support year end general fund appropriations of \$90,000.00 to the Self Insurance Health Fund for partial funding of the liability for retiree health benefits, \$161,000.00 to the Public Improvement Fund to be used toward future projects and \$40,500.00 to the Equipment Replacement Fund. Budget overruns were the result of year-end accruals being higher than estimated.

**Capital Asset and Debt Administration**

**Capital Assets.** As of December 31, 2007, the County's investment in capital assets for its governmental activities amounted to \$16,405,130.11 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, and infrastructure. The total decrease in the County's investment in capital assets for the current fiscal year was 4 percent. The County's business-type activities' net capital assets decreased by \$111,085.18.

There were no major construction projects in the current fiscal year.

**Mason County's Capital Assets**

	<u>Governmental</u>	<u>Activities</u>
	<u>2006</u>	<u>2007</u>
<b>Land and Improvements</b>	<b>\$ 1,158,678.61</b>	<b>\$ 1,158,678.61</b>
<b>Buildings and Improvements</b>	<b>20,787,356.71</b>	<b>20,787,356.71</b>
<b>Equipment and Vehicles</b>	<b><u>2,842,654.45</u></b>	<b><u>2,855,656.15</u></b>
<b>Subtotal</b>	<b>24,788,689.77</b>	<b>24,801,691.47</b>
<b>Less: Accumulated Depreciation</b>	<b><u>(7,627,499.82)</u></b>	<b><u>(8,396,561.36)</u></b>
<b>Total</b>	<b><u>\$17,161,189.95</u></b>	<b><u>\$16,405,130.11</u></b>

Long-term debt. At December 31, 2007, the County had total bonded debt outstanding of \$6,374,002.46. Governmental fund debt accounts for \$1,975,000.00 and business-type debt accounts for \$4,399,002.46 of the total bonded debt outstanding.

**Mason County's Outstanding Debt**

	<u>Governmental</u>	<u>Activities</u>	<u>Business-type</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>General Obligation Bonds</b>	\$2,475,000.00	\$1,975,000.00	\$	\$	\$2,475,000.00	\$1,975,000.00
<b>Enterprise Funds Bonds</b>			4,504,000.00	4,399,002.46	4,504,000.00	4,399,002.46
<b>Total</b>	<u>\$2,475,000.00</u>	<u>\$1,975,000.00</u>	<u>\$4,504,000.00</u>	<u>\$4,399,002.46</u>	<u>\$6,979,000.00</u>	<u>\$6,374,002.46</u>

The County's total debt decreased by \$604,997.54 (9 percent) during the year ended December 31, 2007. The County retired \$500,000.00 of general obligation bonds and \$104,997.54 of business-type bonds during 2007.

There were no new borrowings during the year. Debt requirements for general obligation bonds of \$575,000.00 and interest of \$67,762.50 are payable during 2007. Debt requirements for business-type bonds of \$110,000.00 and interest of \$203,935.11 are payable during 2007.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$209,771,199 which is significantly in excess of the County's outstanding general obligation debt.

**Economic Factors and next Year's Budgets and Rates**

The following factors were considered in preparing the County's budget for 2008:

- \* The uncertainty over the State's economy will likely result in additional cuts in state funding.
- \* Slowing growth in new construction will generate property tax revenue to help cover cost increases.
- \* Healthcare costs will continue to increase at a rate higher than inflation and will require new measures to contain cost increases.
- \* Weakening investment earnings will have a negative impact on revenue and retirement funds resulting in an increase of retirement costs.
- \* The use of the assets of the Revenue Sharing Reserve Fund will have a negative impact on net assets.

**Contacting the County Administrator**

This management discussion and analysis is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mason County Administrator, 304 E. Ludington Avenue, Ludington, MI 49431.

## **BASIC FINANCIAL STATEMENTS - OVERVIEW**

**The Basic Financial Statements provide information of the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds and the aggregate remaining funds, which collectively comprise the activities of the County of Mason, Michigan.**

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	<u>PRIMARY GOVERNMENT</u>			COMPONENT UNITS
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTALS</u>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 7,875,021.33	\$ 975,529.34	\$ 8,850,550.67	\$ 877,665.56
Investments	15,228,900.05	1,558,127.56	16,787,027.61	0.00
Receivables				
Property taxes	3,434,329.82	882,027.23	4,316,357.05	0.00
Accounts (net of allowance for doubtful accounts)	684,376.77	28,710.76	713,087.53	23,564.00
Special assessments	0.00	36,111.12	36,111.12	5,614.00
Other	204,313.25	22,199.41	226,512.66	494.64
Due from other governmental units				
Federal/State	564,066.18	10,748.13	574,814.31	647,714.00
Local	20.69	16,367.66	16,388.35	38,991.00
Due from other funds	10,402.65	0.00	10,402.65	44,768.24
Inventories	0.00	0.00	0.00	407,593.00
Deposits	251,222.93	0.00	251,222.93	0.00
Prepayments	228,940.96	8,391.58	237,332.54	52,503.00
<b>TOTAL CURRENT ASSETS</b>	<u>28,481,594.63</u>	<u>3,538,212.79</u>	<u>32,019,807.42</u>	<u>2,098,907.44</u>
<b>Noncurrent assets</b>				
Lease receivable	0.00	3,356,098.10	3,356,098.10	0.00
Fixed assets (net of accumulated depreciation)	16,405,130.11	3,166,780.93	19,571,911.04	28,758,482.02
<b>TOTAL NONCURRENT ASSETS</b>	<u>16,405,130.11</u>	<u>6,522,879.03</u>	<u>22,928,009.14</u>	<u>28,758,482.02</u>
<b>TOTAL ASSETS</b>	<u>\$ 44,886,724.74</u>	<u>\$ 10,061,091.82</u>	<u>\$ 54,947,816.56</u>	<u>\$ 30,857,389.46</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - Concluded**  
**DECEMBER 31, 2007**

	<u>PRIMARY GOVERNMENT</u>			COMPONENT UNITS
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTALS</u>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 880,687.27	\$ 37,681.35	\$ 918,368.62	\$ 138,220.45
Accrued liabilities	533,361.91	1,420.93	534,782.84	38,920.00
Accrued interest	18,343.75	49,467.53	67,811.28	0.00
Due to individuals/agencies	74,800.49	4,586.21	79,386.70	0.00
Due to other governmental units				
Federal/State	17,767.60	0.00	17,767.60	0.00
Local	54,428.01	0.00	54,428.01	198,874.00
Due to other funds	10,452.65	0.00	10,452.65	44,768.24
Other current liabilities	16,209.64	0.00	16,209.64	1,400.00
Deferred revenue	3,415,356.08	36,111.12	3,451,467.20	5,614.00
Bonds and notes payable	575,000.00	110,000.00	685,000.00	107,217.00
<b>TOTAL CURRENT LIABILITIES</b>	<u>5,596,407.40</u>	<u>239,267.14</u>	<u>5,835,674.54</u>	<u>535,013.69</u>
<b>Noncurrent liabilities</b>				
General obligation bonds and notes payable	1,400,000.00	4,289,002.46	5,689,002.46	261,370.00
Accrued post closure	2,084,878.00	0.00	2,084,878.00	0.00
Unfunded Retiree Health Insurance	5,627,757.90	0.00	5,627,757.90	0.00
Compensated absences	702,948.95	0.00	702,948.95	225,253.00
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>9,815,584.85</u>	<u>4,289,002.46</u>	<u>14,104,587.31</u>	<u>486,623.00</u>
	<u>15,411,992.25</u>	<u>4,528,269.60</u>	<u>19,940,261.85</u>	<u>1,021,636.69</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	14,411,786.36	2,074,409.04	16,486,195.40	28,389,895.02
Unrestricted				
Reserved	173,758.27	0.00	173,758.27	1,223,880.00
Unreserved	14,889,187.86	3,458,413.18	18,347,601.04	221,977.75
<b>TOTAL NET ASSETS</b>	<u>29,474,732.49</u>	<u>5,532,822.22</u>	<u>35,007,554.71</u>	<u>29,835,752.77</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 44,886,724.74</u>	<u>\$ 10,061,091.82</u>	<u>\$ 54,947,816.56</u>	<u>\$ 30,857,389.46</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	PROGRAM REVENUES		
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT</b>			
Governmental activities:			
Legislative	\$ 309,989.12	\$ 0.00	\$ 0.00
Judicial	1,707,458.21	455,510.91	809,908.91
General government administration	3,088,410.81	701,703.12	77,905.90
Public safety	4,728,943.79	336,903.77	155,401.76
Public works	37,489.75	0.00	0.00
Health and social services	9,703,130.92	6,672,296.84	500,791.31
Parks, recreation, and cultural	978,736.94	134,224.20	11,113.73
Miscellaneous	364,832.99	20,360.91	0.00
Debt Service			
Interest and fiscal charges	<u>85,771.74</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 21,004,764.27</b>	<b>\$ 8,320,999.75</b>	<b>\$ 1,555,121.61</b>
Business-type activities			
Parks Operations	\$ 45,709.13	\$ 53,076.97	\$ 24,775.90
Public Works Operations & Maintenance	374,343.97	160,526.53	0.00
Airport Operations	357,197.48	23,129.41	0.00
Delinquent tax Foreclosure	45,177.41	135,205.79	0.00
Delinquent tax collections	<u>35,682.58</u>	<u>337,634.95</u>	<u>0.00</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>858,110.57</b>	<b>709,573.65</b>	<b>24,775.90</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 21,862,874.84</b>	<b>\$ 9,030,573.40</b>	<b>\$ 1,579,897.51</b>
<b>COMPONENT UNITS</b>			
Drainage districts	\$ 109,077.39	\$ 8,770.60	\$ 0.00
Lake Improvement district	128,921.98	2,500.00	0.00
Road commission	<u>5,802,452.00</u>	<u>649,692.00</u>	<u>6,616,987.00</u>
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 6,040,451.37</b>	<b>\$ 660,962.60</b>	<b>\$ 6,616,987.00</b>

**General Revenues:**

**Taxes:**

Property tax and special assessments

Internal service fund activity

State shared revenue

Unrestricted investment earnings

Gain on sale of capital assets

Other revenues

**Transfers:**

Retiree Health Insurance Deposit

Transfers

Transfers from internal service activities

**Total General Revenues and Transfers**

**Change in Net Assets**

Net assets - January 1

Special item - prior period adjustments

Net assets - December 31

The accompanying notes to financial statements are an integral part of these financial statements.

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
\$ 0.00	\$ (309,989.12)	\$ 0.00	\$ (309,989.12)	\$ 0.00
0.00	(442,038.39)	0.00	(442,038.39)	0.00
0.00	(2,308,801.79)	0.00	(2,308,801.79)	0.00
10,965.00	(4,225,673.26)	0.00	(4,225,673.26)	0.00
0.00	(37,489.75)	0.00	(37,489.75)	0.00
0.00	(2,530,042.77)	0.00	(2,530,042.77)	0.00
0.00	(833,399.01)	0.00	(833,399.01)	0.00
0.00	(344,472.08)	0.00	(344,472.08)	0.00
0.00	(85,771.74)	0.00	(85,771.74)	0.00
<u>\$ 10,965.00</u>	<u>\$ (11,117,677.91)</u>	<u>\$ 0.00</u>	<u>\$ (11,117,677.91)</u>	<u>\$ 0.00</u>
\$ 0.00	\$ 0.00	\$ 32,143.74	\$ 32,143.74	\$ 0.00
0.00	0.00	(213,817.44)	(213,817.44)	0.00
10,748.13	0.00	(323,319.94)	(323,319.94)	0.00
0.00	0.00	90,028.38	90,028.38	0.00
0.00	0.00	301,952.37	301,952.37	0.00
<u>10,748.13</u>	<u>0.00</u>	<u>(113,012.89)</u>	<u>(113,012.89)</u>	<u>0.00</u>
<u>\$ 21,713.13</u>	<u>\$ (11,117,677.91)</u>	<u>\$ (113,012.89)</u>	<u>\$ (11,230,690.80)</u>	<u>\$ 0.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (100,306.79)
0.00	0.00	0.00	0.00	(126,421.98)
0.00	0.00	0.00	0.00	1,464,227.00
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,237,498.23</u>
	\$ 11,013,116.87	\$ 0.00	\$ 11,013,116.87	\$ 131,490.33
	(250,962.77)	0.00	(250,962.77)	0.00
	0.00	0.00	0.00	0.00
	982,698.19	69,137.92	1,051,836.11	46,596.47
	8,376.73	3,156.50	11,533.23	30,287.00
	1,165,826.44	446,994.75	1,612,821.19	10,967.00
	185,995.10	0.00	185,995.10	0.00
	(643,265.60)	160,950.00	(482,315.60)	0.00
	482,315.60	0.00	482,315.60	0.00
	<u>12,944,100.56</u>	<u>680,239.17</u>	<u>13,624,339.73</u>	<u>219,340.80</u>
	1,826,422.65	567,226.28	2,393,648.93	1,456,839.03
	27,643,582.65	4,965,536.95	32,609,119.60	28,378,913.74
	4,727.19	58.99	4,786.18	0.00
	<u>\$ 29,474,732.49</u>	<u>\$ 5,532,822.22</u>	<u>\$ 35,007,554.71</u>	<u>\$ 29,835,752.77</u>

**MASON COUNTY, MICHIGAN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	GENERAL	MEDICAL CARE FACILITY	JAIL OPERATIONS	REVENUE SHARING RESERVE
<b>ASSETS</b>				
Cash and cash equivalents	\$ 319,327.85	\$ 223,935.42	\$ 312,014.75	\$ 1,299,930.15
Investments (Net of premiums/discounts)	2,013,149.82	444,701.54	0.00	3,377,445.83
Receivables				
Property taxes	0.00	1,333,726.70	1,082,080.15	0.00
Accounts (net of allowance for doubtful accounts)	19,426.35	648,246.38	400.00	0.00
Other	28,625.80	2,025.06	1,371.56	33,118.55
Due from state and federal government	214,729.80	256,460.00	15,750.80	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	9,738.15	0.00	0.00	0.00
Prepaid expenditures	107,803.70	0.00	31,673.61	0.00
<b>TOTAL ASSETS</b>	<b>\$ 2,712,801.47</b>	<b>\$ 2,909,095.10</b>	<b>\$ 1,443,290.87</b>	<b>\$ 4,710,494.53</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 172,028.47	\$ 151,316.02	\$ 52,172.09	\$ 0.00
Accrued liabilities	117,959.89	118,629.97	42,112.81	0.00
Other current liabilities	14,500.00	0.00	0.00	0.00
Due to other governmental units	1,396.29	0.00	0.00	0.00
Due to other funds	664.50	0.00	0.00	0.00
Due to individuals	38,699.61	12,357.81	21,523.66	0.00
Deferred revenue	0.00	1,333,726.70	1,082,080.15	0.00
<b>TOTAL LIABILITIES</b>	<b>345,248.76</b>	<b>1,616,030.50</b>	<b>1,197,888.71</b>	<b>0.00</b>
<b>Equity</b>				
<b>Fund balances</b>				
Reserved for post closure	0.00	0.00	0.00	0.00
Reserved for pre-paid items	107,803.70	0.00	31,673.21	0.00
Reserved for employee benefits	0.00	0.00	0.00	0.00
Unreserved	2,259,749.01	1,293,064.60	213,728.95	4,710,494.53
<b>TOTAL EQUITY</b>	<b>2,367,552.71</b>	<b>1,293,064.60</b>	<b>245,402.16</b>	<b>4,710,494.53</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,712,801.47</b>	<b>\$ 2,909,095.10</b>	<b>\$ 1,443,290.87</b>	<b>\$ 4,710,494.53</b>

The accompanying notes to financial statements are an integral part of these financial statements.

	<b>GOVERN- MENTAL OTHER</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
\$	4,679,272.05	\$ 6,834,480.22
	7,001,574.77	12,836,871.96
	1,018,522.97	3,434,329.82
	16,304.04	684,376.77
	111,869.84	177,010.81
	77,125.58	564,066.18
	20.69	20.69
	664.50	10,402.65
	34,280.96	173,758.27
	<u>12,939,635.40</u>	<u>24,715,317.37</u>
\$	207,433.42	\$ 582,950.00
	37,373.23	316,075.90
	1,709.64	16,209.64
	70,799.32	72,195.61
	9,788.15	10,452.65
	2,219.41	74,800.49
	999,549.23	3,415,356.08
	<u>1,328,872.40</u>	<u>4,488,040.37</u>
	2,145,958.79	2,145,958.79
	34,281.36	173,758.27
	608,021.83	608,021.83
	8,822,501.02	17,299,538.11
	<u>11,610,763.00</u>	<u>20,227,277.00</u>
\$	<u>12,939,635.40</u>	<u>24,715,317.37</u>

**MASON COUNTY, MICHIGAN  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

Total fund balances for governmental funds \$ 20,227,277.00

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.

Land and land improvements	\$	1,158,678.61	
Buildings and improvements		20,787,356.71	
Vehicles and equipment		2,855,656.15	
Accumulated Depreciation		<u>(8,396,561.36)</u>	16,405,130.11

Internal service funds are used by management to charge  
costs of certain activities, such as insurance, to individual  
funds. The assets and liabilities of the internal service  
funds are included in governmental activities in  
the Statement of Net Assets.

	\$	3,294,690.64	
Less: net capital assets included above		<u>(43,436.66)</u>	3,251,253.98

Accrued vacation and sick time earned by eligible employees is not payable  
in the current period and therefore is not reported in the funds. However,  
these amounts are included in the Statement of Net Assets.

(702,948.95)

Retiree Health Insurance earned by eligible employees is not payable  
in the current period and therefore is not reported in the funds. However,  
these amounts are included in the Statement of Net Assets.

(5,627,757.90)

Accrued post closure care for landfills is not payable in the current period  
and therefore is not reported in the funds. However, these amounts  
are included in the Statement of Net Assets.

(2,084,878.00)

Long-term bonded debt is not due and payable in the current period and  
therefore not reported in the funds. Unamortized premiums, loss on  
refundings, and interest payable are not reported in the funds. However,  
these amounts are included in the Statement of Net Assets. This is the  
net effect of these balances on the statement.

Bonds and notes payable	\$	(1,975,000.00)	
Accrued interest payable		<u>(18,343.75)</u>	<u>(1,993,343.75)</u>

Net assets of governmental activities \$ 29,474,732.49

The accompanying notes to financial statements are an integral part of these financial statements.

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	GENERAL	MEDICAL CARE FACILITY	JAIL OPERATIONS
<b>REVENUES</b>			
General property taxes	\$ 7,215,689.52	\$ 1,283,555.23	\$ 1,033,988.83
Permits and regulatory licenses	113,330.49	0.00	0.00
Intergovernmental			
Federal/State	1,024,583.36	0.00	0.00
Charges for services	750,589.58	6,630,430.01	204,704.80
Fines and forfeitures	0.00	0.00	0.00
Interest and rents	278,433.17	64,037.32	19,886.65
Miscellaneous	243,608.90	0.00	906.53
	<u>9,626,235.02</u>	<u>7,978,022.56</u>	<u>1,259,486.81</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
<b>Current</b>			
Legislative	306,986.06	0.00	0.00
Judicial	1,286,615.24	0.00	0.00
General government administration	2,201,403.53	0.00	0.00
Public safety	1,894,752.30	0.00	2,361,189.42
Public works	28,222.24	0.00	0.00
Health and social services	399,688.00	7,921,395.58	0.00
Parks, recreation, and cultural	9,881.22	0.00	0.00
Miscellaneous	115,398.65	0.00	0.00
Capital outlay	0.00	0.00	0.00
Debt service			
Principal retirement	0.00	0.00	0.00
Interest and fiscal charges	0.00	0.00	0.00
	<u>6,242,947.24</u>	<u>7,921,395.58</u>	<u>2,361,189.42</u>
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	<u>3,383,287.78</u>	<u>56,626.98</u>	<u>(1,101,702.61)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	534,569.00	0.00	1,183,475.00
Transfers out	<u>(3,438,700.00)</u>	<u>(150,000.00)</u>	<u>(102,265.60)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>(2,904,131.00)</u>	<u>(150,000.00)</u>	<u>1,081,209.40</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	479,156.78	(93,373.02)	(20,493.21)
FUND BALANCE, JANUARY 1	1,881,801.25	1,386,437.62	265,895.37
PRIOR PERIOD ADJUSTMENT	<u>6,594.68</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,367,552.71</u>	<u>\$ 1,293,064.60</u>	<u>\$ 245,402.16</u>

The accompanying notes to financial statements are an integral part of these financial statements.

