

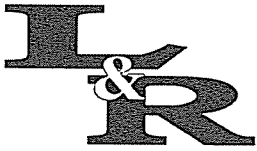
MASON COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2010

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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, 2010, 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 opinions 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 97% 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 opinions.

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, 2010, 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 May 26, 2011, 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 70 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 inquiries 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 opinions 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 combining and individual nonmajor fund financial statements 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 it.

Hayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
May 26, 2011

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, 2010. 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 \$42,366,084.62 (*net assets*). Of this amount \$25,554,653.11 (*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 \$3,065,623.63 compared to 2009.
- * 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 \$22,964,051.13 an increase of \$1,404,354.64 in comparison with the prior year. Of the fund balance amount, \$19,725,851.96 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 \$255,416.62 for 2010. At the end of the year, unreserved fund balance for the general fund was \$3,215,961.34 or approximately 31% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$3,311,069.25.
- * The County's total bonded debt decreased by \$435,000.00 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, *increases or decreases* in the County's net assets are an indicator of whether its *financial health* is improving or deteriorating. During 2010, the net assets of the County increased by \$3,065,623.63.

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 42 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, district library, state revenue sharing reserve, the medical care facility and public improvement, each of which are considered to be major funds. Data for the other 36 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. 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
	2009	2010	2009	2010	2009	2010
Revenues						
Program revenues:						
Charges for services	\$ 9,544,006.31	\$10 ,628,997.15	\$ 664,607.19	\$ 769,452.91	\$10,208,613.50	\$ 11,398,450.06
Operating grants and contributions	1,626,028.71	1,620,795.75	25,886.25	26,194.33	1,651,914.96	1,646,990.08
Capital grants and contributions	0.00	0.00	0.00	0.00	0.00	0.00
General revenues:						
Property taxes and special assessments	11,871,141.60	11,798,360.00	0.00	0.00	11,871,141.60	11,798,360.00
State shared revenue	0.00	0.00	0.00	0.00	0.00	0.00
Investment earnings	1,331,101.16	1,111,880.54	65,838.16	58,147.89	1,396,939.32	1,170,028.43
Gain (Loss) on sale of fixed assets	(7,542.00)	17,127.75	0.00	0.00	(7,542.00)	17,127.75
Other revenues	(551,001.14)	418,558.20	483,129.12	501,744.27	(67,872.02)	920,302.47
Transfers	(1,522,343.75)	(683,593.75)	1,522,343.75	683,593.75	0.00	0.00
Total revenues	22,291,390.89	24,912,125.64	2,761,804.47	2,039,133.15	25,053,195.36	26,951,258.79
Expenses						
Legislative	337,842.72	374,978.87	0.00	0.00	337,842.72	374,978.87
Judicial	1,787,921.18	1,858,770.33	0.00	0.00	1,787,921.18	1,858,770.33
General government administration	3,122,897.76	2,929,952.60	0.00	0.00	3,122,897.76	2,929,952.60
Public safety	4,435,644.97	4,730,546.50	0.00	0.00	4,435,644.97	4,730,546.50
Public works	38,784.76	37,007.36	0.00	0.00	38,784.76	37,007.36
Health and welfare	10,583,543.09	11,707,473.65	0.00	0.00	10,583,543.09	11,707,473.65
Parks, recreation, and cultural	1,016,693.21	1,003,682.66	0.00	0.00	1,016,693.21	1,003,682.66
Miscellaneous	622,638.90	215,502.96	0.00	0.00	622,638.90	215,502.96
Interest on long-term debt	139,102.08	127,314.59	0.00	0.00	139,102.08	127,314.59
Delinquent tax collections and other Business-type activities	0.00	0.00	800,739.07	848,208.29	800,739.07	848,208.29
Total Expenses	22,085,068.67	22,985,229.52	800,739.07	848,208.29	22,885,807.74	23,833,437.81
Increase in net assets	206,322.22	1,926,896.12	1,961,065.40	1,190,924.86	2,167,387.62	3,117,820.98
Net assets, beginning of year	31,003,813.35	31,212,443.87	6,135,391.51	8,088,017.12	37,139,204.86	39,300,460.99
Prior Period adjustment	2,308.30	(51,966.63)	(8,439.79)	(230.72)	(6,131.49)	(52,197.35)
Total Net Assets, end of year	\$31,212,443.87	\$33,087,373.36	\$8,088,017.12	\$9,278,711.26	\$39,300,460.99	\$42,366,084.62