REVENUE SHARING RESERVE	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
\$ 0.00	\$ 1,479,883.29	\$ 11,013,116.87
0.00	0.00	113,330.49
0.00	541,503.25	1,566,086.61
0.00	438,011.57	8,023,735.96
0.00	183,933.30	183,933.30
200,993.22	1,205,808.39	1,769,158.75
0.00	143,227.18	387,742.61
<u>200,993.22</u>	<u>3,992,366.98</u>	<u>23,057,104.59</u>
0.00	0.00	306,986.06
0.00	392,168.66	1,678,783.90
0.00	812,745.62	3,014,149.15
0.00	122,239.75	4,378,181.47
0.00	0.00	28,222.24
0.00	1,072,580.79	9,393,664.37
0.00	877,537.46	887,418.68
0.00	88,917.91	204,316.56
0.00	270,838.93	270,838.93
0.00	574,311.58	574,311.58
0.00	94,234.12	94,234.12
<u>0.00</u>	<u>4,305,574.82</u>	<u>20,831,107.06</u>
<u>200,993.22</u>	<u>(313,207.84)</u>	<u>2,225,997.53</u>
0.00	2,980,909.02	4,698,953.02
<u>(534,569.00)</u>	<u>(1,116,684.02)</u>	<u>(5,342,218.62)</u>
<u>(534,569.00)</u>	<u>1,864,225.00</u>	<u>(643,265.60)</u>
(333,575.78)	1,551,017.16	1,582,731.93
5,044,070.31	10,061,613.33	18,639,817.88
0.00	(1,867.49)	4,727.19
<u>\$ 4,710,494.53</u>	<u>\$ 11,610,763.00</u>	<u>\$ 20,227,277.00</u>

## MASON COUNTY, MICHIGAN

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES DECEMBER 31, 2007

Net change in fund balance - total governmental funds \$ 1,582,731.93

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

Governmental funds report capital outlay as expenditures. However, in the  
Statement of Activities, the costs of those assets is allocated over their  
estimated useful lives as depreciation expense. This is the amount by  
which capital outlays exceeded depreciation in the current period.

Land and land improvements	0.00	
Buildings and improvements	0.00	
Vehicles and equipment	110,325.00	
Depreciation expense	<u>(866,384.84)</u>	(756,059.84)

Governmental funds report deposits into a trust fund as expense.  
However, in the statement of Activities, the deposit and related  
income is recorded as a decrease in the Retiree Health Insurance liability. 185,995.10

Internal service funds are used by management to charge  
costs of certain activities, such as insurance, to individual  
funds. The net revenue (expense) of the internal service  
funds is reported with governmental activities in the  
Statement of Activities. 231,352.83

Add: depreciation expense included above 5,027.68 236,380.51

Estimates for accrued interest payable, accrued vacation and sick time, and  
accrued post closure care for landfills change on an annual basis. These  
changes either reduce or increase the governmental activities expenses on  
the Statement of Activities. 3,065.87

Bond proceeds provide current financial resources to the governmental funds  
by issuing debt which increases long-term bonded debt in the Statement  
of Net Assets. Repayment of bond principal is an expenditure in the  
governmental funds, but the repayment reduces long-term bonded debt  
in the Statement of Net Assets. This is the amount proceeds exceed  
repayments.

Bond proceeds	0.00	
Repayment of bond principal	<u>574,309.08</u>	<u>574,309.08</u>

Changes in net assets of governmental activities \$ 1,826,422.65

The accompanying notes to financial statements are an integral part of these financial statements.

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>	
	<b>PUBLIC WORKS</b>	<b>AIRPORT</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 323,968.79	\$ 34,421.98
Investments (net of premiums & discounts)	1,338,448.16	112,879.40
<b>Receivables</b>		
Property taxes & Special Assessment Receivable	36,111.12	0.00
Accounts (net of allowance for doubtful accounts)	26,540.72	2,170.04
Leases receivable	3,356,098.10	0.00
Other	14,644.01	3,545.21
<b>Due from other governmental units</b>		
State	0.00	10,748.13
Other	0.00	0.00
Deposits	0.00	0.00
Prepayments	0.00	5,224.66
<b>TOTAL CURRENT ASSETS</b>	<b>5,095,810.90</b>	<b>168,989.42</b>
<b>Noncurrent assets</b>		
Sewer System	1,098,732.25	0.00
Land Improvements	0.00	1,306,600.67
Buildings	0.00	1,209,318.30
Equipment	0.00	439,073.00
Accumulated depreciation	(350,101.56)	(606,759.64)
<b>NET NONCURRENT ASSETS</b>	<b>748,630.69</b>	<b>2,348,232.33</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,844,441.59</b>	<b>\$ 2,517,221.75</b>

The accompanying notes to financial statements are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OTHER ENTERPRISE FUNDS			
\$ 617,138.57		\$ 975,529.34	\$ 1,040,541.11
106,800.00		1,558,127.56	2,392,028.09
882,027.23		918,138.35	0.00
0.00		28,710.76	0.00
0.00		3,356,098.10	0.00
4,010.19		22,199.41	27,302.44
0.00		10,748.13	0.00
16,367.66		16,367.66	0.00
0.00		0.00	251,222.93
3,166.92		8,391.58	55,182.69
<u>1,629,510.57</u>		<u>6,894,310.89</u>	<u>3,766,277.26</u>
72,642.00		1,171,374.25	0.00
0.00		1,306,600.67	0.00
0.00		1,209,318.30	0.00
0.00		439,073.00	83,076.78
(2,724.09)		(959,585.29)	(39,640.12)
<u>69,917.91</u>		<u>3,166,780.93</u>	<u>43,436.66</u>
\$ <u><u>1,699,428.48</u></u>		\$ <u><u>10,061,091.82</u></u>	\$ <u><u>3,809,713.92</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - Concluded**  
**DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>	
	<b>PUBLIC WORKS</b>	<b>AIRPORT</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 18,429.78	\$ 13,392.71
Accrued liabilities	0.00	1,420.93
Due to other governmental units		
Local	0.00	0.00
Deferred revenue	36,111.12	0.00
Accrued interest payable	42,671.70	6,795.83
Other	0.00	0.00
Bonds payable	60,000.00	50,000.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>157,212.60</b>	<b>71,609.47</b>
<b>Noncurrent liabilities</b>		
Bonds payable	3,539,002.46	750,000.00
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>3,539,002.46</b>	<b>750,000.00</b>
<b>TOTAL LIABILITIES</b>	<b>3,696,215.06</b>	<b>821,609.47</b>
<b>Net assets</b>		
Unreserved	2,148,226.53	1,695,612.28
<b>TOTAL NET ASSETS</b>	<b>2,148,226.53</b>	<b>1,695,612.28</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,844,441.59</b>	<b>\$ 2,517,221.75</b>

The accompanying notes to financial statements are an integral part of these financial statements.

<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		<b>GOVERNMENTAL ACTIVITIES</b>
<b>OTHER ENTERPRISE FUNDS</b>	<b>TOTAL PROPRIETARY FUNDS</b>	<b>INTERNAL SERVICE FUNDS</b>
\$ 5,858.86	\$ 37,681.35	\$ 297,737.27
0.00	1,420.93	217,286.01
4,436.21	4,436.21	0.00
0.00	36,111.12	0.00
0.00	49,467.53	0.00
150.00	150.00	0.00
0.00	110,000.00	0.00
<u>10,445.07</u>	<u>239,267.14</u>	<u>515,023.28</u>
0.00	4,289,002.46	0.00
<u>0.00</u>	<u>4,289,002.46</u>	<u>0.00</u>
<u>10,445.07</u>	<u>4,528,269.60</u>	<u>515,023.28</u>
<u>1,688,983.41</u>	<u>5,532,822.22</u>	<u>3,294,690.64</u>
<u>1,688,983.41</u>	<u>5,532,822.22</u>	<u>3,294,690.64</u>
<u>\$ 1,699,428.48</u>	<u>\$ 10,061,091.82</u>	<u>\$ 3,809,713.92</u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>	
	<b>PUBLIC WORKS</b>	<b>AIRPORT</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 160,526.53	\$ 23,129.41
Intergovernmental grants and contributions	0.00	10,748.13
Interest on taxes	0.00	0.00
Rentals	28,875.00	71,744.93
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	327,280.42	19,094.40
<b>TOTAL OPERATING REVENUES</b>	<b>516,681.95</b>	<b>124,716.87</b>
<b>OPERATING EXPENSES</b>		
Personal services and fringe benefits	0.00	60,930.06
Utilities and Telephone	11,858.68	28,219.88
Contractual services	47,276.01	41,601.22
Repairs and Maintenance	1,377.50	26,777.55
Depreciation	23,545.04	145,764.51
Interest and fees	146,529.56	43,000.00
Other	143,757.18	10,904.26
<b>TOTAL OPERATING EXPENSES</b>	<b>374,343.97</b>	<b>357,197.48</b>
<b>OPERATING INCOME (LOSS)</b>	<b>142,337.98</b>	<b>(232,480.61)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on sale of fixed assets	0.00	3,156.50
Interest on investments	35,399.89	4,237.45
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>35,399.89</b>	<b>7,393.95</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>177,737.87</b>	<b>(225,086.66)</b>
<b>TRANSFERS IN (OUT)</b>		
Transfers in	18,000.00	142,950.00
Transfers (out)	0.00	0.00
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>18,000.00</b>	<b>142,950.00</b>
<b>NET INCOME (LOSS)</b>	<b>195,737.87</b>	<b>(82,136.66)</b>
<b>NET ASSETS, JANUARY 1</b>	<b>1,952,488.66</b>	<b>1,777,748.94</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>0.00</b>	<b>0.00</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 2,148,226.53</b>	<b>\$ 1,695,612.28</b>

The accompanying notes to financial statements are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
OTHER ENTERPRISE FUNDS	TOTAL PROPRITARY FUNDS	INTERNAL SERVICE FUNDS
\$ 188,282.76	\$ 371,938.70	\$ 137,573.63
0.00	10,748.13	0.00
214,044.04	214,044.04	0.00
0.00	100,619.93	17,256.86
123,590.91	123,590.91	0.00
24,775.90	371,150.72	0.00
<u>550,693.61</u>	<u>1,192,092.43</u>	<u>154,830.49</u>
23,677.25	84,607.31	0.00
6,164.00	46,242.56	0.00
28,158.81	117,036.04	0.00
635.00	28,790.05	62,362.91
1,816.06	171,125.61	0.00
15,696.42	205,225.98	0.00
50,421.58	205,083.02	507,413.19
<u>126,569.12</u>	<u>858,110.57</u>	<u>569,776.10</u>
<u>424,124.49</u>	<u>333,981.86</u>	<u>(414,945.61)</u>
0.00	3,156.50	0.00
29,500.58	69,137.92	163,982.84
<u>29,500.58</u>	<u>72,294.42</u>	<u>163,982.84</u>
<u>453,625.07</u>	<u>406,276.28</u>	<u>(250,962.77)</u>
0.00	160,950.00	482,315.60
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	160,950.00	482,315.60
453,625.07	567,226.28	231,352.83
1,235,299.35	4,965,536.95	3,063,337.81
58.99	58.99	0.00
<u>\$ 1,688,983.41</u>	<u>\$ 5,532,822.22</u>	<u>\$ 3,294,690.64</u>

**MASON COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>	
	<b>PUBLIC WORKS</b>	<b>AIRPORT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Delinquent tax collections	\$ 0.00	\$ 0.00
Delinquent tax disbursements	0.00	0.00
Payments from other funds	0.00	0.00
Payments to other funds	(10,184.36)	0.00
Payments to benefit providers	(175,742.44)	(68,718.21)
Payments from customers	577,294.58	107,938.94
Payments to suppliers	(151,253.10)	(97,386.95)
Payments to employees	0.00	(35,652.44)
Other receipts (payments)	35,399.89	6,869.20
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>275,514.57</b>	<b>(86,949.46)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Capital acquisitions	0.00	0.00
Lease receivable	45,984.99	0.00
Bond payments	(54,997.54)	(50,000.00)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(9,012.55)</b>	<b>(50,000.00)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfers in (out)	18,000.00	142,950.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase / maturity of investments	(164,134.89)	(112,879.40)
<b>NET INCREASE (DECREASE) IN CASH</b>	120,367.13	(106,878.86)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	203,601.66	141,300.84
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 323,968.79	\$ 34,421.98

The accompanying notes to financial statements are an integral part of these financial statements.

<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		<b>GOVERNMENTAL ACTIVITIES</b>
<b>OTHER ENTERPRISE FUNDS</b>	<b>TOTAL PROPRITARY FUNDS</b>	<b>INTERNAL SERVICE FUNDS</b>
\$ 3,238,824.27	\$ 3,238,824.27	\$ 0.00
(2,945,349.21)	(2,945,349.21)	0.00
1,000,000.00	1,000,000.00	0.00
(1,000,000.00)	(1,010,184.36)	0.00
(1,716.50)	(246,177.15)	(461,752.83)
77,200.82	762,434.34	152,920.79
(68,479.06)	(317,119.11)	(63,421.40)
(21,960.75)	(57,613.19)	(33,613.47)
17,258.98	59,528.07	145,622.51
<u>295,778.55</u>	<u>484,343.66</u>	<u>(260,244.40)</u>
0.00	0.00	0.00
0.00	45,984.99	0.00
<u>0.00</u>	<u>(104,997.54)</u>	<u>0.00</u>
0.00	(59,012.55)	0.00
<u>0.00</u>	<u>160,950.00</u>	<u>482,315.60</u>
<u>(106,800.00)</u>	<u>(383,814.29)</u>	<u>(21,087.61)</u>
188,978.55	202,466.82	200,983.59
<u>428,160.02</u>	<u>773,062.52</u>	<u>839,557.52</u>
\$ <u><u>617,138.57</u></u>	\$ <u><u>975,529.34</u></u>	\$ <u><u>1,040,541.11</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF CASH FLOWS - Concluded**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>	
	<b>PUBLIC WORKS</b>	<b>AIRPORT</b>
<b>Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:</b>		
Operating income (loss)	\$ <u>177,737.87</u>	\$ <u>(225,086.66)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	23,545.04	145,764.51
Prior period Adjustment	0.00	0.00
Change in assets and liabilities:		
Decrease (Increase) in taxes receivables	0.00	0.00
Decrease (Increase) in other receivables	(63,915.69)	(4,159.12)
Decrease (Increase) in due from other governmental units - State	0.00	(10,748.13)
Decrease (Increase) in due from other units	135,625.24	0.00
Decrease (Increase) in prepayments	0.00	41.65
Decrease (Increase) in other assets	440.00	0.00
Increase (Decrease) in accounts payable	(23,191.77)	7,454.95
Increase (Decrease) in due to other funds	(10,184.36)	0.00
Increase (Decrease) in due to other governmental units	0.00	0.00
Increase (Decrease) in other liabilities	<u>35,458.24</u>	<u>(216.66)</u>
<b>Total adjustments</b>	<u>97,776.70</u>	<u>138,137.20</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 275,514.57</u>	<u>\$ (86,949.46)</u>

The accompanying notes to financial statements are an integral part of these financial statements.

<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		<b>GOVERNMENTAL ACTIVITIES</b>
<b>OTHER ENTERPRISE FUNDS</b>	<b>TOTAL PROPRIETARY FUNDS</b>	<b>INTERNAL SERVICE FUNDS</b>
\$ <u>453,625.07</u>	\$ <u>406,276.28</u>	\$ <u>(250,962.77)</u>
1,816.06	171,125.61	5,027.68
58.99	58.99	0.00
(144,261.52)	(144,261.52)	0.00
(2,650.39)	(70,725.20)	(10,031.73)
0.00	(10,748.13)	0.00
946.37	136,571.61	0.00
(2,879.42)	(2,837.77)	(47,833.48)
0.00	440.00	(9,529.61)
1,029.36	(14,707.46)	41,966.94
0.00	(10,184.36)	0.00
(11,905.97)	(11,905.97)	0.00
0.00	35,241.58	11,118.57
<u>(157,846.52)</u>	<u>78,067.38</u>	<u>(9,281.63)</u>
\$ <u><u>295,778.55</u></u>	\$ <u><u>484,343.66</u></u>	\$ <u><u>(260,244.40)</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 390,042.26
Due from other funds	50.00
Interest receivable	<u>14.31</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>390,106.57</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Bonds payable	\$ 14,800.00
Resititution payable	9,506.80
Undistributed taxes	194,176.24
Due to other units	5,798.91
Other current liabilities	37,596.60
Due to State of Michigan	<u>128,228.02</u>
<b>TOTAL LIABILITIES</b>	<b><u>390,106.57</u></b>
<b>NET ASSETS</b>	
Net assets	
Reserved	0.00
Unreserved	
Designated for capital expenditures	0.00
Undesignated	<u>0.00</u>
<b>TOTAL NET ASSETS</b>	<b><u>0.00</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u><u>390,106.57</u></u></b>

The accompanying notes to financial statements are an integral part of these financial statements.

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 2007**

	DRAIN	DRAIN REVOLVING
<b>ASSETS</b>		
Cash and cash equivalents	\$ 90,581.85	\$ 124,531.76
Receivables		
Accounts receivable	0.00	0.00
Interest receivable	391.70	0.00
Special assessments	5,614.00	0.00
Due from other governmental units		
Federal/State	0.00	0.00
Local	0.00	0.00
Prepaid items	0.00	0.00
Due from other funds	0.00	44,768.24
Inventories	0.00	0.00
Fixed assets (net of accumulated depreciation)	<u>694,271.02</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>790,858.57</u></b>	<b>\$ <u>169,300.00</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 0.00	\$ 0.00
Deposits payable	1,400.00	0.00
Accrued liabilities	0.00	0.00
Due to other funds	44,768.24	0.00
Due to other governmental units	0.00	0.00
Deferred revenue	5,614.00	0.00
Installment lease payable - current	<u>0.00</u>	<u>0.00</u>
	<u>51,782.24</u>	<u>0.00</u>
<b>Noncurrent liabilities</b>		
Installment lease payable - long-term	0.00	0.00
Accrued sick and vacation	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<b><u>51,782.24</u></b>	<b><u>0.00</u></b>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	694,271.02	0.00
Fund balances		
Restricted for		
Primary/Local Roads	0.00	0.00
Unreserved		
Undesignated	<u>44,805.31</u>	<u>169,300.00</u>
<b>TOTAL NET ASSETS</b>	<b><u>739,076.33</u></b>	<b><u>169,300.00</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>790,858.57</u></b>	<b>\$ <u>169,300.00</u></b>

The accompanying notes to financial statements are an integral part of these financial statements.

ROAD COMMISSION	LAKE IMPROVEMENT	DRAIN DEBT SERVICE	TOTAL
\$ 644,550.00	\$ 18,001.95	\$ 0.00	\$ 877,665.56
23,564.00	0.00	0.00	23,564.00
0.00	102.94	0.00	494.64
0.00	0.00	0.00	5,614.00
647,714.00	0.00	0.00	647,714.00
38,991.00	0.00	0.00	38,991.00
52,503.00	0.00	0.00	52,503.00
0.00	0.00	0.00	44,768.24
407,593.00	0.00	0.00	407,593.00
<u>28,064,211.00</u>	<u>0.00</u>	<u>0.00</u>	<u>28,758,482.02</u>
\$ <u>29,879,126.00</u>	\$ <u>18,104.89</u>	\$ <u>0.00</u>	\$ <u>30,857,389.46</u>
\$ 127,988.00	\$ 10,232.45	\$ 0.00	\$ 138,220.45
0.00	0.00	0.00	1,400.00
38,920.00	0.00	0.00	38,920.00
0.00	0.00	0.00	44,768.24
198,874.00	0.00	0.00	198,874.00
0.00	0.00	0.00	5,614.00
<u>107,217.00</u>	<u>0.00</u>	<u>0.00</u>	<u>107,217.00</u>
<u>472,999.00</u>	<u>10,232.45</u>	<u>0.00</u>	<u>535,013.69</u>
261,370.00	0.00	0.00	261,370.00
<u>225,253.00</u>	<u>0.00</u>	<u>0.00</u>	<u>225,253.00</u>
<u>486,623.00</u>	<u>0.00</u>	<u>0.00</u>	<u>486,623.00</u>
<u>959,622.00</u>	<u>10,232.45</u>	<u>0.00</u>	<u>1,021,636.69</u>
27,695,624.00	0.00	0.00	28,389,895.02
1,223,880.00	0.00	0.00	1,223,880.00
0.00	7,872.44	0.00	221,977.75
<u>28,919,504.00</u>	<u>7,872.44</u>	<u>0.00</u>	<u>29,835,752.77</u>
\$ <u>29,879,126.00</u>	\$ <u>18,104.89</u>	\$ <u>0.00</u>	\$ <u>30,857,389.46</u>

**MASON COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>EXPENSES</b>	<b>PROGRAM REVENUES <u>CHARGES</u> FOR SERVICES</b>
<b>REVENUES</b>		
Drainage districts	\$ 109,077.39	\$ 8,770.60
Lake Improvement district	128,921.98	2,500.00
Road commission	<u>5,802,452.00</u>	<u>649,692.00</u>
 <b>TOTAL REVENUES</b>	 <u>\$ 6,040,451.37</u>	 <u>\$ 660,962.60</u>

**General revenues**  
 Special assessments  
 Gain on sale of capital assets  
 Miscellaneous  
 Unrestricted investment earnings  
  
**Total general revenues and transfers**  
  
**Change in net assets**  
 Net assets - beginning  
  
                     Special item - prior period adjustments  
  
 Net assets - ending

The accompanying notes to financial statements are an integral part of these financial statements.

<b>PROGRAM REVENUES</b>		<b>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</b>		
<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>LAKE IMPROVEMENT &amp; DRAINAGE DISTRICTS</b>	<b>ROAD COMMISSION</b>	<b>TOTAL</b>
\$ 0.00	\$ 0.00	\$ (100,306.79)	\$ 0.00	\$ (100,306.79)
0.00	0.00	(126,421.98)	0.00	(126,421.98)
<u>6,616,987.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,464,227.00</u>	<u>1,464,227.00</u>
<u>\$ 6,616,987.00</u>	<u>\$ 0.00</u>	<u>(226,728.77)</u>	<u>1,464,227.00</u>	<u>1,237,498.23</u>
		131,490.33	0.00	131,490.33
		0.00	30,287.00	30,287.00
		0.00	10,967.00	10,967.00
		<u>4,307.47</u>	<u>42,289.00</u>	<u>46,596.47</u>
		<u>135,797.80</u>	<u>83,543.00</u>	<u>219,340.80</u>
		(90,930.97)	1,547,770.00	1,456,839.03
		1,007,179.74	27,371,734.00	28,378,913.74
		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		<u>\$ 916,248.77</u>	<u>\$ 28,919,504.00</u>	<u>\$ 29,835,752.77</u>

**MASON COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES**

The County of Mason, Michigan, having over 25 miles of Lake Michigan shoreline, covers an area of approximately 540 square miles with its county seat located in the City of Ludington. The County operates under a ten member elected Board of Commissioners and provides services to its more than 28,000 residents in areas including law enforcement, administration of justice, community enrichment and development, and human services.

**A. Reporting Entity**

All funds and account groups under direct control of the County of Mason are included in this report.

The funds and account groups that have been included in this report are those that meet the criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include the appointment of a voting majority of the governing body, legal entity, and fiscal independence or dependence.

**Blended Component Units**

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as blended component units.

For financial reporting purposes, the following components are reported as if they were part of the County's operations:

Building Authority Debt - Jail and Building Authority Construction - Jail.

**Discretely Presented Component Units**

County Drain Funds - Each of the drainage districts are separate legal entities, with the power to contract, to sue, to hold, manage and dispose of real and personal property, etc. The full faith and credit of the County may be given for the debt of the drainage districts.

County Road Commission Fund - The Road Commission is governed by three appointees of the County's Board who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges and is principally funded by State-collected vehicle fuel and registration taxes under Public Act 51. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

Under Governmental Accounting Standards Board's Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the annual financial report will now include two separate sets of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued**

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all of the nonfiduciary activity of the primary government and its component units using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the County's net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the County's various functions where elimination would distort the direct costs and program revenues reported for the various functions concerned.

Both 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 structure of these two statements is further described in the following two paragraphs.

*Statement of Net Assets* – This statement is designed to display the financial position of the County. The County reports all capital assets, including infrastructure, and all long-term liabilities, such as long-term debt. The net assets of the County are broken down into three categories, 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Restrictions shown are those imposed by parties outside the County, such as creditors, grantors, contributors, laws and regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed. Internal service funds have been consolidated into the government or business-type activities that they primarily benefit.

*Statement of Activities* – This statement demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. Just as the statement of net assets includes all capital assets, the Statement of Activities includes all depreciation expenses. In the Statement of Activities, the operational internal service funds have been consolidated into the government or business-type activities that they primarily benefit.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued**

**Fund Financial Statements**

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. 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. All individual funds are considered major and are reported as separate columns in the fund financial statements.

As in the government-wide financial statements, as a general rule the effect of interfund activity has been eliminated from the fund financial statements. Exceptions to this general rule are charges between the County's various functions where elimination would distort the direct costs and program revenues reported for the various functions concerned.

The various funds are grouped, in the financial statements in this report, into seven generic fund types and three broad fund categories:

**GOVERNMENTAL FUNDS**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are expected to be received within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, which are recorded when payment is due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, and charges for services. Changes in the fair value of investments are recognized in interest revenues at the end of each year. Fines, forfeitures, licenses, and permit revenues are recorded when the County receives cash because they are not generally measurable until actually received. Shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria in which case, they are recorded when those criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

**General Fund** - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation - Concluded**

**Capital Projects Funds** - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**PROPRIETARY FUNDS**

All proprietary and similar trust funds are accounted for using *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost - reimbursement basis.

**FIDUCIARY FUNDS**

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include only Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. General Fixed Assets and Long-Term Liabilities**

Capital Assets, which include land, buildings, land improvements, equipment, vehicles and infrastructure assets are reported in the applicable governmental, business-type activity or component unit columns in the government-wide financial statements. The capitalization thresholds are \$5,000 for buildings, land improvements, equipment, and vehicles. Such assets are recorded at historical cost. 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.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Concluded**

**C. General Fixed Assets and Long-Term Liabilities - Concluded**

Capital assets of governmental activities are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	5-40 years
Equipment and Vehicles	3-20 years
Drains and land improvements	8-20 years
Sewer Systems	40 years

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on the Proprietary Fund balance sheets. The straight-line depreciation method is applied over the estimated useful lives of fixed assets held by Proprietary Funds. Estimated useful lives are:

Buildings and Improvements	5-40 years
Equipment and Vehicles	3-20 years
Drains and land improvements	8-20 years
Sewer Systems	40 years

Depreciation is computed on the sum-of-the-years-digits method for road equipment and straight-line method for all other fixed assets. The Uniform Accounting Procedures Manual for Michigan County Road Commissions provides for recording depreciation in the Road Commission Fund as a charge to various expense accounts and a credit to a depreciation credits account. Accordingly, the annual depreciation expense does not affect the available operating equities of the Road Commission Fund.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**A. Budgets and Budgetary Accounting**

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

1. At the April board meeting, the County Finance Committee submits to the Board of Commissioners a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is formally adopted by resolution at the October Board of Commissioners' meeting.
4. Any revision to the budget must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a management control device for the General Fund, Special Revenue Funds and Debt Service Funds.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. Budget appropriations lapse at year-end.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - Concluded**

**B. Investments**

Investments are stated at cost, which equals market.

**C. Advances to other Funds**

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets.

**D. Restricted Assets**

Certain resources of the County's Post Closure Care Trust Fund are set aside for the payment of post-closure cost of the Mason County Landfill - Scottville site and are classified as restricted assets on the balance sheet because their use is limited by applicable Michigan Department of Environmental Quality rules.

**E. Prepaid Assets**

Certain insurance premiums and other expenditures representing costs applicable to future periods are recorded as prepaid assets. These prepaid assets recorded in the governmental fund types do not reflect current appropriable resources and, therefore, an equivalent portion of fund balance is reserved.

**F. Accounting Period**

All financial presentations are for December 31, 2007 or the year then ended.

**G. Inventories**

Road Commission inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

**H. Cash and Cash Investments**

For the purposes of the statement of cash flows, the County considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash investments.

**NOTE 3: ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFIT AMOUNTS**

Accumulated vacation and sick pay represents a contingent liability to the County which is not expected to be liquidated during the current year. Payments to employees for vacation and sick pay will be recorded as expenditures when the vacation and sick time is used and payments are actually made to the employees. Payments of accumulated vacation and sick pay benefits are also made to employees upon termination of employment. The County has accumulated sufficient funds in the Vacation and Sick Pay Trust Fund to provide payments of accumulated benefits to employees who terminate their employment. At December 31, 2007, the total accumulated vacation and sick pay liability was \$702,948.95.

County Road employee's earn vacation leave in varying amounts depending on the number of years of service. Unpaid vacation leave at December 31, 2007 amounted to \$59,852.00. Sick leave is accumulated at the rate of one day for each month of service with accumulation not to exceed 656 hours or 82 days. Unpaid sick leave at December 31, 2007 amounted to \$125,695.00. Upon termination of employment, vacation is payable at 100 percent of the accumulated balance. Sick leave is payable at 50 percent only upon death or retirement. Unpaid personal leave amounted to \$39,706.00 at December 31, 2007.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

P.A. 621 of 1978 provides that counties and other local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the County Board of Commissioners. For the year ended December 31, 2007, Mason County had formally adopted a budget for the General Fund, the Special Revenue Fund Types and the Debt Service Fund Types. The following General Fund departments' expenditures exceeded the amounts appropriated in the formal budget document as adopted by the County Board of Commissioners:

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
Juvenile Court	\$ 39,600.00	\$ 42,150.73	\$( 2,550.73)

The following Special Revenue Fund and Debt Service Fund Types had expenditures and transfers that exceeded the budgets approved by the County Board of Commissioners:

Register of Deeds Automation	\$ 10,000.00	\$ 10,720.00	\$( 720.00)
Comm. Development Block Grant	246,500.00	249,492.81	( 2,992.81)
Emergency Management Grant	10,725.00	10,904.32	( 179.32)

The Road Commission follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Act of 1978) as prescribed by the State of Michigan. Public Act 621 of 1978, section 18 (1), as amended, provides that a County Road Commission shall not incur expenditures in excess of amounts appropriated. As presented in the financial statements for the year ended December 31, 2007, the County Road Commission incurred expenditures which were in excess of the amounts appropriated as follows:

Expenditure Line Item	Total Budget	Amount of Expenditures	Budget Variance
Primary Road: Structural Improvements	\$ 915,144.00	\$2,375,993.00	\$(1,460,849.00)
Primary Road: Maintenance	781,686.00	1,114,879.00	( 333,193.00)
Local Road: Maintenance	1,064,397.00	1,690,023.00	( 625,626.00)
State Trunkline Maintenance	553,371.00	662,991.00	( 109,620.00)
Administrative Expense – Net	120,430.00	241,015.00	( 120,585.00)
Capital Outlay – Net	( 149,827.00)	( 140,614.00)	( 9,213.00)
Equipment Expense – Net	( 42,216.00)	560,475.00	( 602,691.00)
Debt Service – Interest	14,000.00	15,215.00	( 1,215.00)

The budget was exceeded in total by \$2,911,976.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 5: PROPERTY TAXES**

The 2007 property tax revenue includes property taxes levied principally on December 1, 2006 and July 1, 2007 and substantially collected in 2007. The "2006 property taxes" became a lien on December 1, 2006 and were collected by March 1, 2007 except for those taxes that were returned delinquent. Due to the migration of the county property taxes from a December levy to a July levy, the County did not record any property tax receivable or deferred revenue for general operating purposes at December 31, 2007 in the General Fund.

By agreement with various taxing authorities in the County, the County purchased, at face value, the real property taxes receivable which became delinquent on March 1, 2007. These taxes, which are recorded in an Enterprise Fund at December 31, 2007, are pledged for repayment of advances, the proceeds of which were used to purchase such amounts due to the General Fund and other local units of government. Subsequent collections by the County, plus interest, fees and investment earnings, are used to repay the loans.

**NOTE 6: LITIGATION**

There is no pending litigation against the County as of December 31, 2007.

**NOTE 7: SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains five enterprise funds: Park Operation Fund, Airport Fund, Delinquent Taxes Fund, Public Works Operation and Maintenance Fund, and the Delinquent Tax Foreclosure Fund. Segment information for the year ended December 31, 2007 was as follows:

	PUBLIC WORKS					
	DELINQUENT TAX FORECLOSURE	OPERATIONS AND MAINT.	PARK OPERATION	AIRPORT	DELINQUENT TAXES	TOTAL
Total assets	\$220,862.04	\$5,844,441.59	\$ 113,113.19	\$2,517,221.75	\$1,365,453.25	\$10,061,091.82
Total liabilities	5,079.70	3,696,215.06	929.16	821,609.47	4,436.21	4,528,269.60
Net Assets	215,782.34	2,148,226.53	112,184.03	1,695,612.28	1,361,017.04	5,532,822.22
Operating revenue	135,205.79	516,681.95	77,378.82	124,716.87	338,109.00	1,192,092.43
Operating expenses	45,177.41	374,343.97	45,709.13	357,197.48	35,682.58	858,110.57
Operating income (loss)	90,028.38	142,337.98	31,669.69	(232,480.61)	302,426.42	333,981.86
Nonoperating revenue	3,517.28	35,399.89	1,184.68	7,393.95	24,798.62	72,294.42
Transfers in (out)	0.00	18,000.00	0.00	142,950.00	0.00	160,950.00
Change in net assets	93,545.66	195,737.87	32,854.37	( 82,136.66)	327,225.04	567,226.28
Net assets - January 1, 2007	122,236.68	1,952,488.66	79,279.66	1,777,748.94	1,033,783.01	4,965,536.95
Prior period adjustment	0.00	0.00	50.00	0.00	8.99	58.99
Net assets – December 31, 2007	215,782.34	2,148,226.53	112,184.03	1,695,612.28	1,361,017.04	5,532,822.22
Net cash provided by:						
Operating activities	93,305.35	275,514.57	33,798.45	( 86,949.46)	168,674.75	484,343.66
Noncapital financing activities	0.00	18,000.00	0.00	142,950.00	0.00	160,950.00
Capital and related financing activities	0.00	( 9,012.55)	0.00	( 50,000.00)	0.00	( 59,012.55)
Investing activities	(106,800.00)	(164,134.89)	0.00	(112,879.40)	0.00	(383,814.29)
Net increase in cash and cash equivalents	( 13,494.65)	120,367.13	33,798.45	(106,878.86)	168,674.75	202,466.82
Cash and cash equivalents – beginning	126,108.62	203,601.66	8,413.62	141,300.84	293,637.78	773,062.52
Cash and cash equivalents – ending	112,613.97	323,968.79	42,212.07	34,421.98	462,312.53	975,529.34

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 8: RENTALS UNDER OPERATING LEASE**

The County entered into an agreement with the State of Michigan to provide office space for the Family Independence Agency. The original lease is for a fifteen-year period beginning on December 23, 1996. The annual rental payment due from the State of Michigan for this lease is \$208,749.00 payable in monthly installments of \$17,395.75. The lease provides for an annual adjustment to reflect the actual cost of operations. The lease provides for the option of three five-year lease renewals for a total possible lease period of thirty years.

The following is a schedule of future minimum rental revenues on operating leases as of December 31, 2007:

December 31, 2008	\$208,749.00
December 31, 2009	208,749.00
December 31, 2010	208,749.00
December 31, 2011	<u>208,749.00</u>
<b>TOTAL</b>	<b><u>\$834,996.00</u></b>

**NOTE 9: LONG-TERM ADVANCES**

The County of Mason had no long-term interfund advances as of December 31, 2007

**NOTE 10: CAPITAL ASSETS**

The following schedule summarizes the changes in capital assets for the year ending December 31, 2007:

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2007</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Internal Service Funds</b>				
Equipment and vehicles	\$ 83,076.78	\$ 0.00	\$ 0.00	\$ 83,076.78
Less: Accumulated Depreciation	<u>(34,612.44)</u>	<u>(5,027.68)</u>	<u>0.00</u>	<u>(39,640.12)</u>
	<u>48,464.34</u>	<u>(5,027.68)</u>	<u>0.00</u>	<u>43,436.66</u>
<b>Other governmental funds</b>				
Land	\$ 889,638.75	\$ 0.00	\$ 0.00	\$ 889,638.75
Land Improvements	269,039.86	0.00	0.00	269,039.86
Buildings and improvements	20,787,356.71	0.00	0.00	20,787,356.71
Equipment and Vehicles	<u>2,759,577.67</u>	<u>110,325.00</u>	<u>( 97,323.30)</u>	<u>2,772,579.37</u>
Subtotal	24,705,612.99	110,325.00	( 97,323.30)	24,718,614.69
Less: Accumulated Depreciation	<u>(7,592,887.38)</u>	<u>(861,357.16)</u>	<u>97,323.30</u>	<u>(8,356,921.24)</u>
	<u>17,112,725.61</u>	<u>(751,032.16)</u>	<u>0.00</u>	<u>16,361,693.45</u>
<b>Total</b>	<b><u>\$17,161,189.95</u></b>	<b><u>\$(756,059.84)</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$16,405,130.11</u></b>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 10: CAPITAL ASSETS – Concluded**

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2007</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Land Improvements	\$ 1,306,600.67	\$ 0.00	\$ 0.00	\$ 1,306,600.67
Buildings and improvements	1,209,318.30	0.00	0.00	1,209,318.30
Sewer System	686,442.47	0.00	0.00	686,442.47
Rural Development Sewer Project	412,289.78	0.00	0.00	412,289.78
Parks Commission Sewer Project	72,642.00	0.00	0.00	72,642.00
Equipment and Vehicles	<u>439,073.00</u>	<u>0.00</u>	<u>0.00</u>	<u>439,073.00</u>
Subtotal	4,126,366.22	0.00	0.00	4,126,366.22
Less: Accumulated				
Depreciation	<u>(788,459.68)</u>	<u>(171,125.61)</u>	<u>0.00</u>	<u>(959,585.29)</u>
Total	<u>\$ 3,337,906.54</u>	<u>\$(171,125.61)</u>	<u>\$ 0.00</u>	<u>\$ 3,166,780.93</u>
<b><u>Component Unit – Drainage Districts:</u></b>				
Land	\$ 9,800.00	\$ 0.00	\$ 0.00	\$ 9,800.00
Infrastructure	<u>2,042,768.15</u>	<u>0.00</u>	<u>0.00</u>	<u>2,042,768.15</u>
Subtotal	2,052,568.15	0.00	0.00	2,052,568.15
Less: Accumulated Depreciation	<u>(1,265,425.71)</u>	<u>( 92,871.42)</u>	<u>0.00</u>	<u>(1,358,297.13)</u>
Subtotal	<u>787,142.44</u>	<u>( 92,871.42)</u>	<u>0.00</u>	<u>694,271.02</u>
<b><u>Component Unit – Road Commission:</u></b>				
Land and Improvements	\$ 110,375.00	\$ 0.00	\$ 0.00	\$ 110,375.00
Infrastructure Land Improvements	11,108,464.00	864,176.00	0.00	11,972,640.00
Buildings	1,315,559.00	0.00	0.00	1,315,559.00
Equipment – Road	4,999,034.00	263,957.00	167,960.00	5,095,031.00
Equipment – Shop	70,778.00	0.00	0.00	70,778.00
Equipment – Office	69,370.00	0.00	0.00	69,370.00
Equipment – Engineering	37,618.00	4,015.00	2,175.00	39,458.00
Equipment – Yard & Storage	150,730.00	0.00	0.00	150,730.00
Infrastructure – Roads & Bridges	<u>30,898,461.00</u>	<u>2,511,924.00</u>	<u>0.00</u>	<u>33,410,385.00</u>
Subtotal	48,760,389.00	3,644,072.00	170,135.00	52,234,326.00
Less: Accumulated Depreciation	<u>(22,386,001.00)</u>	<u>(1,952,081.00)</u>	<u>(167,967.00)</u>	<u>(24,170,115.00)</u>
Subtotal	<u>26,374,388.00</u>	<u>1,691,991.00</u>	<u>2,168.00</u>	<u>28,064,211.00</u>
Total Component Units	<u>\$27,161,530.44</u>	<u>\$1,599,119.58</u>	<u>\$ 2,168.00</u>	<u>\$28,758,482.02</u>

Depreciation expense for governmental activities was charged to the following function and activities of the primary government:

<u>Internal service funds</u>	\$ 5,027.68
<u>Other governmental funds</u>	
Parks, recreation and cultural	91,318.26
Legislative	3,003.06
Judicial	28,674.31
General governmental administration	68,865.15
Public safety	350,762.32
Public works	9,267.51
Health and social services	<u>309,466.55</u>
	<u>861,357.16</u>
<b>TOTAL</b>	<u>\$ 866,384.84</u>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 11: CASH AND INVESTMENTS**

Deposits are carried at cost. Deposits are in financial institutions in the name of the Mason County Treasurer. Michigan Compiled Laws, Section 129.91, authorizes Mason County to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the three highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase and which involve no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. Mason County's deposits are in accordance with statutory authority. Mason County has adopted an investment policy as required by the State of Michigan.