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>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$30,301,974.64	\$31,380,708.18	\$9,280,395.54	\$10,528,911.58	\$39,582,370.18	\$41,909,619.76
Capital assets	<u>18,308,299.47</u>	<u>17,684,793.43</u>	<u>2,839,781.49</u>	<u>2,668,441.47</u>	<u>21,148,080.96</u>	<u>20,353,234.90</u>
Total Assets	<u>48,610,274.11</u>	<u>49,065,501.61</u>	<u>12,120,177.03</u>	<u>13,197,353.05</u>	<u>60,730,451.14</u>	<u>62,262,854.66</u>
General obligation						
bonds and notes	3,375,000.00	3,050,000.00	3,940,414.97	3,830,414.97	7,315,414.97	6,880,414.97
Other liabilities	<u>14,022,830.24</u>	<u>12,928,128.25</u>	<u>91,744.94</u>	<u>88,226.82</u>	<u>14,114,575.18</u>	<u>13,016,355.07</u>
Total liabilities	<u>17,397,830.24</u>	<u>15,978,128.25</u>	<u>4,032,159.91</u>	<u>3,918,641.79</u>	<u>21,429,990.15</u>	<u>19,896,770.04</u>
Net Assets:						
Invested in capital assets, net of related debt	14,905,214.06	14,609,305.93	2,139,781.49	2,012,812.30	17,044,995.55	16,622,118.23
Restricted	247,247.32	189,313.28	0.00	0.00	247,247.32	189,313.28
Unrestricted	<u>\$16,059,982.49</u>	<u>\$18,288,754.15</u>	<u>\$5,948,235.63</u>	<u>\$7,265,898.96</u>	<u>\$22,008,218.12</u>	<u>\$25,554,653.11</u>
Total Net Assets	<u>\$31,212,443.87</u>	<u>\$33,087,373.36</u>	<u>\$8,088,017.12</u>	<u>\$9,278,711.26</u>	<u>\$39,300,460.99</u>	<u>\$42,366,084.62</u>

A portion of the County's net assets, \$16,622,118.23 (39 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, \$189,313.28 (1 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$25,554,653.11 (60 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

The County's net assets increased by \$3,065,623.63 during the current fiscal year - \$1,874,929.49 increase for governmental activities and a \$1,190,694.14 increase for business-type activities.

Governmental activities. Governmental activities increased the County's net assets by \$1,874,929.49. 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.

Business-type activities. Net assets of the County's business-type activities increased \$1,190,694.14. This increase in net assets reflects good operating results in the Park Operations and Public Works Operation and Maintenance Funds, operating income of over \$585,000.00 in the Delinquent Tax Revolving and Delinquent Tax Foreclosure Funds and operating transfers in of \$515,343.75 to the Delinquent Tax Revolving Fund.

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, 2010, the County's governmental funds reported combined ending fund balances of \$22,964,051.13; an increase of \$1,404,354.64 in comparison with the prior year. Of the fund balance amount, \$19,725,851.96 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 \$3,215,961.34, while total fund balance was \$3,311,069.25.

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 31 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$226,513.48 during the current fiscal year. This is primarily attributable to departments keeping their expenditures under budgeted amounts.

The fund balance of the Building Authority Operations Fund decreased by \$102,306.79 due to an operating transfer to the Delinquent Tax Revolving Fund.

The continuing of the phase out of the Revenue Sharing Reserve Fund decreased the fund balance by \$517,274.31.

The fund balance of the Medical Care Facility Fund increased by \$989,722.83 due to the additional income from the Alzheimer wing.

The Public Improvement Fund added \$482,639.98, as the County earmarked funds for future construction projects.

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 \$517,624.97, \$4,544,459.41, \$1,495,303.31, \$2,529,200.99, and \$192,122.58, 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 \$122,600.00 from the original to the final budget. This increase is primarily the result of property tax collections.