As of December 31, 2007, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash Deposits	\$ 10,115,588.49	\$ 13,054,339.48	\$ 105,219.58
Investments	16,787,027.61	17,143,558.35	1,527,637.46
Imprest Cash	<u>2,670.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 26,905,286.10</u>	<u>\$ 30,197,897.83</u>	<u>\$ 1,632,857.04</u>

**Financial Statement Presentation:**

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	TOTAL
Governmental funds	\$ 7,875,021.33	\$ 15,228,900.05	\$ 23,103,921.38
Proprietary funds	975,529.34	1,558,127.56	2,533,656.90
Fiduciary funds	390,042.26	0.00	390,042.26
Component units	<u>877,665.56</u>	<u>0.00</u>	<u>877,665.56</u>
	<u>\$ 10,118,258.49</u>	<u>\$ 16,787,027.61</u>	<u>\$ 26,905,286.10</u>

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a policy for custodial risk. As of December 31, 2007, \$28,087,531.58 of the government's bank balance of \$29,476,584.83 was exposed to custodial credit risk as uninsured and uncollateralized.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 12: LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and component unit for the year ended December 31, 2007:

	BALANCE JANUARY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2007	DUE WITHIN ONE YEAR
<b>BUSINESS TYPE ACTIVITIES</b>				
<b>\$4,000,000.00 2004 Rural Development Sewer Bonds due in annual installments of \$42,000.00 to \$200,000.00 through April 1, 2043; interest at 4.50%</b>	\$3,289,000.00	\$( 44,997.54 )	\$ 3,244,002.46	\$ 50,000.00
<b>\$375,000.00 2001 Mason County Sewage Disposal &amp; Water Supply Bonds due in annual installments of \$10,000.00 to \$25,000.00 through March 31, 2030; interest at 4.30% to 5.50%.</b>	365,000.00	( 10,000.00 )	355,000.00	10,000.00
<b>\$975,000.00 2001 Mason County Building Authority Bonds due in annual installments of \$25,000.00 to \$75,000.00 through November 1, 2021; interest at 4.00% to 5.45%</b>	<u>850,000.00</u>	<u>( 50,000.00 )</u>	<u>800,000.00</u>	<u>50,000.00</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ <u>4,504,000.00</u></b>	<b>\$ <u>(104,997.54)</u></b>	<b>\$ 4,399,002.46</b>	<b>\$ <u>110,000.00</u></b>
<b>Less: amount payable within one year</b>			<b>( <u>110,000.00</u> )</b>	
<b>LONG-TERM DEBT BUSINESS- TYPE ACTIVITIES</b>			<b><u>\$ 4,289,002.46</u></b>	

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 12: LONG-TERM OBLIGATIONS – Continued**

	BALANCE JANUARY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2007	DUE WITHIN ONE YEAR
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>PRIMARY GOVERNMENT</b>				
<b>\$3,050,000.00 1998 Mason County Building Authority Bonds due in annual installments of \$225,000.00 to \$450,000.00 through February 1, 2008; interest at 3.90% to 4.70%.</b>	<b>\$ 850,000.00</b>	<b>\$(400,000.00)</b>	<b>\$ 450,000.00</b>	<b>\$450,000.00</b>
<b>\$100,000.00 2003 Mason County District Library Land Contract paid off completely in 2007; interest at 5.019%.</b>	<b>74,309.08</b>	<b>( 74,309.08)</b>	<b>0.00</b>	<b>0.00</b>
<b>\$1,890,000.00 2003 Mason County General Obligation Limited Tax Bonds due in annual installments of \$50,000.00 to \$200,000.00 through November 1, 2017; interest at 3.00% to 4.20%.</b>	<b>1,625,000.00</b>	<b>( 100,000.00)</b>	<b>1,525,000.00</b>	<b>125,000.00</b>
<b>Accrued Post Closure Landfill Costs</b>	<b>2,139,136.00</b>	<b>( 54,258.00)</b>	<b>2,084,878.00</b>	<b>0.00</b>
<b>Accrued Vacation and Sick Pay</b>	<b><u>643,294.44</u></b>	<b><u>59,654.51</u></b>	<b><u>702,948.95</u></b>	<b><u>0.00</u></b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 5,331,739.52</u></b>	<b><u>\$(568,912.57)</u></b>	<b><u>\$4,762,826.95</u></b>	<b><u>\$ 575,000.00</u></b>
<b>Less: amount payable within one year</b>			<b><u>( 575,000.00)</u></b>	
<b>LONG-TERM DEBT PRIMARY GOVERNMENT</b>			<b><u>\$ 4,187,826.95</u></b>	

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 12: LONG-TERM OBLIGATIONS – Continued**

COMPONENT UNIT	BALANCE JANUARY 1, 2007	ADDITIONS	(DEDUCTIONS)	BALANCE DECEMBER 31, 2007
Road Commission				
Wells Fargo	\$ 154,352.00	\$ 0.00	\$( 13,256.00)	\$ 141,096.00
Caterpillar Financial Service Corp.	138,559.00	000	( 2,083.00)	136,476.00
Daimler Truck Financial	0.00	91,015.00	0.00	91,015.00
Compensated Absences	<u>216,282.00</u>	<u>8,971.00</u>	<u>0.00</u>	<u>225,253.00</u>
<b>TOTAL</b>	<b><u>\$ 509,193.00</u></b>	<b><u>\$ 99,986.00</u></b>	<b><u>\$( 15,339.00)</u></b>	<b><u>\$ 593,840.00</u></b>

The annual requirements to amortize all debt outstanding as of December 31, 2007, including interest payments are as follows:

**BUSINESS TYPE ACTIVITIES**

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2008	\$ 110,000.00	\$ 203,935.11	\$ 313,935.11
2009	110,000.00	198,980.11	308,980.11
2010	110,000.00	193,890.11	303,890.11
2011	111,000.00	188,767.61	299,767.61
2012	114,000.00	183,520.11	297,520.11
2013	116,000.00	178,105.11	294,105.11
2014-2018	655,000.00	803,283.05	1,458,283.05
2019-2023	704,000.00	622,205.55	1,326,205.55
2024-2028	602,000.00	472,740.55	1,074,740.55
2029-2033	669,000.00	321,913.05	990,913.05
2034-2038	772,000.00	163,215.55	935,215.55
2039-2043	<u>326,002.06</u>	<u>14,085.17</u>	<u>340,087.23</u>
<b>TOTAL</b>	<b><u>\$4,399,002.06</u></b>	<b><u>\$3,544,641.08</u></b>	<b><u>\$7,943,643.14</u></b>

**GOVERNMENTAL ACTIVITIES**

**PRIMARY GOVERNMENT**

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2008	\$ 575,000.00	\$ 67,762.50	\$ 642,762.50
2009	125,000.00	53,000.00	178,000.00
2010	125,000.00	48,812.50	173,812.50
2011	150,000.00	44,625.00	194,625.00
2012	150,000.00	39,375.00	189,375.00
2013	150,000.00	33,975.00	183,975.00
2014-2018	700,000.00	74,975.00	774,975.00
Undetermined	<u>2,787,826.95</u>	<u>0.00</u>	<u>2,787,826.95</u>
<b>TOTAL</b>	<b><u>\$4,762,826.95</u></b>	<b><u>\$362,525.00</u></b>	<b><u>\$5,125,351.95</u></b>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 12: LONG-TERM OBLIGATIONS – Concluded**

**COMPONENT UNIT**

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2008	\$ 107,217.00	\$ 19,523.00	\$ 126,740.00
2009	17,112.00	13,442.00	30,554.00
2010	18,074.00	12,481.00	30,555.00
2011	226,184.00	6,383.00	232,567.00
Undetermined	<u>225,253.00</u>	<u>0.00</u>	<u>225,253.00</u>
Total	<u>\$ 593,840.00</u>	<u>\$ 51,829.00</u>	<u>\$ 645,669.00</u>

**NOTE 13: INTERFUND RECEIVABLES AND PAYABLES**

The following are the interfund receivables and payables at December 31, 2007:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
Revolving Drain	\$ <u>44,768.24</u>	Drain	\$ <u>44,768.24</u>
General	<u>9,738.15</u>	Community Development Block Grant	<u>9,738.15</u>
Trust & Agency	<u>50.00</u>	Victim's Assistance	<u>50.00</u>
Child Care	<u>664.50</u>	General	<u>664.50</u>
<b>TOTAL</b>	<b>\$ <u>55,220.89</u></b>	<b>TOTAL</b>	<b>\$ <u>55,220.89</u></b>

The interfund receivables and payables were made for cash flow purposes.

**NOTE 14: PRIOR PERIOD ADJUSTMENTS**

For the year ended December 31, 2007, the following prior period adjustments have resulted in Fund Balance/Retained Earnings restatements:

<b>GENERAL FUND</b>	
Record various expenditure corrections	\$ 6,651.76
Record various revenue corrections	( 57.08)
<b>SPECIAL REVENUE FUNDS</b>	
Record various expenditure corrections	
Landfill Perpetual Care	( 1,366.15)
Building Department	95.00
Record various revenue corrections	
Building Department	( 125.00)
Budget Stabilization	( 471.34)
<b>ENTERPRISE FUNDS</b>	
Record various expenditure corrections	
Parks	50.00
Record various revenue corrections	
Delinquent Tax Revolving	8.99

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 15: TRANSFERS**

The following are the transfers for the year ended December 31, 2007:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Ambulance	\$ 47,000.00	General	\$3,438,700.00
Friend of the Court	316,150.00		
Public Improvement	508,000.00		
Jail Operations	1,183,475.00		
Law Library	9,800.00		
Emergency Management Grants	40,000.00		
Social Welfare	24,400.00		
Child Care	243,000.00		
Junk Ordinance Administration	13,000.00		
Jail Building Debt Service	7,200.00		
Equipment Replacement	236,850.00		
Public Works	18,000.00		
Landfill Post Closure	81,700.00		
Airport	142,950.00		
Budget Stabilization	55,000.00		
Self-Insurance Liability	180,000.00		
Workers' Comp Insurance	25,000.00		
Health & Life Insurance	272,175.00		
Vacation and Sick Pay	<u>35,000.00</u>		
Subtotal	<u>3,438,700.00</u>	Subtotal	<u>3,438,700.00</u>
Equipment Replacement	38,000.00	Jail Operations	102,265.60
Jail Construction	59,125.00		
Self-Ins. – Workers Comp.	<u>5,140.60</u>		
Subtotal	<u>102,265.60</u>	Subtotal	<u>102,265.60</u>
Medical Care Facility Imp.	<u>150,000.00</u>	Medical Care Facility	<u>150,000.00</u>
Oakview MCF Addition Project	<u>1,000,000.00</u>	Medical Care Facility Imp.	<u>1,000,000.00</u>
District Library Debt Service	76,008.20	District Library	3,958.85
Subtotal	<u>76,008.20</u>	District Library Improvement	<u>72,049.35</u>
General	<u>534,569.00</u>	Subtotal	<u>76,008.20</u>
Equipment Replacement	<u>40,675.82</u>	State Revenue Sharing	<u>534,569.00</u>
		Register of Deeds	<u>40,675.82</u>
<b>TOTAL</b>	<b><u>\$5,342,218.62</u></b>		<b><u>\$5,342,218.62</u></b>

These transfers were made for cash flow purposes.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 16: RISK FINANCING ACTIVITIES**

It is the policy of the County of Mason not to purchase commercial insurance for all of the risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Instead, the County management believes it is more economical to manage its risks internally and set aside assets for claim settlement in various internal service funds. The Worker's Compensation Insurance Fund has an annual retention of \$400,000 for each worker's compensation claim. The Self-Insurance Liability and Property Fund provides coverage for a maximum aggregate annual retention of \$114,000 for general liability. The Medical Care Facility Insurance Fund is used to account for the worker's compensation claims of the County Medical Care Facility. The County, through its insurance service organization, Michigan Municipal Risk Management Authority, has reinsurance with umbrella coverage for liability and property damage of \$15,000,000. The reinsurance for Worker's Compensation is the statutory maximum. Settled claims have not exceeded the retention amount in any of the past three fiscal years.

The County appropriates funds from the General Fund to pay to the Worker's Compensation Insurance Fund and the Self-Insurance Liability Fund based on estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses in the Worker's Compensation Insurance Fund. The reserve was \$1,093,048.97 at December 31, 2007, and is reported as a designation of the Worker's Compensation Insurance Fund fund balance. The claims liability of \$6,219.00 reported in the two Worker's Compensation Insurance Funds at December 31, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the two Worker's Compensation Insurance Funds' claims liability amount in calendar year 2007 were:

Liability Balance January 1, 2007	\$	17,663.00
Claim Payments		( 9,217.00)
Changes in estimates		<u>( 2,227.00)</u>
Liability Balance December 31, 2007	\$	<u>6,219.00</u>

The claims liability of \$210,589.98 reported in the Self-Insurance Liability Fund at December 31, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Self-Insurance Liability Fund's claims liability amount in calendar year 2007 were:

Liability Balance January 1, 2007	\$	187,281.37
Claim Payments		( 21,825.07)
Changes in estimates		<u>45,133.68</u>
Liability Balance December 31, 2007	\$	<u>210,589.98</u>

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 16: RISK FINANCING ACTIVITIES – Concluded**

The County of Mason is required to maintain a membership retention fund with its insurance service organization, Michigan Municipal Risk Management Authority. The County records this retention amount as a deposit on the balance sheet of the Self-Insurance Liability Fund. The balance at December 31, 2007 is as follows:

Member Retention Deposit	<u>\$ 251,222.93</u>
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Mason County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan that authorize contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts. The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Mason County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions, liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board. Settled claims for the general liability coverages have not exceeded the amount of coverage in any of the past three years. The Road Commission is also self-insured for worker's compensation as a member of the County Road Association Self Insurance Fund.

**NOTE 17: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The County of Mason has two landfills under its jurisdiction. The Mason County Landfill located in Pere Marquette Charter Township has been closed since 1978. A 1994 settlement with the Environmental Protection Agency requires the County to perform certain maintenance and monitoring functions at the site for thirty years. The County records the liability for these post closure care costs in their General Long-Term Debt Account Group because these costs will be paid over a thirty-year period. The liability for post closure care costs for the landfill in Pere Marquette Charter Township at December 31, 2007 was \$702,100.00. These amounts are based on estimates of the cost to perform all post closure care in 2007. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

The Mason County Landfill, located in the City of Scottville, discontinued operations in 1998. State and federal laws and regulations required the County to place a final cover on the Scottville landfill site in 1998. The County is also required to perform certain maintenance and monitoring functions at the site for thirty years following closure. The County records the liability for these post closure care costs in the General Long-Term Debt Account Group because these costs will be paid over a thirty-year period. The liability for post closure care cost for the landfill in Scottville at December 31, 2007 was \$1,382,778.00. These amounts are based on estimates of the cost to perform all the post closure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County was required by state and federal laws and regulations to make quarterly contributions to a trust fund to finance post closure care. At December 31, 2007, a cash balance of \$91,761.51 was held for this purpose. The County has earmarked an additional \$2,053,197.28 in the Post Closure Care Trust Fund to finance post closure care costs.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 17: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS – Concluded**

The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by General Fund appropriations.

**NOTE 18: CONTINGENT LIABILITIES**

The County participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended December 31, 2007 have not yet been conducted. Accordingly, the County's compliance with the program requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**NOTE 19: JOINTLY GOVERNED ORGANIZATIONS**

**District Health Department**

On October 1, 1997, the Manistee-Mason District Health Department dissolved and both Mason County and Manistee County became members of the new ten member District Health Department No. 10. Members of District Health Department No. 10 include the counties of Crawford, Kalkaska, Lake, Manistee, Mason, Mecosta, Missaukee, Newaygo, Oceana and Wexford. The new funding formula approved by the District Health Department No. 10 is based pro rata on each unit's population to the total population. Mason County's appropriation to the District Health Department for the calendar year was \$167,391.00.

**Community Mental Health System**

Mason County, Lake County and Oceana County participate jointly in the operation of the West Michigan Community Mental Health System. The funding formula approved by the counties is based pro rata on each unit's population to the total population.

Member percentages of the net operating budget for the year ended December 31, 2007 were:

Mason County	45.00 percent
Lake County	15.00 percent
Oceana County	40.00 percent

Mason County's appropriation to West Michigan Community Mental Health System for the calendar year was \$139,750.00

**NOTE 20: DEFERRED COMPENSATION PLANS**

The County of Mason has two deferred compensation plans, created in accordance with the Internal Revenue Code, Section 457. The plans, available to all employees, permit them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 20: DEFERRED COMPENSATION PLANS – Concluded**

The County of Mason adopted a new 457-plan document, which incorporates the recent changes to the law governing 457 deferred compensation plans. The most notable change in the plan provides that the employer establish a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the County's general creditors. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plans, but it does have the duty of care that would be required of an ordinary prudent investor. Therefore, the deferred compensation assets and liability have been removed from the County's fiduciary fund as it is no longer required to be shown in the statements.

Mason County Road Commission offers all administrative Road Commission employees a deferred compensation plan created in accordance with IRC Section 457. Effective in 2001, the assets of the plan were held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian thereof for the exclusive benefit of the participants and beneficiaries of the Section 457 plans and the assets may not be diverted to any other use.

In 1999, the Deferred Compensation Fund was treated as an expendable trust fund. During 1999, the assets of the Deferred Compensation Fund were placed in a trust and reported in an expendable trust fund. In accordance with GASB Statement No. 32 requirements, these assets are no longer reported in the financial statements.

**NOTE 21: POST-EMPLOYMENT BENEFITS**

The County of Mason offers post-employment health insurance benefits to its employees. Substantially, all employees are eligible to receive post-employment benefits in the form of health care benefits until the age of 70. These benefits are provided by contractual agreement and are paid annually by the General Fund. The County funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$352,168.10 during the year ended December 31, 2007. The total number of eligible retirees amounted to thirty-three at December 31, 2007. The County pays 100% of these costs. There are no provisions for employee contributions. The County has recorded a liability of \$5,813,753.00 for this benefit, based on an independent actuarial valuation. The County of Mason has established a Retirement Health Funding Vehicle with the Municipal Employees' Retirement System of Michigan. The Funding Vehicle had a balance of \$185,995.10 at December 31, 2007. The County of Mason met its Annual Required Contribution (ARC) requirements in 2007.

The Road Commission provides post retirement health care benefits to employees who retire from the Road Commission after January 1, 1989 and are between the ages of 58 and 65 and have ten years of service. The Road Commission will pay \$250.00 of the cost for the employee and spouse. During 2007, the Road Commission funded approximately \$9,202.00 in post employment health care benefits for retired employees. Four employees were eligible for these post retirement benefits.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 22: RETIREMENT SYSTEM - MERS OPERATED**

**COUNTY-WIDE**

**Plan Description**

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public employee retirement system, MERS is authorized and operated under state law, Act 135 of the Public Acts of 1945 as amended. The County retirement system includes employees of the Sheriff's Department. A separate account is maintained by MERS for this department. Substantially all employees are covered by a retirement system. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to Michigan Municipal Employees Retirement System, 7150 Harris Drive, 3<sup>rd</sup> Floor, General Office Building, P.O. Box 30174, Lansing, Michigan 48909.

**Funding Policy**

The obligation to contribute to and maintain the system for the Sheriff Department was established by negotiation with the County's two competitive bargaining units and County Board action established the obligation for the employees not represented by bargaining unit.

**Annual Pension Cost**

For the year ended December 31, 2007, the County's annual pension cost of \$1,117,006.92 was equal to the County's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 1997, based on a defined benefit for the various employee groups. Significant actuarial assumptions used include (a) a 8.00% investment rate of return; (b) projected salary increases of 4.5% per year plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases; and (c) 2.5% per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value. This procedure was instituted for the December 31, 1993 valuation and is applied as follows: (I) Preliminary value is determined by taking the sum of actuarial value at the beginning of the year and the excess of income over expenses during the year, assuming that the fund earns the assumed rate (8%) during year; (II) this value is written-up or written-down by taking 20% of each year's difference between actual and expected return for the next five years. Actual return for the year includes net interest, dividends, realized and unrealized gains or losses; (III) in addition, the write-ups or write-downs that arose from each of the four years prior to 1998 continue to be applied until each five-year period expires.

The unfunded actuarial liability is being amortized by level percent of payroll contributions over a period ranging from 30 years to 36 years.

**Three year trend information**

	Plan year ended December 31:		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual pension cost	\$ 895,416.00	\$ 870,132.00	\$ 810,252.00
Percentage of Annual pension cost contributed	100.00%	100.00%	100.00%
Net Pension obligation	-0-	-0-	-0-
Actuarial value of assets	27,856,439.00	29,260,403.00	30,701,195.00
Actuarial Accrued Liability	30,341,090.00	31,795,984.00	33,753,827.00
Unfunded (Overfunded) Actuarial Accrued Liability	2,484,651.00	2,535,581.00	3,052,632.00
Funded ratio	92.00%	92.00%	91.00%
Covered payroll	6,212,195.00	5,994,365.00	5,671,025.00
UAAL (OAAL) as a percentage of covered payroll	40.00%	42.00%	54.00%

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 22: RETIREMENT SYSTEM - MERS OPERATED – Continued**

**ROAD COMMISSION**

**Plan Description** – Mason County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee’s Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State’s local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

All full time County Road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Employees who retire at or after age 55 with 30 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of the member’s 5-year final average compensation per year of service. The system also provides death and disability benefits which are established by State Statute.

Participating County Road employees are required to contribute 1.0 percent of annual compensation. The County Road is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

**Actuarial Accrued Liability** – The actuarial accrued liability was determined as part of an initial actuarial valuation of the plan as of December 31, 2006. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 4.5% per year, depending on age, attributable to seniority/merit.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2006 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

**GASB 25 INFORMATION (as of 12/31/06)**

<b>Actuarial Accrued Liability:</b>	
Retirees and beneficiaries currently receiving benefits	\$ 1,411,734.00
Terminated employees not yet receiving benefits	36,507.00
Non-vested terminated employees	2,529.00
<b>Current employees:</b>	
Accumulated employee contributions including allocated investment income	468,466.00
Employer financed	<u>2,619,924.00</u>
<b>Total Actuarial accrued liability</b>	<b>4,539,160.00</b>
<b>Net Assets Available for Benefits, (estimated market value of \$2,724,866)</b>	<b><u>(2,687,274.00)</u></b>
<b>Unfunded (over funded) actuarial accrued liability</b>	<b><u>\$ 1,851,886.00</u></b>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2007**

**NOTE 22: RETIREMENT SYSTEM - MERS OPERATED- Concluded**

**GASB 27 INFORMATION (as of 12/31/06)**

Fiscal year beginning January 1, 2008  
 Annual required contribution (ARC) \$ 205,692.00

**Three year trend information**

	Plan year ended December 31:		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual pension cost	\$ 184,068.00	\$ 190,387.00	\$ 186,044.00
Percentage of Annual pension cost contributed	100.00%	100.00%	100.00%
Net Pension obligation	-0-	-0-	-0-
Actuarial value of assets	1,995,842.00	2,389,063.00	2,687,274.00
Actuarial Accrued Liability	3,865,719.00	4,104,146.00	4,539,160.00
Unfunded (Overfunded) Actuarial Accrued Liability	1,869,877.00	1,715,083.00	1,851,886.00
Funded ratio	52.00%	58.00%	59.00%
Covered payroll	1,429,672.00	1,444,397.00	1,385,405.00
UAAL (OAAL) as a percentage of covered payroll	131.00%	119.00%	134.00%

**NOTE 23: ROAD COMMISSION REVENUES/EXPENDITURES**

Most Federal dollars recorded by the Mason County Road Commission in 2007 were for projects controlled by the Michigan Department of Transportation or Pere Marquette Charter Township. Federal compliance testing of these funds will be included in the audit of the Michigan Department of Transportation and the Township and not at the local Road Commission level. No A-133 Single Audit is required for the Mason County Road Commission.

**NOTE 24: ROAD COMMISSION STATE EQUIPMENT PURCHASE ADVANCE/HIGHWAY MAINTENANCE ADVANCE**

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance Contract. Equipment advance monies for fiscal 2007 amounted to \$142,082.00. The State has also advanced \$54,292.00 on the highway maintenance agreement.

**NOTE 25: FUND BALANCE DEFICIT**

At December 31, 2007, the components of the Road Commission fund balance were as follows:

Total	Primary Road Fund	Local Road Fund	County Road Fund
<u>\$1,449,133.00</u>	<u>\$2,347,790.00</u>	<u>\$(898,918.00)</u>	<u>\$ 261.00</u>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Concluded**  
**DECEMBER 31, 2007**

**NOTE 26: DEFERRED REVENUE**

During 2003, the Road Commission and the Michigan Department of Transportation (MDOT) negotiated a contract whereby a specific road segment was transferred from MDOT jurisdiction to Road Commission jurisdiction in exchange for a lump sum payment by MDOT to the Road Commission. The lump sum must be used to renovate, repair and/or reconstruct the road segment within a five-year period. The lump sum in an amount of \$1,987,000.00 was received in 2003 but none of the work was performed. The amount has been recorded as deferred revenue and will be recorded as revenue as it is earned throughout the project period. During 2005, \$834,065.00 was earned and recorded as revenue. The deferred revenue balance is \$1,129,597.00 as of December 31, 2005. During 2006, the project was completed and the entire balance was recorded as revenue in that year.

**NOTE 27: NET ASSETS/RETAINED EARNINGS RESERVATIONS AND DESIGNATIONS**

At December 31, 2007, the following portions of the fund equity/retained earnings were reserved in the following funds:

	<u>UNRESTRICTED – RESERVED</u>		<u>RESTRICTED FOR</u>	
	FOR PREPAID EXPENSE	EMPLOYEE BENEFITS	ACCUMULATED VACATION AND SICK PAY	LANDFILL PERPETUAL CARE
General fund	\$ 107,803.70	\$ 0.00	\$ 0.00	\$ 0.00
Senior Citizens fund	1,165.50	0.00	0.00	0.00
Friend of the Court fund	5,101.45	0.00	0.00	0.00
Building Department fund	1,091.29	0.00	0.00	0.00
Register of Deeds Automation	8,910.00	0.00	0.00	0.00
Community Corrections fund	285.50	0.00	0.00	0.00
Jail Operations fund	31,673.61	0.00	0.00	0.00
District Library fund	17,727.22	0.00	0.00	0.00
Medical Care Facility Insurance	0.00	416,321.95	0.00	0.00
Self Insurance fund	0.00	613,977.64	0.00	0.00
Self Insurance Workers'				
Compensation fund	0.00	1,093,048.97	0.00	0.00
Self Insurance Health fund	0.00	846,305.78	0.00	0.00
Self Insurance Medical Care				
Facility Disability fund	0.00	81,231.87	0.00	0.00
Landfill Perpetual Care fund	0.00	0.00	0.00	2,145,958.79
Medical Care Facility Employee				
Benefits fund	0.00	92,230.76	0.00	0.00
Vacation & Sick Pay Trust fund	0.00	0.00	515,791.07	0.00

**REQUIRED SUPPLEMENTARY INFORMATION**

**MASON COUNTY, MICHIGAN**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>General Fund</u></b>				
<b>REVENUES</b>				
Taxes	\$ 7,183,150.00	\$ 7,186,075.00	\$ 7,215,689.52	\$ 29,614.52
Permits and regulatory licenses	102,650.00	112,650.00	113,330.49	680.49
Intergovernmental				
Federal/State	962,350.00	977,275.00	1,024,583.36	47,308.36
Charges for services	730,425.00	751,625.00	750,589.58	(1,035.42)
Fines and forfeitures	425.00	0.00	0.00	0.00
Interest and rents	158,000.00	210,050.00	278,433.17	68,383.17
Miscellaneous	195,500.00	230,850.00	243,608.90	12,758.90
<b>TOTAL REVENUES</b>	<b>9,332,500.00</b>	<b>9,468,525.00</b>	<b>9,626,235.02</b>	<b>157,710.02</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Legislative	328,500.00	317,750.00	306,986.06	10,763.94
Judicial	1,318,600.00	1,318,775.00	1,286,615.24	32,159.76
General government administration	2,350,650.00	2,255,825.00	2,201,403.53	54,421.47
Public safety	1,844,950.00	1,927,800.00	1,894,752.30	33,047.70
Public works	33,650.00	29,600.00	28,222.24	1,377.76
Health and social services	422,700.00	405,850.00	399,688.00	6,162.00
Parks, recreation, and cultural	500.00	10,400.00	9,881.22	518.78
Miscellaneous	375,150.00	115,500.00	115,398.65	101.35
<b>TOTAL EXPENDITURES</b>	<b>6,674,700.00</b>	<b>6,381,500.00</b>	<b>6,242,947.24</b>	<b>138,552.76</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,657,800.00</b>	<b>3,087,025.00</b>	<b>3,383,287.78</b>	<b>296,262.78</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	532,500.00	534,550.00	534,569.00	19.00
Transfers (out)	(3,190,300.00)	(3,598,500.00)	(3,438,700.00)	159,800.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,657,800.00)</b>	<b>(3,063,950.00)</b>	<b>(2,904,131.00)</b>	<b>159,819.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>	<b>23,075.00</b>	<b>479,156.78</b>	<b>456,081.78</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>1,881,801.25</b>	<b>1,881,801.25</b>	<b>1,881,801.25</b>	<b>0.00</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>0.00</b>	<b>0.00</b>	<b>6,594.68</b>	<b>6,594.68</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 1,881,801.25</b>	<b>\$ 1,904,876.25</b>	<b>\$ 2,367,552.71</b>	<b>\$ 462,676.46</b>

**MASON COUNTY, MICHIGAN**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET TO ACTUAL - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>Medical Care Facility</u></b>				
<b>REVENUES</b>				
Property taxes	\$ 1,299,200.00	\$ 1,302,700.00	\$ 1,283,555.23	\$ (19,144.77)
Charges for services	5,608,950.00	6,227,050.00	6,630,430.01	403,380.01
Interest and rental	40,000.00	62,450.00	64,037.32	1,587.32
Other	0.00	0.00	0.00	0.00
<b>TOTAL REVENUES</b>	<b>6,948,150.00</b>	<b>7,592,200.00</b>	<b>7,978,022.56</b>	<b>385,822.56</b>
<b>EXPENDITURES</b>				
Health and Welfare	6,943,400.00	8,078,550.00	7,921,395.58	157,154.42
<b>TOTAL EXPENDITURES</b>	<b>6,943,400.00</b>	<b>8,078,550.00</b>	<b>7,921,395.58</b>	<b>157,154.42</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,750.00</b>	<b>(486,350.00)</b>	<b>56,626.98</b>	<b>542,976.98</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers (out)	0.00	(150,000.00)	(150,000.00)	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>	<b>(150,000.00)</b>	<b>(150,000.00)</b>	<b>0.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,750.00</b>	<b>(636,350.00)</b>	<b>(93,373.02)</b>	<b>542,976.98</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>1,386,437.62</b>	<b>1,386,437.62</b>	<b>1,386,437.62</b>	<b>0.00</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 1,391,187.62</b>	<b>\$ 750,087.62</b>	<b>\$ 1,293,064.60</b>	<b>\$ 542,976.98</b>

**MASON COUNTY, MICHIGAN**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET TO ACTUAL - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>Jail Operations</u></b>				
<b>REVENUES</b>				
Property taxes	\$ 1,029,500.00	\$ 1,033,875.00	\$ 1,033,988.83	\$ 113.83
Charges for services	284,600.00	231,800.00	204,704.80	(27,095.20)
Interest and rental	15,150.00	19,750.00	19,886.65	136.65
Other	1,150.00	675.00	906.53	231.53
<b>TOTAL REVENUES</b>	<b>1,330,400.00</b>	<b>1,286,100.00</b>	<b>1,259,486.81</b>	<b>(26,613.19)</b>
<b>EXPENDITURES</b>				
Public Safety	2,404,275.00	2,372,725.00	2,361,189.42	11,535.58
<b>TOTAL EXPENDITURES</b>	<b>2,404,275.00</b>	<b>2,372,725.00</b>	<b>2,361,189.42</b>	<b>11,535.58</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,073,875.00)</b>	<b>(1,086,625.00)</b>	<b>(1,101,702.61)</b>	<b>(15,077.61)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	1,177,000.00	1,183,475.00	1,183,475.00	0.00
Operating transfers (out)	(103,125.00)	(102,275.00)	(102,265.60)	9.40
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,073,875.00</b>	<b>1,081,200.00</b>	<b>1,081,209.40</b>	<b>9.40</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>0.00</b>	<b>(5,425.00)</b>	<b>(20,493.21)</b>	<b>(15,068.21)</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>265,895.37</b>	<b>265,895.37</b>	<b>265,895.37</b>	<b>0.00</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 265,895.37</b>	<b>\$ 260,470.37</b>	<b>\$ 245,402.16</b>	<b>\$ (15,068.21)</b>

**MASON COUNTY, MICHIGAN**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET TO ACTUAL - CONCLUDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenue Sharing Reserve</u>				
<b>REVENUES</b>				
Property taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest and rental	50,000.00	194,300.00	200,993.22	6,693.22
<b>TOTAL REVENUES</b>	<u>50,000.00</u>	<u>194,300.00</u>	<u>200,993.22</u>	<u>6,693.22</u>
<b>EXPENDITURES</b>				
General government	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	50,000.00	194,300.00	200,993.22	6,693.22
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers (out)	<u>(530,000.00)</u>	<u>(534,575.00)</u>	<u>(534,569.00)</u>	<u>6.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(480,000.00)	(340,275.00)	(333,575.78)	6,699.22
<b>FUND BALANCE, JANUARY 1</b>	<u>5,044,070.31</u>	<u>5,044,070.31</u>	<u>5,044,070.31</u>	<u>0.00</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 4,564,070.31</u>	<u>\$ 4,703,795.31</u>	<u>\$ 4,710,494.53</u>	<u>\$ 6,699.22</u>

## **GENERAL FUND**

**The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.**

**MASON COUNTY, MICHIGAN  
BALANCE SHEET  
GENERAL FUND  
DECEMBER 31, 2007**

**ASSETS**

Cash and cash equivalents	\$	319,327.85
Investments - net		2,013,149.82
Other receivables		8,903.11
Accounts receivable		19,426.35
Interest receivable		19,722.69
Prepaid items		107,803.70
Due from other funds		9,738.15
Due from federal and state governments		<u>214,729.80</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>2,712,801.47</u></u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$	172,028.47
Deposits payable		14,500.00
Due to others		38,699.61
Due to other units		1,396.29
Due to other funds		664.50
Accrued wages		<u>117,959.89</u>
<b>TOTAL LIABILITIES</b>		<b><u>345,248.76</u></b>

**FUND BALANCE**

Reserved for prepaid items		107,803.70
Undesignated and unreserved		<u>2,259,749.01</u>
<b>TOTAL FUND BALANCE</b>		<b><u>2,367,552.71</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b><u><u>2,712,801.47</u></u></b>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>REVENUES</b>	
Taxes	\$ 7,215,689.52
Licenses and permits	113,330.49
Intergovernmental	
Federal	305,649.52
State	718,933.84
Charges for services	750,589.58
Interest and rents	278,433.17
Other revenue	243,608.90
	<u>9,626,235.02</u>
<b>TOTAL REVENUES</b>	
<b>EXPENDITURES</b>	
Legislative	306,986.06
Judicial	1,286,615.24
General government	2,201,403.53
Public safety	1,894,752.30
Public works	28,222.24
Health and welfare	399,688.00
Other	115,398.65
Recreation & Cultural	9,881.22
	<u>6,242,947.24</u>
<b>TOTAL EXPENDITURES</b>	
<b>EXCESS (DEFICIENCY) OF</b>	
<b>REVENUES OVER EXPENDITURES</b>	
	<u>3,383,287.78</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	534,569.00
Transfers out	(3,438,700.00)
	<u>(2,904,131.00)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	
<b>EXCESS (DEFICIENCY) OF</b>	
<b>REVENUES AND OTHER FINANCING</b>	
<b>SOURCES OVER EXPENDITURES</b>	
<b>AND OTHER USES</b>	
	479,156.78
<b>FUND BALANCE, JANUARY 1</b>	1,881,801.25
<b>PRIOR PERIOD ADJUSTMENTS</b>	6,594.68
	<u>2,367,552.71</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u><u>\$ 2,367,552.71</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
District court	\$ 258,000.00	\$ 329,300.00	\$ 331,402.13	\$ 2,102.13
Friend of the court	22,400.00	15,925.00	16,015.99	90.99
Probate court	18,600.00	15,775.00	15,046.54	(728.46)
Juvenile court	46,100.00	38,150.00	38,189.14	39.14
Family counseling service	3,550.00	3,825.00	3,905.00	80.00
Prosecutor	10,425.00	11,875.00	11,884.77	9.77
County clerk	76,475.00	74,575.00	75,287.65	712.65
Register of deeds	286,700.00	252,700.00	248,810.54	(3,889.46)
Property tax collections	6,950,550.00	6,949,000.00	6,978,041.05	29,041.05
Delinquent personal tax	13,750.00	6,900.00	6,959.61	59.61
Other taxes	158,850.00	176,200.00	176,697.86	497.86
Payment in lieu of tax	60,000.00	53,975.00	53,991.00	16.00
Probate judge supplement	101,800.00	102,300.00	102,301.43	1.43
Judicial salary standardization	128,475.00	128,475.00	128,484.40	9.40
Court financing reimbursements	156,450.00	161,250.00	160,470.97	(779.03)
Emergency management	11,075.00	12,675.00	6,454.29	(6,220.71)
Sheriff road patrol	69,650.00	76,575.00	74,630.00	(1,945.00)
Marine patrol	17,900.00	20,200.00	20,216.00	16.00
Drunk driving case flow	6,975.00	12,625.00	12,630.66	5.66
C.R.P. reimbursement	201,000.00	187,400.00	228,435.23	41,035.23
Victims' rights	16,000.00	16,200.00	16,200.00	0.00
Cigarette tax	16,250.00	13,625.00	13,645.00	20.00
Convention facility tax	73,600.00	78,900.00	81,322.50	2,422.50
Township liquor license	11,200.00	11,900.00	11,915.20	15.20
State survey/remonumentation	61,350.00	55,225.00	61,346.00	6,121.00
Drug case information management	525.00	525.00	524.14	(0.86)
Safe Communities Grant	0.00	6,425.00	2,750.00	(3,675.00)
Deficit Reduction Act payment	0.00	0.00	5,180.50	5,180.50
Bulletproof Vest Grant	0.00	0.00	278.00	278.00
Investment income	150,000.00	201,900.00	269,362.23	67,462.23
Rents and leases	8,000.00	8,150.00	9,070.94	920.94
Reimbursements - refunds	195,300.00	220,525.00	233,238.82	12,713.82
Friend of the court - incentive programs	40,000.00	37,075.00	41,728.00	4,653.00
Other treasurer's fees	6,550.00	5,000.00	5,081.72	81.72
Sheriff's department	6,650.00	6,350.00	6,570.99	220.99
S.S.C.E.N.T. program	22,800.00	28,600.00	28,754.00	154.00
Drain commissioner	30,000.00	36,675.00	36,861.37	186.37
Animal control	67,850.00	80,650.00	81,104.35	454.35
Zoning department	27,700.00	31,100.00	31,447.00	347.00
<b>TOTAL REVENUES</b>	<b>\$ 9,332,500.00</b>	<b>\$ 9,468,525.00</b>	<b>\$ 9,626,235.02</b>	<b>\$ 157,710.02</b>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>EXPENDITURES</b>				
Animal control	\$ 118,200.00	\$ 118,250.00	\$ 114,010.13	\$ 4,239.87
Audit	14,100.00	14,150.00	14,102.74	47.26
Board of commissioners	156,500.00	152,850.00	147,228.22	5,621.78
Child and family services	2,000.00	0.00	0.00	0.00
Circuit court	292,300.00	284,800.00	276,619.02	8,180.98
Circuit court appointed attorney	103,000.00	101,100.00	97,412.29	3,687.71
Contingency	252,850.00	0.00	0.00	0.00
County administrator	172,000.00	164,900.00	159,757.84	5,142.16
County maintenance	126,600.00	87,725.00	84,244.07	3,480.93
Copy machine	25,000.00	24,550.00	22,003.56	2,546.44
County clerk's office	316,000.00	321,750.00	313,182.75	8,567.25
County Plat Board	300.00	0.00	0.00	0.00
Courthouse maintenance	129,000.00	129,825.00	126,794.64	3,030.36
Department of public works	24,150.00	25,450.00	24,863.74	586.26
District court	441,000.00	448,125.00	438,237.34	9,887.66
District court appointed attorney	43,500.00	44,625.00	42,750.50	1,874.50
District Health Dept. #10	167,400.00	167,400.00	167,391.00	9.00
Department of corrections	9,300.00	6,600.00	6,209.56	390.44
Drain commissioner	207,100.00	210,750.00	207,651.32	3,098.68
Drains at large	9,500.00	4,150.00	3,358.50	791.50
Emergency planning	53,200.00	41,000.00	39,922.11	1,077.89
Employee Benefits	5,000.00	25.00	0.05	24.95
Extension office	127,100.00	121,750.00	119,002.23	2,747.77
Election and board of canvassers	64,600.00	64,600.00	64,484.77	115.23
Equalization department	309,600.00	302,975.00	297,057.16	5,917.84
Family counseling service	4,000.00	4,000.00	4,000.00	0.00
Health department	70,450.00	55,000.00	53,237.00	1,763.00
Household Hazardous Waste Prog.	5,000.00	5,000.00	5,000.00	0.00
Insurance and surety	4,500.00	2,675.00	2,605.60	69.40
Jail Annex Maintenance	27,500.00	16,400.00	16,010.84	389.16
Jury commission	8,500.00	8,500.00	7,931.36	568.64
Juvenile Court	25,000.00	39,600.00	42,150.73	(2,550.73)
Mason County Growth Alliance	101,800.00	101,800.00	101,793.00	7.00
Mason - Lake soil conservation	11,000.00	11,000.00	11,000.00	0.00
Medical examiner	24,000.00	24,000.00	23,535.00	465.00
Mental health authority	139,750.00	139,750.00	139,750.00	0.00
Parks and recreation	500.00	10,400.00	9,881.22	518.78
Planning commission & Zoning	152,500.00	154,550.00	142,936.43	11,613.57
Probate Court	392,000.00	381,425.00	371,304.44	10,120.56
Prosecutor's office	402,300.00	415,175.00	408,012.35	7,162.65
Regional planning	7,650.00	7,650.00	7,633.98	16.02
Register of deeds	185,800.00	183,075.00	177,845.76	5,229.24
Remonumentation	61,350.00	61,350.00	61,346.00	4.00
Resource Conservation & Development	200.00	0.00	0.00	0.00

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>EXPENDITURES - Concluded</b>				
Revenue Sharing Fund interest	\$ 30,200.00	\$ 9,875.00	\$ 9,871.31	\$ 3.69
Scottville Office Maintenance	25,400.00	19,900.00	19,520.66	379.34
Service building	29,000.00	7,850.00	7,275.47	574.53
Sheriff emergency response team	10,000.00	8,100.00	7,879.74	220.26
Sheriff road patrol	1,257,700.00	1,339,900.00	1,328,531.68	11,368.32
Sheriff - marine safety	59,400.00	56,300.00	54,869.29	1,430.71
Sheriff - safe communities grant	0.00	6,425.00	4,439.56	1,985.44
Sheriff's secondary road patrol	109,000.00	116,625.00	115,942.32	682.68
Sheriff - S.S.C.E.N.T. program	76,800.00	79,000.00	78,587.06	412.94
Tax allocation boards	1,000.00	625.00	567.17	57.83
Treasurer's office	264,000.00	258,500.00	247,430.73	11,069.27
United Way 211 Service	0.00	2,500.00	2,500.00	0.00
Veterans' burial	19,100.00	17,200.00	13,275.00	3,925.00
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<b>TOTAL EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<b>\$ 6,674,700.00</b>	<b>\$ 6,381,500.00</b>	<b>\$ 6,242,947.24</b>	<b>\$ 138,552.76</b>
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## **SPECIAL REVENUE FUNDS**

**A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.**

**Special Revenue Funds in Mason County are the Senior Citizens, Ambulance, Friend of the Court, Landfill Perpetual Care, Junk Ordinance Administration, Solid Waste Management Plan, Vacation and Sick Pay Trust, Medical Care Facility Employee Benefits, Spay/Neuter Deposit Forfeiture, Economic Development, Building Department, Courthouse Preservation, Principal Residence Exemption, Register of Deeds Automation, Budget Stabilization, Community Corrections, DARE Program, Corrections Officers Training, Drug Law Enforcement, Jail Operations, County Law Library, District Library, Community Development Block Grant, Emergency Management Grant, Victims' Assistance, Revenue Sharing Reserve, Justice Training, Social Welfare, Medical Care Facility, Child Care, Soldiers' and Sailors' Relief, Veterans' Trust, and Building Authority Operations.**