The revised budget was supported by net expenditure (including transfers out) savings of \$145,922.85 as a result of expenditure savings in several departments and offices including contingency.

Capital Asset and Debt Administration

Capital Assets. As of December 31, 2010, the County's investment in capital assets for its governmental activities amounted to \$17,684,793.43 (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 3 percent. The County's business-type activities' net capital assets decreased by \$171,340.02.

Mason County's Capital Assets

		<u>Governmental</u>	<u>Activities</u>
		<u>2009</u>	<u>2010</u>
Land and Improvements		\$ 1,221,884.13	\$ 1,221,884.13
Buildings and Improvements		24,088,700.86	24,088,700.86
Equipment and Vehicles		2,945,674.07	3,053,944.66
Subtotal		28,256,259.06	28,364,529.65
Less: Accumulated Depreciation		(9,947,959.59)	(10,679,736.22)
Total		<u>\$18,308,299.47</u>	<u>\$17,684,793.43</u>

Long-term debt. At December 31, 2010, the County had total bonded debt outstanding of \$6,880,414.97. Governmental fund debt accounts for \$3,050,000.00 and business-type debt accounts for \$3,830,414.97 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>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
General Obligation Bonds	\$3,375,000.00	\$3,050,000.00	\$	\$	\$3,375,000.00	\$3,050,000.00
Enterprise Funds Bonds			3,940,414.97	3,830,414.97	3,940,414.97	3,830,414.97
Total	<u>\$3,375,000.00</u>	<u>\$3,050,000.00</u>	<u>\$3,940,414.97</u>	<u>\$3,830,414.97</u>	<u>\$7,315,414.97</u>	<u>\$6,880,414.97</u>

The County's total debt decreased by \$435,000.00 (6 percent) during the year ended December 31, 2010. The County retired \$325,000.00 of general obligation bonds and \$110,000.00 of business-type bonds during 2010.

Debt requirements for general obligation bonds of \$375,000.00 and interest of \$116,825.00 are payable during 2011. Debt requirements for business-type bonds of \$111,000.00 and interest of \$176,031.17 are payable during 2011.

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 \$196,427,599 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 2011:

- * The uncertainty over the State's economy will likely result in additional cuts in state funding.
- * Slow growth in new construction and decreasing property values will result in property tax revenue showing flat growth.
- * Weak investment earnings will have a negative impact on revenue.
- * The use of the assets of the Revenue Sharing Reserve Fund will have a negative impact on net assets.
- * Rising employee benefits costs will put pressure on expenditures.

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.

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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, 2010

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,008,573.04	\$ 3,100,371.58	\$ 12,108,944.62	\$ 1,881,951.38
Investments	16,600,224.31	1,935,069.27	18,535,293.58	0.00
Receivables				
Property taxes	3,524,216.53	2,190,105.71	5,714,322.24	0.00
Accounts (net of allowance for doubtful accounts)	197,292.70	21,095.09	218,387.79	14,205.00
Special assessments	0.00	35,838.43	35,838.43	180,603.64
Other	45,172.38	7,477.08	52,649.46	145.05
Due from other governmental units				
Federal/State	1,216,280.62	0.00	1,216,280.62	946,266.00
Local	26,548.67	43,716.17	70,264.84	24,213.00
Due from other funds	13,194.81	0.00	13,194.81	29,366.38
Inventories	0.00	0.00	0.00	374,934.00
Deposits	559,891.84	0.00	559,891.84	0.00
Prepayments	189,313.28	7,875.35	197,188.63	43,835.00
TOTAL CURRENT ASSETS	31,380,708.18	7,341,548.68	38,722,256.86	3,495,519.45
Noncurrent assets				
Lease receivable	0.00	3,187,362.90	3,187,362.90	0.00
Fixed assets (net of accumulated depreciation)	17,684,793.43	2,668,441.47	20,353,234.90	31,188,905.26
TOTAL NONCURRENT ASSETS	17,684,793.43	5,855,804.37	23,540,597.80	31,188,905.26
TOTAL ASSETS	\$ 49,065,501.61	\$ 13,197,353.05	\$ 62,262,854.66	\$ 34,684,424.71

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET ASSETS - Concluded
DECEMBER 31, 2010