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007**

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
<b>ASSETS</b>				
Cash and cash equivalents	\$ 56,560.57	\$ 136,001.32	\$ 35.71	\$ 16,921.77
Investments	0.00	0.00	21,981.95	0.00
Taxes receivable	306,953.48	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	203.78	0.00
Prepaid items	1,165.50	5,101.45	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	0.00	0.00	0.00	0.00
Due from federal	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>\$ 364,679.55</b>	<b>\$ 141,102.77</b>	<b>\$ 22,221.44</b>	<b>\$ 16,921.77</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 25,000.00	\$ 292.24	\$ 0.00	\$ 0.00
Discount on investment	0.00	0.00	0.00	0.00
Due to individuals	0.00	119.41	0.00	2,100.00
Accrued expenses	0.00	7,921.42	0.00	0.00
Deposits payable	0.00	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>25,000.00</b>	<b>8,333.07</b>	<b>0.00</b>	<b>2,100.00</b>
<b>DEFERRED REVENUE</b>	<b>306,953.48</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE</b>				
Reserved for prepaid items	1,165.50	5,101.45	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	31,560.57	127,668.25	22,221.44	14,821.77
<b>TOTAL FUND BALANCE</b>	<b>32,726.07</b>	<b>132,769.70</b>	<b>22,221.44</b>	<b>14,821.77</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 364,679.55</b>	<b>\$ 141,102.77</b>	<b>\$ 22,221.44</b>	<b>\$ 16,921.77</b>

<b>ECONOMIC DEVELOPMENT</b>	<b>BUILDING DEPARTMENT</b>	<b>COURTHOUSE PRESERVATION</b>	<b>REGISTER OF DEEDS AUTOMATION</b>	<b>BUDGET STABILIZATION</b>
\$ 165,636.62	\$ 328,343.55	\$ 6,691.60	\$ 6,014.95	\$ 1,349,914.07
6,244.86	0.00	125,255.21	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
2.21	0.00	1,339.29	34.40	0.00
0.00	1,091.29	0.00	8,910.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
2,358.40	0.00	0.00	0.00	0.00
<u>174,242.09</u>	<u>329,434.84</u>	<u>133,286.10</u>	<u>14,959.35</u>	<u>1,349,914.07</u>
\$ 2,358.40	\$ 91,504.23	\$ 0.00	\$ 1,000.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	1,944.15	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>2,358.40</u>	<u>93,448.38</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	1,091.29	0.00	8,910.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>171,883.69</u>	<u>234,895.17</u>	<u>133,286.10</u>	<u>5,049.35</u>	<u>1,349,914.07</u>
<u>171,883.69</u>	<u>235,986.46</u>	<u>133,286.10</u>	<u>13,959.35</u>	<u>1,349,914.07</u>
<u>\$ 174,242.09</u>	<u>\$ 329,434.84</u>	<u>\$ 133,286.10</u>	<u>\$ 14,959.35</u>	<u>\$ 1,349,914.07</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - Continued**  
**DECEMBER 31, 2007**

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,716.48	\$ 1,340.93	\$ 12,990.15	\$ 17,832.43
Investments	0.00	0.00	0.00	0.00
Taxes receivable	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	0.00	0.00
Prepaid items	285.50	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	5,052.81	0.00	0.00	0.00
Due from federal	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>\$ 18,054.79</b>	<b>\$ 1,340.93</b>	<b>\$ 12,990.15</b>	<b>\$ 17,832.43</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,398.21	\$ 0.00	\$ 315.00	\$ 0.00
Discount on investment	0.00	0.00	0.00	0.00
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	0.00	0.00	0.00	0.00
Deposits payable	1,709.64	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	50.00	0.00
<b>TOTAL LIABILITIES</b>	<b>3,107.85</b>	<b>0.00</b>	<b>365.00</b>	<b>0.00</b>
<b>DEFERRED REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE</b>				
Reserved for prepaid items	285.50	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	14,661.44	1,340.93	12,625.15	17,832.43
<b>TOTAL FUND BALANCE</b>	<b>14,946.94</b>	<b>1,340.93</b>	<b>12,625.15</b>	<b>17,832.43</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 18,054.79</b>	<b>\$ 1,340.93</b>	<b>\$ 12,990.15</b>	<b>\$ 17,832.43</b>

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 312,014.75	\$ 2,356.57	\$ 57,977.00	\$ 0.00
0.00	0.00	99,649.28	0.00
1,082,080.15	0.00	684,008.50	0.00
400.00	0.00	0.00	3,167.00
1,371.56	0.00	1,321.21	0.00
31,673.61	0.00	17,727.22	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
15,750.80	0.00	0.00	16,347.00
0.00	0.00	0.00	0.00
<u>\$ 1,443,290.87</u>	<u>\$ 2,356.57</u>	<u>\$ 860,683.21</u>	<u>\$ 19,514.00</u>
\$ 52,172.09	\$ 1,163.21	\$ 25,524.13	\$ 3,169.00
0.00	0.00	0.00	0.00
21,523.66	0.00	0.00	0.00
42,112.81	0.00	16,878.35	115.23
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	9,738.15
<u>115,808.56</u>	<u>1,163.21</u>	<u>42,402.48</u>	<u>13,022.38</u>
<u>1,082,080.15</u>	<u>0.00</u>	<u>684,008.50</u>	<u>0.00</u>
31,673.61	0.00	17,727.22	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
213,728.55	1,193.36	116,545.01	6,491.62
<u>245,402.16</u>	<u>1,193.36</u>	<u>134,272.23</u>	<u>6,491.62</u>
<u>\$ 1,443,290.87</u>	<u>\$ 2,356.57</u>	<u>\$ 860,683.21</u>	<u>\$ 19,514.00</u>

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS - Continued  
DECEMBER 31, 2007**

	<b>EMERGENCY MANAGEMENT GRANT</b>	<b>JUSTICE TRAINING</b>	<b>SOCIAL WELFARE</b>	<b>MEDICAL CARE FACILITY</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 41,176.06	\$ 820.88	\$ 22,109.10	\$ 223,935.42
Investments	0.00	0.00	0.00	444,701.54
Taxes receivable	0.00	0.00	0.00	1,333,726.70
Accounts receivable	1,240.37	0.00	0.00	648,246.38
Interest receivable	0.00	0.00	0.00	2,025.06
Prepaid items	0.00	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	0.00	0.00	0.00	256,460.00
Due from federal	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>\$ 42,416.43</b>	<b>\$ 820.88</b>	<b>\$ 22,109.10</b>	<b>\$ 2,909,095.10</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 915.79	\$	\$ 0.00	\$ 151,316.02
Discount on investment	0.00	0.00	0.00	0.00
Due to individuals	0.00	0.00	0.00	12,357.81
Accrued expenses	0.00	0.00	0.00	118,629.97
Deposits payable	0.00	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>915.79</b>	<b>0.00</b>	<b>0.00</b>	<b>282,303.80</b>
<b>DEFERRED REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,333,726.70</b>
<b>FUND BALANCE</b>				
Reserved for prepaid items	0.00	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	41,500.64	820.88	22,109.10	1,293,064.60
<b>TOTAL FUND BALANCE</b>	<b>41,500.64</b>	<b>820.88</b>	<b>22,109.10</b>	<b>1,293,064.60</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 42,416.43</b>	<b>\$ 820.88</b>	<b>\$ 22,109.10</b>	<b>\$ 2,909,095.10</b>

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	JUNK ORDINANCE
\$ 174,502.20	\$ 9,892.49	\$ 533.42	\$ 291,080.29	\$ 13,755.99
0.00	0.00	0.00	396,746.29	0.00
0.00	4,009.75	0.00	0.00	0.00
0.00	0.00	0.00	153.75	0.00
0.00	0.00	0.00	12,775.04	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
664.50	0.00	0.00	0.00	0.00
39,147.60	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>\$ 214,314.30</u>	<u>\$ 13,902.24</u>	<u>\$ 533.42</u>	<u>\$ 700,755.37</u>	<u>\$ 13,755.99</u>
\$ 23,501.85	\$ 0.00	\$ 0.00	\$ 2,360.27	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
3,883.83	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
7,313.46	0.00	0.00	10,454.14	0.00
0.00	0.00	0.00	0.00	0.00
<u>34,699.14</u>	<u>0.00</u>	<u>0.00</u>	<u>12,814.41</u>	<u>0.00</u>
<u>0.00</u>	<u>4,009.75</u>	<u>0.00</u>	<u>4,577.50</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>179,615.16</u>	<u>9,892.49</u>	<u>533.42</u>	<u>683,363.46</u>	<u>13,755.99</u>
<u>179,615.16</u>	<u>9,892.49</u>	<u>533.42</u>	<u>683,363.46</u>	<u>13,755.99</u>
<u>\$ 214,314.30</u>	<u>\$ 13,902.24</u>	<u>\$ 533.42</u>	<u>\$ 700,755.37</u>	<u>\$ 13,755.99</u>

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS - Concluded  
DECEMBER 31, 2007**

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION & SICK PAY TRUST
<b>ASSETS</b>			
Cash and cash equivalents	\$ 102,483.24	\$ 11,205.28	\$ 106,400.20
Investments	2,030,010.23	79,362.05	404,552.62
Taxes receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	30,311.48	1,663.43	6,508.25
Prepaid items	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
Due from federal	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>\$ 2,162,804.95</b>	<b>\$ 92,230.76</b>	<b>\$ 517,461.07</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 732.40	\$ 0.00	\$ 0.00
Discount on investment	16,113.76	0.00	1,670.00
Due to individuals	0.00	0.00	0.00
Accrued expenses	0.00	0.00	0.00
Deposits payable	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to state	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>16,846.16</b>	<b>0.00</b>	<b>1,670.00</b>
<b>DEFERRED REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE</b>			
Reserved for prepaid items	0.00	0.00	0.00
Reserved for perpetual care	2,145,958.79	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	92,230.76	515,791.07
Undesignated	0.00	0.00	0.00
<b>TOTAL FUND BALANCE</b>	<b>2,145,958.79</b>	<b>92,230.76</b>	<b>515,791.07</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,162,804.95</b>	<b>\$ 92,230.76</b>	<b>\$ 517,461.07</b>

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	AMBULANCE	TOTAL
\$ 31,449.25	\$ 2,801.49	\$ 1,299,930.15	\$ 1,501.86	\$ 4,816,925.79
0.00	0.00	3,377,445.83	201,000.87	7,186,950.73
23,551.24	0.00	0.00	0.00	3,434,329.82
0.00	0.00	0.00	0.00	653,207.50
0.00	0.00	33,118.55	1,342.63	92,016.89
0.00	0.00	0.00	0.00	65,954.57
20.69	0.00	0.00	0.00	20.69
0.00	0.00	0.00	0.00	664.50
0.00	3,254.77	0.00	0.00	336,012.98
0.00	0.00	0.00	0.00	2,358.40
<u>\$ 55,021.18</u>	<u>\$ 6,056.26</u>	<u>\$ 4,710,494.53</u>	<u>\$ 203,845.36</u>	<u>\$ 16,588,441.87</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 382,722.84
0.00	0.00	0.00	0.00	17,783.76
0.00	0.00	0.00	0.00	36,100.88
0.00	0.00	0.00	0.00	191,485.76
0.00	0.00	0.00	0.00	1,709.64
53,031.72	0.00	0.00	0.00	53,031.72
0.00	0.00	0.00	0.00	17,767.60
0.00	0.00	0.00	0.00	9,788.15
<u>53,031.72</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>710,390.35</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,415,356.08</u>
0.00	0.00	0.00	0.00	65,954.57
0.00	0.00	0.00	0.00	2,145,958.79
0.00	0.00	0.00	0.00	608,021.83
<u>1,989.46</u>	<u>6,056.26</u>	<u>4,710,494.53</u>	<u>203,845.36</u>	<u>9,642,760.25</u>
<u>1,989.46</u>	<u>6,056.26</u>	<u>4,710,494.53</u>	<u>203,845.36</u>	<u>12,462,695.44</u>
<u>\$ 55,021.18</u>	<u>\$ 6,056.26</u>	<u>\$ 4,710,494.53</u>	<u>\$ 203,845.36</u>	<u>\$ 16,588,441.87</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
<b>REVENUES</b>				
Taxes	\$ 293,093.78	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	0.00	0.00	0.00	0.00
Charges for services	0.00	8,600.00	0.00	0.00
Interest and rents	0.00	0.00	1,031.36	0.00
Fines and forfeits	0.00	0.00	0.00	6,125.00
Other	0.00	0.00	0.00	0.00
<b>TOTAL REVENUE</b>	<b>293,093.78</b>	<b>8,600.00</b>	<b>1,031.36</b>	<b>6,125.00</b>
<b>EXPENDITURES</b>				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	1,107.05	0.00
Health and welfare	289,786.38	0.00	0.00	1,450.00
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	290,056.33	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>289,786.38</b>	<b>290,056.33</b>	<b>1,107.05</b>	<b>1,450.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,307.40</b>	<b>(281,456.33)</b>	<b>(75.69)</b>	<b>4,675.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0.00	316,150.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>	<b>316,150.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,307.40</b>	<b>34,693.67</b>	<b>(75.69)</b>	<b>4,675.00</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>29,418.67</b>	<b>98,076.03</b>	<b>22,297.13</b>	<b>10,146.77</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 32,726.07</b>	<b>\$ 132,769.70</b>	<b>\$ 22,221.44</b>	<b>\$ 14,821.77</b>

ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 523,264.21	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
16,559.90	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	329,638.75	0.00	35,975.00	0.00
331.45	0.00	5,907.41	692.44	0.00
0.00	0.00	26,948.45	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>540,155.56</u>	<u>329,638.75</u>	<u>32,855.86</u>	<u>36,667.44</u>	<u>0.00</u>
430,284.48	292,893.55	0.00	10,720.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>430,284.48</u>	<u>292,893.55</u>	<u>0.00</u>	<u>10,720.00</u>	<u>0.00</u>
<u>109,871.08</u>	<u>36,745.20</u>	<u>32,855.86</u>	<u>25,947.44</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	55,000.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(40,675.82)</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(40,675.82)</u>	<u>55,000.00</u>
109,871.08	36,745.20	32,855.86	(14,728.38)	55,000.00
62,012.61	199,271.26	100,430.24	28,687.73	1,295,385.41
<u>0.00</u>	<u>(30.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(471.34)</u>
<u>\$ 171,883.69</u>	<u>\$ 235,986.46</u>	<u>\$ 133,286.10</u>	<u>\$ 13,959.35</u>	<u>\$ 1,349,914.07</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - Continued**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
<b>REVENUES</b>				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	86,636.54	0.00	0.00	0.00
Charges for services	5,810.75	0.00	0.00	0.00
Interest and rents	0.00	0.00	0.00	0.00
Fines and forfeits	0.00	0.00	0.00	0.00
Other	0.00	0.00	2,580.00	0.00
<b>TOTAL REVENUE</b>	<b>92,447.29</b>	<b>0.00</b>	<b>2,580.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	1,181.76	0.00
Health and welfare	0.00	0.00	0.00	0.00
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	88,389.30	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>88,389.30</b>	<b>0.00</b>	<b>1,181.76</b>	<b>0.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,057.99</b>	<b>0.00</b>	<b>1,398.24</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,057.99</b>	<b>0.00</b>	<b>1,398.24</b>	<b>0.00</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>10,888.95</b>	<b>1,340.93</b>	<b>11,226.91</b>	<b>17,832.43</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 14,946.94</b>	<b>\$ 1,340.93</b>	<b>\$ 12,625.15</b>	<b>\$ 17,832.43</b>

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 1,033,988.83	\$ 0.00	\$ 658,499.48	\$ 0.00
0.00	0.00	0.00	175,000.00
0.00	0.00	11,113.73	0.00
204,704.80	0.00	7,225.26	0.00
19,886.65	0.00	28,103.48	0.00
0.00	3,500.00	126,998.94	0.00
906.53	0.00	67,764.57	13,768.00
<u>1,259,486.81</u>	<u>3,500.00</u>	<u>899,705.46</u>	<u>188,768.00</u>
0.00	0.00	0.00	0.00
2,361,189.42	0.00	0.00	0.00
0.00	0.00	0.00	249,492.81
0.00	0.00	877,537.46	0.00
0.00	13,723.03	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>2,361,189.42</u>	<u>13,723.03</u>	<u>877,537.46</u>	<u>249,492.81</u>
<u>(1,101,702.61)</u>	<u>(10,223.03)</u>	<u>22,168.00</u>	<u>(60,724.81)</u>
1,183,475.00	9,800.00	0.00	0.00
<u>(102,265.60)</u>	<u>0.00</u>	<u>(3,958.85)</u>	<u>0.00</u>
<u>1,081,209.40</u>	<u>9,800.00</u>	<u>(3,958.85)</u>	<u>0.00</u>
(20,493.21)	(423.03)	18,209.15	(60,724.81)
265,895.37	1,616.39	116,063.08	67,216.43
0.00	0.00	0.00	0.00
<u>\$ 245,402.16</u>	<u>\$ 1,193.36</u>	<u>\$ 134,272.23</u>	<u>\$ 6,491.62</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - Continued**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
<b>REVENUES</b>				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,283,555.23
Federal grants	6,040.73	0.00	0.00	0.00
State grants	0.00	4,363.54	0.00	0.00
Charges for services	0.00	0.00	0.00	6,630,430.01
Interest and rents	0.00	0.00	0.00	64,037.32
Fines and forfeits	0.00	0.00	0.00	0.00
Other	2,703.86	0.00	6,368.38	0.00
<b>TOTAL REVENUE</b>	<b>8,744.59</b>	<b>4,363.54</b>	<b>6,368.38</b>	<b>7,978,022.56</b>
<b>EXPENDITURES</b>				
General government	0.00	0.00	0.00	0.00
Public safety	10,904.32	4,993.45	37,810.31	0.00
Health and welfare	0.00	0.00	0.00	7,921,395.58
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>10,904.32</b>	<b>4,993.45</b>	<b>37,810.31</b>	<b>7,921,395.58</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,159.73)</b>	<b>(629.91)</b>	<b>(31,441.93)</b>	<b>56,626.98</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	40,000.00	0.00	24,400.00	0.00
Transfers out	0.00	0.00	0.00	(150,000.00)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>40,000.00</b>	<b>0.00</b>	<b>24,400.00</b>	<b>(150,000.00)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>37,840.27</b>	<b>(629.91)</b>	<b>(7,041.93)</b>	<b>(93,373.02)</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>3,660.37</b>	<b>1,450.79</b>	<b>29,151.03</b>	<b>1,386,437.62</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 41,500.64</b>	<b>\$ 820.88</b>	<b>\$ 22,109.10</b>	<b>\$ 1,293,064.60</b>

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	JUNK ORDINANCE
\$ 0.00	\$ 3,846.80	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
227,707.81	0.00	3,116.00	0.00	0.00
35,741.83	0.00	0.00	0.00	5,741.44
0.00	0.00	0.00	295,813.69	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>263,449.64</u>	<u>3,846.80</u>	<u>3,116.00</u>	<u>295,813.69</u>	<u>5,741.44</u>
0.00	0.00	0.00	78,447.59	0.00
0.00	0.00	0.00	0.00	4,985.45
526,279.32	2,234.21	3,338.07	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>526,279.32</u>	<u>2,234.21</u>	<u>3,338.07</u>	<u>78,447.59</u>	<u>4,985.45</u>
<u>(262,829.68)</u>	<u>1,612.59</u>	<u>(222.07)</u>	<u>217,366.10</u>	<u>755.99</u>
243,000.00	0.00	0.00	0.00	13,000.00
0.00	0.00	0.00	0.00	0.00
<u>243,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,000.00</u>
(19,829.68)	1,612.59	(222.07)	217,366.10	13,755.99
199,444.84	8,279.90	755.49	465,997.36	0.00
0.00	0.00	0.00	0.00	0.00
<u>\$ 179,615.16</u>	<u>\$ 9,892.49</u>	<u>\$ 533.42</u>	<u>\$ 683,363.46</u>	<u>\$ 13,755.99</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - Concluded**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION AND SICK PAY
<b>REVENUES</b>			
Taxes	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00
Interest and rents	104,871.72	4,754.54	24,236.89
Fines and forfeits	20,360.91	0.00	0.00
Other	0.00	0.00	0.00
<b>TOTAL REVENUE</b>	<u>125,232.63</u>	<u>4,754.54</u>	<u>24,236.89</u>
<b>EXPENDITURES</b>			
General government	0.00	0.00	0.00
Public safety	0.00	0.00	0.00
Health and welfare	0.00	0.00	0.00
Cultural and recreational	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Employee Benefits	0.00	0.00	3,681.17
Landfill perpetual care	82,997.42	0.00	0.00
Trust paying agent fees	2,239.32	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<u>85,236.74</u>	<u>0.00</u>	<u>3,681.17</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>39,995.89</u>	<u>4,754.54</u>	<u>20,555.72</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	81,700.00	0.00	35,000.00
Transfers out	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>81,700.00</u>	<u>0.00</u>	<u>35,000.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	121,695.89	4,754.54	55,555.72
<b>FUND BALANCE, JANUARY 1</b>	2,025,629.05	87,476.22	460,235.35
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>(1,366.15)</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 2,145,958.79</u>	<u>\$ 92,230.76</u>	<u>\$ 515,791.07</u>

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	AMBULANCE	TOTAL
\$ 1,179.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,797,427.35
0.00	0.00	0.00	0.00	197,600.63
0.00	0.00	0.00	0.00	332,937.62
0.00	9,278.54	0.00	0.00	7,273,146.38
0.00	0.00	200,993.22	8,346.48	759,006.65
0.00	0.00	0.00	0.00	183,933.30
0.00	0.00	0.00	500.00	94,591.34
<u>1,179.02</u>	<u>9,278.54</u>	<u>200,993.22</u>	<u>8,846.48</u>	<u>12,638,643.27</u>
400.00	0.00	0.00	0.00	812,745.62
0.00	14,256.11	0.00	47,001.30	2,483,429.17
0.00	0.00	0.00	0.00	8,993,976.37
0.00	0.00	0.00	0.00	877,537.46
0.00	0.00	0.00	0.00	392,168.66
0.00	0.00	0.00	0.00	3,681.17
0.00	0.00	0.00	0.00	82,997.42
0.00	0.00	0.00	0.00	2,239.32
<u>400.00</u>	<u>14,256.11</u>	<u>0.00</u>	<u>47,001.30</u>	<u>13,648,775.19</u>
<u>779.02</u>	<u>(4,977.57)</u>	<u>200,993.22</u>	<u>(38,154.82)</u>	<u>(1,010,131.92)</u>
0.00	0.00	0.00	47,000.00	2,048,525.00
0.00	0.00	(534,569.00)	0.00	(831,469.27)
<u>0.00</u>	<u>0.00</u>	<u>(534,569.00)</u>	<u>47,000.00</u>	<u>1,217,055.73</u>
779.02	(4,977.57)	(333,575.78)	8,845.18	206,923.81
1,210.44	11,033.83	5,044,070.31	195,000.18	12,257,639.12
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,867.49)</u>
<u>\$ 1,989.46</u>	<u>\$ 6,056.26</u>	<u>\$ 4,710,494.53</u>	<u>\$ 203,845.36</u>	<u>\$ 12,462,695.44</u>

## **DEBT SERVICE FUNDS**

**Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than that payable exclusively from revenue bonds issued for and serviced by a governmental enterprise.**

**The County's Debt Service Funds are legal in nature. They are established in accordance with statutes and/or bond indentures. Their use enhances the attractiveness of bonds to prospective buyers resulting, possibly, in a lower rate of interest. Inclusion of a debt service fund provision in the indenture indicates to the buyer that the timing of the acquisition of assets with which to satisfy maturing debt has been formalized and that a sophisticated administrative approach to servicing the debt will be followed.**

**The County's Debt Service Funds include the 911 Center, District Library and Building Authority Funds.**

**MASON COUNTY, MICHIGAN  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 DECEMBER 31, 2007**

	<b>911 CENTER</b>	<b>BUILDING AUTHORITY JAIL</b>	<b>DISTRICT LIBRARY</b>	<b>TOTALS</b>
<b>ASSETS</b>				
Cash equivalents	\$ 39,404.00	\$ 123,327.22	\$ 0.00	\$ 162,731.22
Interest receivable	<u>115.75</u>	<u>360.69</u>	<u>0.00</u>	<u>476.44</u>
<b>TOTAL ASSETS</b>	<u>\$ 39,519.75</u>	<u>\$ 123,687.91</u>	<u>\$ 0.00</u>	<u>\$ 163,207.66</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>TOTAL LIABILITIES</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND BALANCE</b>				
Undesignated	<u>39,519.75</u>	<u>123,687.91</u>	<u>0.00</u>	<u>163,207.66</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 39,519.75</u>	<u>\$ 123,687.91</u>	<u>\$ 0.00</u>	<u>\$ 163,207.66</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	911 CENTER	BUILDING AUTHORITY JAIL	DISTRICT LIBRARY	TOTALS
<b>REVENUES</b>				
Interest	\$ 1,889.51	\$ 5,356.33	\$ 0.00	\$ 7,245.84
Rents and fees	<u>161,137.50</u>	<u>337,000.00</u>	<u>0.00</u>	<u>498,137.50</u>
<b>TOTAL REVENUES</b>	<u>163,027.01</u>	<u>342,356.33</u>	<u>0.00</u>	<u>505,383.34</u>
<b>EXPENDITURES</b>				
Principal	100,000.00	400,000.00	74,311.58	574,311.58
Interest	60,537.50	30,350.00	1,696.62	92,584.12
Paying agent fees	<u>1,300.00</u>	<u>350.00</u>	<u>0.00</u>	<u>1,650.00</u>
<b>TOTAL EXPENDITURES</b>	<u>161,837.50</u>	<u>430,700.00</u>	<u>76,008.20</u>	<u>668,545.70</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,189.51</u>	<u>(88,343.67)</u>	<u>(76,008.20)</u>	<u>(163,162.36)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>0.00</u>	<u>7,200.00</u>	<u>76,008.20</u>	<u>83,208.20</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	1,189.51	(81,143.67)	0.00	(79,954.16)
<b>FUND BALANCE, JANAUARY 1</b>	<u>38,330.24</u>	<u>204,831.58</u>	<u>0.00</u>	<u>243,161.82</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 39,519.75</u>	<u>\$ 123,687.91</u>	<u>\$ 0.00</u>	<u>\$ 163,207.66</u>

## **CAPITAL PROJECTS FUNDS**

**Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.**

**Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to certain purposes are used only for those purposes and further enables them to report to creditors, and other grantors of Capital Projects Fund revenue, that their requirements regarding the use of the revenue were fully satisfied.**

**In this category, Mason County administers the transactions of the Building Authority – Jail Construction Fund, Equipment Replacement Fund, Park Improvement Fund, Public Improvement Fund, District Library Improvement Fund, Medical Care Facility Improvement Fund and Oakview Addition.**

**MASON COUNTY, MICHIGAN  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2007**

	<b>EQUIPMENT REPLACEMENT</b>	<b>PARK IMPROVEMENT</b>	<b>JAIL CONSTRUCTION</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 474,141.69	\$ 613.95	\$ 1,553.67
Investments	1,289,701.64	0.00	140,000.00
Due from state	10,965.00	0.00	0.00
Accounts receivable	0.00	11,742.92	0.00
Interest receivable	9,776.93	3.51	4,548.72
<b>TOTAL ASSETS</b>	<b>\$ 1,784,585.26</b>	<b>\$ 12,360.38</b>	<b>\$ 146,102.39</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 0.00	\$ 0.00	\$ 0.00
Accrued expenses	6,630.25	0.00	0.00
Deposits payable	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>6,630.25</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCE</b>			
Undesignated	1,777,955.01	12,360.38	146,102.39
<b>TOTAL FUND BALANCE</b>	<b>1,777,955.01</b>	<b>12,360.38</b>	<b>146,102.39</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,784,585.26</b>	<b>\$ 12,360.38</b>	<b>\$ 146,102.39</b>

<b>PUBLIC IMPROVEMENT</b>	<b>DIST. LIBRARY IMPROVEMENT</b>	<b>M.C.F. IMPROVEMENT</b>	<b>OAKVIEW ADDITION</b>	<b>TOTAL</b>
\$ 722,986.07	\$ 15,403.89	\$ 203,690.06	\$ 117,106.03	\$ 1,535,495.36
1,019,946.79	166,560.59	185,534.13	852,812.02	3,654,555.17
0.00	0.00	0.00	0.00	10,965.00
0.00	0.00	0.00	0.00	11,742.92
<u>32,565.81</u>	<u>730.06</u>	<u>1,715.36</u>	<u>6,551.29</u>	<u>55,891.68</u>
<u>\$ 1,775,498.67</u>	<u>\$ 182,694.54</u>	<u>\$ 390,939.55</u>	<u>\$ 976,469.34</u>	<u>\$ 5,268,650.13</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 28,198.69	\$ 28,198.69
0.00	0.00	0.00	0.00	6,630.25
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>28,198.69</u>	<u>34,828.94</u>
<u>1,775,498.67</u>	<u>182,694.54</u>	<u>390,939.55</u>	<u>948,270.65</u>	<u>5,233,821.19</u>
<u>1,775,498.67</u>	<u>182,694.54</u>	<u>390,939.55</u>	<u>948,270.65</u>	<u>5,233,821.19</u>
<u>\$ 1,775,498.67</u>	<u>\$ 182,694.54</u>	<u>\$ 390,939.55</u>	<u>\$ 976,469.34</u>	<u>\$ 5,268,650.13</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	JAIL CONSTRUCTION
<b>REVENUES</b>			
Federal and state grants	\$ 10,965.00	\$ 0.00	\$ 0.00
Interest	81,456.47	287.20	7,223.71
Rent	0.00	0.00	0.00
Sale of fixed assets	0.00	0.00	0.00
Other	250.00	11,742.92	0.00
<b>TOTAL REVENUES</b>	<u>92,671.47</u>	<u>12,030.12</u>	<u>7,223.71</u>
<b>EXPENDITURES</b>			
Capital outlay	188,690.58	9,713.64	0.00
<b>TOTAL EXPENDITURES</b>	<u>188,690.58</u>	<u>9,713.64</u>	<u>0.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(96,019.11)</u>	<u>2,316.48</u>	<u>7,223.71</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	315,525.82	0.00	59,125.00
Transfers out	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>315,525.82</u>	<u>0.00</u>	<u>59,125.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	219,506.71	2,316.48	66,348.71
<b>FUND BALANCE, JANUARY 1</b>	<u>1,558,448.30</u>	<u>10,043.90</u>	<u>79,753.68</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 1,777,955.01</u>	<u>\$ 12,360.38</u>	<u>\$ 146,102.39</u>

<b>PUBLIC IMPROVEMENT</b>	<b>DIST. LIBRARY IMPROVEMENT</b>	<b>M.C.F. IMPROVEMENT</b>	<b>OAKVIEW ADDITION</b>	<b>TOTAL</b>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,965.00
67,364.55	8,510.33	51,421.77	10,071.56	226,335.59
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	37,549.45	0.00	0.00	49,542.37
<u>67,364.55</u>	<u>46,059.78</u>	<u>51,421.77</u>	<u>10,071.56</u>	<u>286,842.96</u>
<u>0.80</u>	<u>3,150.00</u>	<u>7,483.00</u>	<u>61,800.91</u>	<u>270,838.93</u>
<u>0.80</u>	<u>3,150.00</u>	<u>7,483.00</u>	<u>61,800.91</u>	<u>270,838.93</u>
<u>67,363.75</u>	<u>42,909.78</u>	<u>43,938.77</u>	<u>(51,729.35)</u>	<u>16,004.03</u>
508,000.00	0.00	150,000.00	1,000,000.00	2,032,650.82
0.00	(72,049.35)	(1,000,000.00)	0.00	(1,072,049.35)
<u>508,000.00</u>	<u>(72,049.35)</u>	<u>(850,000.00)</u>	<u>1,000,000.00</u>	<u>960,601.47</u>
575,363.75	(29,139.57)	(806,061.23)	948,270.65	976,605.50
<u>1,200,134.92</u>	<u>211,834.11</u>	<u>1,197,000.78</u>	<u>0.00</u>	<u>4,257,215.69</u>
<u>\$ 1,775,498.67</u>	<u>\$ 182,694.54</u>	<u>\$ 390,939.55</u>	<u>\$ 948,270.65</u>	<u>\$ 5,233,821.19</u>

## **INTERNAL SERVICE FUNDS**

**Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the County. Since the services and commodities are supplied exclusively to programs under the County's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue and enterprise funds.**

**The County's Workers' Compensation Insurance, Self-Insurance Health Fund, Self-Insurance Liability Fund, Medical Care Facility Insurance Fund, Medical Care Facility Disability Insurance Fund, Computer Network Fund and the DPW Revolving Equipment Fund are operated as Internal Service Funds.**

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2007**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
<b>ASSETS</b>			
Cash	\$ 63,092.79	\$ 25,444.51	\$ 84,170.33
Investments	0.00	111,617.85	326,837.70
Prepaid items	0.00	0.00	3,848.48
Deposits	0.00	0.00	0.00
Vehicles - net	0.00	43,436.66	0.00
Interest receivable	360.77	547.29	1,939.23
<b>TOTAL ASSETS</b>	<b>\$ 63,453.56</b>	<b>\$ 181,046.31</b>	<b>\$ 416,795.74</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 196.05	\$ 22.36	\$ 473.79
Accrued expenses	477.03	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>673.08</b>	<b>22.36</b>	<b>473.79</b>
<b>FUND EQUITY</b>			
Reserved for employee benefits	0.00	0.00	416,321.95
Retained earnings	62,780.48	181,023.95	0.00
<b>TOTAL FUND EQUITY</b>	<b>62,780.48</b>	<b>181,023.95</b>	<b>416,321.95</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 63,453.56</b>	<b>\$ 181,046.31</b>	<b>\$ 416,795.74</b>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 195,899.47	\$ 65,595.69	\$ 592,930.91	\$ 13,407.41	\$ 1,040,541.11
333,076.19	1,020,276.72	532,495.77	67,723.86	2,392,028.09
46,829.00	1,881.52	2,623.69	0.00	55,182.69
251,222.93	0.00	0.00	0.00	251,222.93
0.00	0.00	0.00	0.00	43,436.66
2,783.81	11,586.33	9,984.41	100.60	27,302.44
<u>\$ 829,811.40</u>	<u>\$ 1,099,340.26</u>	<u>\$ 1,138,034.78</u>	<u>\$ 81,231.87</u>	<u>\$ 3,809,713.92</u>
\$ 5,243.78	\$ 72.29	\$ 291,729.00	\$ 0.00	\$ 297,737.27
210,589.98	6,219.00	0.00	0.00	217,286.01
<u>215,833.76</u>	<u>6,291.29</u>	<u>291,729.00</u>	<u>0.00</u>	<u>515,023.28</u>
613,977.64	1,093,048.97	846,305.78	81,231.87	3,050,886.21
0.00	0.00	0.00	0.00	243,804.43
<u>613,977.64</u>	<u>1,093,048.97</u>	<u>846,305.78</u>	<u>81,231.87</u>	<u>3,294,690.64</u>
<u>\$ 829,811.40</u>	<u>\$ 1,099,340.26</u>	<u>\$ 1,138,034.78</u>	<u>\$ 81,231.87</u>	<u>\$ 3,809,713.92</u>

**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
<b>OPERATING REVENUES</b>			
Interest and fees	\$ 3,240.87	\$ 5,989.51	\$ 19,117.89
Reimbursements	59,455.10	0.00	0.00
Equipment rental	0.00	17,256.86	0.00
<b>TOTAL OPERATING REVENUES</b>	<u>62,695.97</u>	<u>23,246.37</u>	<u>19,117.89</u>
<b>EXPENSES</b>			
Claims and benefits	0.00	0.00	16,528.59
Repairs and maintenance	48,442.52	13,920.39	0.00
<b>TOTAL OPERATING EXPENSES</b>	<u>48,442.52</u>	<u>13,920.39</u>	<u>16,528.59</u>
<b>OPERATING INCOME (LOSS)</b>	<u>14,253.45</u>	<u>9,325.98</u>	<u>2,589.30</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>NET INCOME (LOSS)</b>	14,253.45	9,325.98	2,589.30
<b>RETAINED EARNINGS, JANUARY 1</b>	<u>48,527.03</u>	<u>171,697.97</u>	<u>413,732.65</u>
<b>RETAINED EARNINGS, DECEMBER 31</b>	<u>\$ 62,780.48</u>	<u>\$ 181,023.95</u>	<u>\$ 416,321.95</u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 26,863.47	\$ 52,087.79	\$ 52,265.15	\$ 4,418.16	\$ 163,982.84
33,442.39	69.93	44,606.21	0.00	137,573.63
0.00	0.00	0.00	0.00	17,256.86
<u>60,305.86</u>	<u>52,157.72</u>	<u>96,871.36</u>	<u>4,418.16</u>	<u>318,813.33</u>
209,904.51	4,904.02	253,727.01	22,349.06	507,413.19
0.00	0.00	0.00	0.00	62,362.91
<u>209,904.51</u>	<u>4,904.02</u>	<u>253,727.01</u>	<u>22,349.06</u>	<u>569,776.10</u>
<u>(149,598.65)</u>	<u>47,253.70</u>	<u>(156,855.65)</u>	<u>(17,930.90)</u>	<u>(250,962.77)</u>
<u>180,000.00</u>	<u>30,140.60</u>	<u>272,175.00</u>	<u>0.00</u>	<u>482,315.60</u>
<u>180,000.00</u>	<u>30,140.60</u>	<u>272,175.00</u>	<u>0.00</u>	<u>482,315.60</u>
30,401.35	77,394.30	115,319.35	(17,930.90)	231,352.83
<u>583,576.29</u>	<u>1,015,654.67</u>	<u>730,986.43</u>	<u>99,162.77</u>	<u>3,063,337.81</u>
<u>\$ 613,977.64</u>	<u>\$ 1,093,048.97</u>	<u>\$ 846,305.78</u>	<u>\$ 81,231.87</u>	<u>\$ 3,294,690.64</u>

**MASON COUNTY, MICHIGAN  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>COMPUTER NETWORK</b>	<b>DPW REVOLVING EQUIPMENT</b>	<b>MEDICAL CARE FACILITY INSURANCE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 14,253.45	\$ 9,325.98	\$ 2,589.30
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	0.00	5,027.68	0.00
(Increase) decrease in current assets			
Accounts receivable/Due from state	0.00	0.00	0.00
Interest receivable	(161.17)	(51.78)	(911.58)
Prepaid items	25.00	0.00	(1,177.64)
Deposits	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Accounts payable	(302.28)	(163.74)	198.07
Accrued expenses	53.96	0.00	0.00
Deferred revenue	(800.00)	0.00	0.00
	13,068.96	14,138.14	698.15
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>13,068.96</b>	<b>14,138.14</b>	<b>698.15</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in investments	0.00	(11,082.66)	(34,932.90)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,068.96</b>	<b>3,055.48</b>	<b>(34,234.75)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>50,023.83</b>	<b>22,389.03</b>	<b>118,405.08</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 63,092.79</b>	<b>\$ 25,444.51</b>	<b>\$ 84,170.33</b>

<b>SELF INSURANCE LIABILITY</b>	<b>SELF INSURANCE WORKERS COMP</b>	<b>SELF INSURANCE HEALTH</b>	<b>MEDICAL CARE FACILITY DISABILITY INSURANCE</b>	<b>TOTAL</b>
\$ (149,598.65) \$	47,253.70	\$ (156,855.65) \$	(17,930.90) \$	(250,962.77)
0.00	0.00	0.00	0.00	5,027.68
2,000.00	0.00	0.00	0.00	2,000.00
(1,589.29)	(4,909.54)	(4,465.17)	56.80	(12,031.73)
(46,829.00)	(277.36)	425.52	0.00	(47,833.48)
(9,529.61)	0.00	0.00	0.00	(9,529.61)
3,033.78	(1,594.66)	40,795.77	0.00	41,966.94
23,308.61	(11,444.00)	0.00	0.00	11,918.57
0.00	0.00	0.00	0.00	(800.00)
<u>(179,204.16)</u>	<u>29,028.14</u>	<u>(120,099.53)</u>	<u>(17,874.10)</u>	<u>(260,244.40)</u>
<u>180,000.00</u>	<u>30,140.60</u>	<u>272,175.00</u>	<u>0.00</u>	<u>482,315.60</u>
<u>10,591.79</u>	<u>(50,918.77)</u>	<u>68,475.84</u>	<u>(3,220.91)</u>	<u>(21,087.61)</u>
11,387.63	8,249.97	220,551.31	(21,095.01)	200,983.59
<u>184,511.84</u>	<u>57,345.72</u>	<u>372,379.60</u>	<u>34,502.42</u>	<u>839,557.52</u>
\$ <u><u>195,899.47</u></u> \$	\$ <u><u>65,595.69</u></u>	\$ <u><u>592,930.91</u></u> \$	\$ <u><u>13,407.41</u></u> \$	\$ <u><u>1,040,541.11</u></u>

**MASON COUNTY, MICHIGAN**  
**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER**  
**STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 839,557.52	\$ 2,370,940.48	\$ 3,210,498.00
NET INCREASE	<u>200,983.59</u>	<u>21,087.61</u>	<u>222,071.20</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,040,541.11</u></u>	<u><u>\$ 2,392,028.09</u></u>	<u><u>\$ 3,432,569.20</u></u>

## **ENTERPRISE FUNDS**

**Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the financial statements of Enterprise Funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.**

**The County's Delinquent Tax Revolving Fund, Park Operation Fund, Airport Fund, the Public Works Operations and Maintenance Fund, and Delinquent Tax Foreclosure Fund are operated as Enterprise Funds.**

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
DECEMBER 31, 2007**

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
<b>ASSETS</b>				
Cash	\$ 42,212.07	\$ 323,968.79	\$ 34,421.98	\$ 462,312.53
Investments	0.00	1,338,448.16	112,879.40	0.00
Interest receivable	207.96	14,644.01	3,545.21	2,354.16
Accounts receivable	0.00	26,540.72	2,170.04	0.00
Deliquent taxes receivable	0.00	0.00	0.00	882,027.23
Fixed Assets - net	69,917.91	748,630.69	2,348,232.33	0.00
Leases receivable	0.00	3,356,098.10	0.00	0.00
Due from other units and individuals	0.00	0.00	0.00	16,367.66
Due from state	0.00	0.00	10,748.13	0.00
Special Assessment Rec.	0.00	36,111.12	0.00	0.00
Prepaid items	775.25	0.00	5,224.66	2,391.67
<b>TOTAL ASSETS</b>	<b>\$ 113,113.19</b>	<b>\$ 5,844,441.59</b>	<b>\$ 2,517,221.75</b>	<b>\$ 1,365,453.25</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 779.16	\$ 18,429.78	\$ 13,392.71	\$ 0.00
Due to individuals/agencies	0.00	0.00	0.00	4,436.21
Due to employees	150.00	0.00	0.00	0.00
Accrued payroll	0.00	0.00	1,420.93	0.00
Accrued interest payable	0.00	42,671.70	6,795.83	0.00
Deferred revenue	0.00	36,111.12	0.00	0.00
Bonds payable	0.00	3,599,002.46	800,000.00	0.00
<b>TOTAL LIABILITIES</b>	<b>929.16</b>	<b>3,696,215.06</b>	<b>821,609.47</b>	<b>4,436.21</b>
<b>RETAINED EARNINGS</b>				
Unreserved	112,184.03	2,148,226.53	1,695,612.28	1,361,017.04
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 113,113.19</b>	<b>\$ 5,844,441.59</b>	<b>\$ 2,517,221.75</b>	<b>\$ 1,365,453.25</b>

**DELINQUENT  
TAX  
FORECLOSURE**

**TOTAL**

<p>\$ 112,613.97</p> <p>106,800.00</p> <p>1,448.07</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p style="border-top: 1px solid black;">0.00</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 220,862.04</p>	<p>\$ 975,529.34</p> <p>1,558,127.56</p> <p>22,199.41</p> <p>28,710.76</p> <p>882,027.23</p> <p>3,166,780.93</p> <p>3,356,098.10</p> <p>16,367.66</p> <p>10,748.13</p> <p>36,111.12</p> <p>8,391.58</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 10,061,091.82</p>
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<p>\$ 5,079.70</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p>0.00</p> <p style="border-top: 1px solid black;">0.00</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">5,079.70</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">215,782.34</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 220,862.04</p>	<p>\$ 37,681.35</p> <p>4,436.21</p> <p>150.00</p> <p>1,420.93</p> <p>49,467.53</p> <p>36,111.12</p> <p>4,399,002.46</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">4,528,269.60</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">5,532,822.22</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 10,061,091.82</p>
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**MASON COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
<b>REVENUES</b>				
Charges for services	\$ 53,076.97	\$ 160,526.53	\$ 23,129.41	\$ 0.00
Rentals	0.00	28,875.00	71,744.93	0.00
Reimbursements	0.00	286,555.56	15,943.33	0.00
Gain on sale	0.00	0.00	3,156.50	0.00
State grants	0.00	0.00	10,748.13	0.00
Interest and other	25,486.53	76,124.75	7,388.52	362,907.62
<b>TOTAL REVENUES</b>	<b>78,563.50</b>	<b>552,081.84</b>	<b>132,110.82</b>	<b>362,907.62</b>
<b>EXPENSES</b>				
Salary and benefits	23,677.25	0.00	60,930.06	0.00
Interest and fees	0.00	0.00	0.00	15,696.42
Contracted services	0.00	47,276.01	41,601.22	9,370.00
Repairs and maintenance	635.00	1,377.50	26,777.55	0.00
Utilities and telephone	6,164.00	11,858.68	28,219.88	0.00
Other operating expenses	15,232.88	313,831.78	199,668.77	10,616.16
<b>TOTAL EXPENSES</b>	<b>45,709.13</b>	<b>374,343.97</b>	<b>357,197.48</b>	<b>35,682.58</b>
<b>OPERATING INCOME (LOSS)</b>	<b>32,854.37</b>	<b>177,737.87</b>	<b>(225,086.66)</b>	<b>327,225.04</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0.00	18,000.00	142,950.00	0.00
Transfers out	0.00	0.00	0.00	0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>	<b>18,000.00</b>	<b>142,950.00</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>32,854.37</b>	<b>195,737.87</b>	<b>(82,136.66)</b>	<b>327,225.04</b>
<b>RETAINED EARNINGS, JANUARY 1</b>	<b>79,279.66</b>	<b>1,952,488.66</b>	<b>1,777,748.94</b>	<b>1,033,783.01</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>50.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.99</b>
<b>RETAINED EARNINGS, DECEMBER 31</b>	<b>\$ 112,184.03</b>	<b>\$ 2,148,226.53</b>	<b>\$ 1,695,612.28</b>	<b>\$ 1,361,017.04</b>

<b>DELINQUENT TAX FORECLOSURE</b>	<b>TOTAL</b>
\$ 135,205.79	\$ 371,938.70
0.00	100,619.93
0.00	302,498.89
0.00	3,156.50
0.00	10,748.13
<u>3,517.28</u>	<u>475,424.70</u>
<u>138,723.07</u>	<u>1,264,386.85</u>
0.00	84,607.31
0.00	15,696.42
18,788.81	117,036.04
0.00	28,790.05
0.00	46,242.56
<u>26,388.60</u>	<u>565,738.19</u>
<u>45,177.41</u>	<u>858,110.57</u>
<u>93,545.66</u>	<u>406,276.28</u>
0.00	160,950.00
<u>0.00</u>	<u>0.00</u>
0.00	160,950.00
93,545.66	567,226.28
122,236.68	4,965,536.95
<u>0.00</u>	<u>58.99</u>
<u><u>\$ 215,782.34</u></u>	<u><u>\$ 5,532,822.22</u></u>

**MASON COUNTY, MICHIGAN  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 32,854.37	\$ 177,737.87	\$ (225,086.66)	\$ 327,225.04
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Prior period adjustment	50.00	0.00	0.00	8.99
Depreciation	1,816.06	23,545.04	145,764.51	0.00
(Increase) decrease in current assets				
Accounts receivable	0.00	(25,822.13)	(1,133.30)	0.00
Delinquent taxes receivable	0.00	0.00	0.00	(144,261.52)
Interest receivable	(118.09)	(1,982.44)	(3,025.82)	(1,324.49)
Prepaid items	(487.75)	0.00	41.65	(2,391.67)
Premium on investments	0.00	440.00	0.00	0.00
Due from other units	0.00	135,625.24	0.00	946.37
Due from federal/state government	0.00	0.00	(10,748.13)	0.00
Special Assessment Receivable	0.00	(36,111.12)	0.00	0.00
Increase (decrease) in current liabilities				
Accrued payable interest	0.00	(652.88)	(375.00)	0.00
Due to other funds	0.00	(10,184.36)	0.00	0.00
Due to other units and individuals	(378.00)	0.00	0.00	(11,527.97)
Accrued payroll	0.00	0.00	158.34	0.00
Accounts payable	61.86	(23,191.77)	7,454.95	0.00
Deferred Revenue	0.00	36,111.12	0.00	0.00
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>33,798.45</u>	<u>275,514.57</u>	<u>(86,949.46)</u>	<u>168,674.75</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Lease receivable	0.00	45,984.99	0.00	0.00
Bond payment	0.00	(54,997.54)	(50,000.00)	0.00
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>0.00</u>	<u>(9,012.55)</u>	<u>(50,000.00)</u>	<u>0.00</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	0.00	18,000.00	142,950.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) decrease in investments	0.00	(164,134.89)	(112,879.40)	0.00
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	33,798.45	120,367.13	(106,878.86)	168,674.75
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>8,413.62</u>	<u>203,601.66</u>	<u>141,300.84</u>	<u>293,637.78</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 42,212.07</u>	<u>\$ 323,968.79</u>	<u>\$ 34,421.98</u>	<u>\$ 462,312.53</u>

**DELINQUENT  
TAX  
FORECLOSURE**

**TOTAL**

	\$ 93,545.66		\$ 406,276.28
	0.00		58.99
	0.00		171,125.61
	0.00		(26,955.43)
	0.00		(144,261.52)
	(1,207.81)		(7,658.65)
	0.00		(2,837.77)
	0.00		440.00
	0.00		136,571.61
	0.00		(10,748.13)
	0.00		(36,111.12)
	0.00		(1,027.88)
	0.00		(10,184.36)
	0.00		(11,905.97)
	0.00		158.34
	967.50		(14,707.46)
	<u>0.00</u>		<u>36,111.12</u>
	<u>93,305.35</u>		<u>484,343.66</u>
	0.00		45,984.99
	<u>0.00</u>		<u>(104,997.54)</u>
	<u>0.00</u>		<u>(59,012.55)</u>
	<u>0.00</u>		<u>160,950.00</u>
	<u>(106,800.00)</u>		<u>(383,814.29)</u>
	(13,494.65)		202,466.82
	<u>126,108.62</u>		<u>773,062.52</u>
	<u>\$ 112,613.97</u>		<u>\$ 975,529.34</u>

**MASON COUNTY, MICHIGAN**  
**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER**  
**STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 773,062.52	\$ 1,174,313.27	\$ 1,947,375.79
NET INCREASE (DECREASE)	<u>202,466.82</u>	<u>383,814.29</u>	<u>586,281.11</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 975,529.34</u></u>	<u><u>\$ 1,558,127.56</u></u>	<u><u>\$ 2,533,656.90</u></u>

## **FIDUCIARY FUNDS**

**Fiduciary Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.**

**In this category, Mason County administers the transactions of the Trust and Agency Fund, Tax Collection Fund, Probate Court Trust, and Library Penal Fund.**

**MASON COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
FIDUCIARY FUNDS  
DECEMBER 31, 2007**

	GENERAL AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	PROBATE COURT TRUST	TOTAL
<b>ASSETS</b>					
Cash	\$ 382,950.48	\$ 3,531.53	\$ 47.39	\$ 3,512.86	\$ 390,042.26
Due from other units	50.00	0.00	0.00	0.00	50.00
Interest receivable	0.00	0.00	0.00	14.31	14.31
<b>TOTAL ASSETS</b>	<b>\$ 383,000.48</b>	<b>\$ 3,531.53</b>	<b>\$ 47.39</b>	<b>\$ 3,527.17</b>	<b>\$ 390,106.57</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Due to State of Michigan	\$ 128,228.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 128,228.02
Bonds payable	14,800.00	0.00	0.00	0.00	14,800.00
Restitution payable	9,506.80	0.00	0.00	0.00	9,506.80
Undistributed taxes	194,176.24	0.00	0.00	0.00	194,176.24
Due to other funds	0.00	0.00	0.00	0.00	0.00
Due to other units	2,219.99	3,531.53	47.39	0.00	5,798.91
Other current liabilities	34,069.43	0.00	0.00	3,527.17	37,596.60
<b>TOTAL LIABILITIES</b>	<b>383,000.48</b>	<b>3,531.53</b>	<b>47.39</b>	<b>3,527.17</b>	<b>390,106.57</b>
<b>FUND BALANCE</b>					
Unreserved	0.00	0.00	0.00	0.00	0.00
<b>TOTAL FUND EQUITY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 383,000.48</b>	<b>\$ 3,531.53</b>	<b>\$ 47.39</b>	<b>\$ 3,527.17</b>	<b>\$ 390,106.57</b>

### **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

**General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled “General Long-Term Debt Account Group.”**

**MASON COUNTY, MICHIGAN  
STATEMENT OF GENERAL LONG-TERM DEBT  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
DECEMBER 31, 2007**

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR  
PAYMENT OF GENERAL LONG-TERM DEBT**

Amount available for payment of general long-term debt	\$2,824,957.52
Amount to be provided by County and other units of government	<u>1,937,869.43</u>
<b>TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED</b>	<b><u>\$4,762,826.95</u></b>

**GENERAL LONG-TERM DEBT PAYABLE**

Accumulated compensated absences payable	\$ 702,948.95
1998 Building Authority Bonds – Jail	450,000.00
2003 911 Center Building	1,525,000.00
Post Closure Care - Pere Marquette Landfill Site	702,100.00
Post Closure Care - Scottville Landfill Site	<u>1,382,778.00</u>
<b>TOTAL GENERAL LONG-TERM DEBT PAYABLE</b>	<b><u>\$4,762,826.95</u></b>



# Layton & Richardson, P.C.

Certified Public Accountants

## 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 Commissioners  
County of Mason  
Ludington, Michigan

We have audited the financial statements of the County of Mason as of and for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Mason's internal control over financial reporting as a basis for designing our auditing procedures 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 of Mason's over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Mason's financial statements are free of 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 did not disclose any instances of noncompliance.

We noted certain matters that we reported to management of the County of Mason in a separate letter dated June 27, 2008.

This report is intended solely for the information and use of management, the Board of Commissioners, Michigan Department of Treasury, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Layton & Richardson, P.C.*  
Certified Public Accountants

East Lansing, Michigan  
June 27, 2008



# Layton & Richardson, P.C.

Certified Public Accountants

## AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners  
County of Mason  
Ludington, Michigan

We have audited the basic financial statements of Mason County, except for the County Road Commission, for the year ended December 31, 2007, and have issued our reports on those financial statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of Mason County. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

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The management of Mason County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

### AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS

- 97-1 Previous audits have noted inadequate separation of duties in various County offices. This situation is common in organizations which have a limited number of employees and may be considered a material internal control weakness without significant additional or alternative procedures in place to offset the existing weaknesses. This condition has not improved from previous years.
- 98-1 Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the general, special revenue and debt service funds, as well as budget amendments as needed to prevent actual expenditures from exceeding appropriated budgets. For the year ended December 31, 2007, actual expenditures exceeded budgeted amounts in the Register of Deeds Automation, Community Development Block Grant and Emergency Management Grant funds.
- 00-1 The Sheriff's Department is currently writing checks to departing inmates for as little as \$.01. The department should have a petty cash fund to handle such small transactions. This has not been implemented.
- 05-7 We noted that bank statements are reconciled by an individual in the Sheriff's Department who is also an authorized signer on the account, and that the bank statements and reconciliations are not being reviewed by another individual. This provides opportunity for errors to occur and not be detected. We recommend the bank statement be received directly by an individual who does not issue or sign checks for independent review of the statement and returned checks. This individual should indicate the review has been done by initialing and dating the statement. We also recommend the bank statement be reconciled by an individual not involved in the check writing process. These steps will strengthen controls over cash disbursements and decrease the opportunity for errors to occur and not be detected. This has not been implemented.

## AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Continued

### CASH RECEIPTS

#### All Departments

- 06-1 We noted several instances of voided cash receipt forms. When it is necessary to void a cash receipt, strong internal controls call for approval of the voided receipt. The approval should be done by someone who is independent of the individual preparing cash receipts. This independent approval of voided receipts strengthens controls and helps assure that all monies received by the County are properly recorded and deposited into the County's bank accounts. This has been implemented.
- 06-2 We noted instances of receipt books not having complete number sequences. It would appear that the receipt books, when received from the vendor, either had gaps in the numeric sequence where the first number of one book was not equal to the last number of the preceding book plus one, or an entire book of receipts was missing. Strong internal controls require accounting for the complete numeric sequence of supporting documents such as cash receipts. If receipt books do not have complete numeric sequences when received from the vendor, the vendor should be contacted to correct the error. If the error is not resolved, the County Administrator should be notified so that he is aware, in advance, of the missing cash receipt numbers. This will strengthen controls over cash receipts and help assure that all monies received by the County are properly recorded and deposited into the County's bank accounts. This has been implemented.

#### Building Department

- 06-3 We noted during our testing a receipt that was voided, but was not marked as being void by writing "VOID" on it. We recommend writing "VOID" on all voided receipts to improve controls over cash receipts. This has been implemented.
- 06-4 We noted an instance of a Building Department transmittal that was not signed. We recommend requiring all transmittals be signed to improve controls over cash receipts. This has been implemented.

#### Drain and Department of Public Works

- 06-5 We noted Drain and Public Works transmittals were generally done on a monthly basis and some of these were for rather large amounts. We recommend transmittals be made at least weekly to assure timely deposit of cash receipts and to strengthen controls over cash receipts. This has not been implemented.

#### Clerk

- 06-6 We noted in the Clerk's Office that the same individual prepares transmittals, delivers them to the Treasurer's Office, compares the Treasurer's receipt to the transmittal and files the Treasurer's receipt with the transmittal copy. With the same individual performing all these steps, there is inadequate segregation of duties. We recommend having different individuals prepare the transmittal, deliver to the Treasurer's Office and compare and file the Treasurer's receipt and the transmittal copy to strengthen internal controls over cash receipts. This has been implemented.

### DISBURSEMENTS

#### Sheriff's Department

- 06-7 We noted the new "Cobra" software does not include the payee name on the check listings. We recommend the software vendor be contacted and the system be revised to print the payee name on check listings to allow verification that checks were made payable to the proper payee and improve controls over cash disbursements. This has not been implemented. We noted the release receipt names agreed to the names on the check copies.

BANK ACCOUNT RESPONSIBILITY AND OVERSIGHT

- 06-8 According to the Uniform Accounting Procedures Manual of the State of Michigan, all bank accounts must include the name of the County, the name of the account and the name of the Treasurer. It continues that all "other local unit officials receiving local unit money must deposit their collections with the local unit treasurer in the manner set forth under receipting procedures." "Such officials do not make deposits to the local unit bank accounts." Accordingly, we recommend that the District Court Bond deposits be transmitted to the Treasurer. Additionally, bonds and fees collected by the Sheriff's Department should be transmitted to the Treasurer. We also recommend that the Treasurer receive copies of the bank statement and reconciliation of the Inmate and Commissary accounts and the Medical Care Facility accounts. These changes will strengthen controls and improve compliance with the State Uniform Accounting Procedures Manual. This was not implemented during 2007, however, it is our understanding the Treasurer intends to implement effective January 1, 2008.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

Department of Public Works

- 07-1 We noted instances of cash receipts that were not signed. Strong internal controls require individuals performing transactions be identified to provide accountability. We recommend requiring all receipts be signed by the individual receiving the monies.

Treasurer's Department – Dog Licenses

- 07-2 We noted instances of dog license tags being issued out of numeric sequence. The cash receipt is numbered the same as the dog license and thus the related cash receipts were not issued in numeric order. Strong internal controls call for sequential numbering of documents to provide verification that all documents are accounted for. We recommend that dog license tags be issued in numeric order.

Medical Care Facility

- 07-3 We noted an instance of a cash receipt that was signed by the same individual from whom cash was received. Cash received from employees should always be receipted by someone other than the employee. We recommend that employees not be allowed to issue themselves a cash receipt.
- 07-4 The accounts receivable detail report as of December 31, 2007 was not complete. It is our understanding that this report cannot be recreated at a later time after other activity has been posted. We recommend that when the month end accounts receivable detail report is printed, that it be verified that the report is complete and accurate and reconciles to the general ledger.

Building Inspector

- 07-5 In testing the detail of amounts payable to contractors, we noted instances of payable items dating from as far back as 1999 and one item from 1993. We recommend that this detail be reviewed and old payable items be adjusted or otherwise resolved to assure the total of contractor payable is accurately reported.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS - Continued

Animal Control

- 07-6 Dog license receipts are not initialed by the dog tax collector. We recommend all dog license receipts be initialed to provide accountability and improve controls over cash receipts.
- 07-7 We noted a voided receipt for which the original receipt was not attached with "void" written on it. We understand that if an animal is brought back and the adoption fee has not been transmitted to the Treasurer, the practice has been to return the money and "void" the receipt. We recommend that departments do not refund monies in this manner as this is inconsistent with strong internal controls. A payment request should be initiated by the Animal Control department for a check to be drawn to return the fees. This process will strengthen internal controls and provide an adequate accounting trail of the transaction.
- 07-8 We noted a receipt that was not issued for which the original receipt was not present. It is our understanding that if an original receipt is torn or damaged it is simply thrown away. Strong internal controls require accounting for the numeric sequence of source documents. Accordingly, we recommend the torn or damaged receipt be attached to the receipt book with "void" noted on it so that the numeric sequence is accounted for.
- 07-9 We noted the numeric sequence of dog licenses included tag numbers that were missing. Maintaining the numeric sequence of dog licenses provides an important control over cash receipts. We recommend that the numeric sequence of dog license tags be verified before a new box is used and that all dog license tags be issued in numeric order.
- 07-10 In testing cash receipts for the Animal Control department we compared the cash receipts to the amount of fees to be collected based on the number of adoptions according to the monthly reports prepared by Animal Control, based on the adoption papers. These amounts did not agree. Additionally, we noted that the monthly reports did not consistently classify adoptions and foster care placements properly. We recommend that the number of adoptions according to the adoption papers be compared to the cash receipts on a test basis to assure accurate reporting and deposit amounts. Any discrepancies should be explained in detail. Additionally, we recommend care be taken in preparing the monthly reports to properly classify adoptions and foster care placements.
- 07-11 Animal Control does not consistently obtain a written affidavit from dog owners stating the dog has been owned for 30 days or less as required by the County. This affidavit is to support the owner paying the regular fee and not the late fee. We recommend the Animal Control department require written affidavits and retain them as required by the County.
- 07-12 Animal Control does not have an inspection form for new kennel inspections. To assure consistency and compliance with laws and regulations, we recommend an inspection form be created, completed and retained to document all new kennel inspections.

These audit findings and recommendations are intended to assist Mason County in improving the accuracy and reliability of the financial accounting and reporting systems, to ensure compliance with laws and regulations affecting County government and to safeguard the financial resources of the County.

We appreciate the assistance and cooperation extended to us by the County's officials and employees during the audit and we thank them.



*Certified Public Accountants*

East Lansing, Michigan  
June 27, 2008