	PRIMARY GOVERNMENT			
	GOVERNMENTAL BUSINESS-TYPE			COMPONENT
	ACTIVITIES	ACTIVITIES	TOTALS	UNITS
LIABILITIES				
Current liabilities				
Accounts payable	\$ 436,386.06	\$ 4,621.59	\$ 441,007.65	\$ 129,417.00
Accrued liabilities	448,302.79	709.61	449,012.40	162,024.00
Accrued interest	25,487.50	43,469.26	68,956.76	0.00
Due to individuals/agencies	49,245.83	0.00	49,245.83	0.00
Due to other governmental units				
Federal/State	0.00	0.00	0.00	0.00
Local	83,629.78	206.29	83,836.07	204,195.00
Due to other funds	10,441.17	2,753.64	13,194.81	29,366.38
Other current liabilities	0.00	250.00	250.00	0.00
Deferred revenue	3,461,789.74	36,216.43	3,498,006.17	180,603.64
Bonds and notes payable	375,000.00	111,000.00	486,000.00	537,750.00
TOTAL CURRENT LIABILITIES	4,890,282.87	199,226.82	5,089,509.69	1,243,356.02
Noncurrent liabilities				
General obligation bonds and notes payable	2,675,000.00	3,719,414.97	6,394,414.97	213,343.00
Accrued post closure	1,746,906.00	0.00	1,746,906.00	0.00
Unfunded Retiree Health Insurance	5,824,272.10	0.00	5,824,272.10	0.00
Compensated absences	841,667.28	0.00	841,667.28	219,640.00
TOTAL NONCURRENT LIABILITIES	11,087,845.38	3,719,414.97	14,807,260.35	432,983.00
	15,978,128.25	3,918,641.79	19,896,770.04	1,676,339.02
NET ASSETS				
Investment in capital assets, net of related debt	14,609,305.93	2,012,812.30	16,622,118.23	30,644,182.26
Unrestricted				
Reserved	189,313.28	0.00	189,313.28	1,975,105.00
Unreserved	18,288,754.15	7,265,898.96	25,554,653.11	388,798.43
TOTAL NET ASSETS	33,087,373.36	9,278,711.26	42,366,084.62	33,008,085.69
TOTAL LIABILITIES AND NET ASSETS	\$ 49,065,501.61	\$ 13,197,353.05	\$ 62,262,854.66	\$ 34,684,424.71

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, 2010

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT			
Governmental activities:			
Legislative	\$ 374,978.87	\$ 0.00	\$ 0.00
Judicial	1,858,770.33	430,072.95	809,911.20
General government administration	2,929,952.60	557,469.83	30,483.00
Public safety	4,730,546.50	212,947.22	203,632.95
Public works	37,007.36	0.00	0.00
Health and social services	11,707,473.65	9,308,095.84	576,768.60
Parks, recreation, and cultural	1,003,682.66	120,411.31	0.00
Miscellaneous	215,502.96	0.00	0.00
Debt Service			
Interest and fiscal charges	127,314.59	0.00	0.00
TOTAL GOVERNMENTAL ACTIVITIES	\$ 22,985,229.52	\$ 10,628,997.15	\$ 1,620,795.75
Business-type activities			
Parks Operations	\$ 66,753.19	\$ 66,254.75	\$ 26,194.33
Public Works Operations & Maintenance	314,881.76	149,590.44	0.00
Airport Operations	350,178.69	16,419.64	0.00
Delinquent tax Foreclosure	91,009.93	185,979.21	0.00
Delinquent tax collections	25,384.72	351,208.87	0.00
TOTAL BUSINESS-TYPE ACTIVITIES	848,208.29	769,452.91	26,194.33
TOTAL PRIMARY GOVERNMENT	\$ 23,833,437.81	\$ 11,398,450.06	\$ 1,646,990.08
COMPONENT UNITS			
Drainage districts	\$ 91,520.62	\$ 1,011.91	\$ 0.00
Lake Improvement district	154,169.77	0.00	0.00
Road commission	5,787,189.00	649,402.00	5,062,961.00
TOTAL COMPONENT UNITS	\$ 6,032,879.39	\$ 650,413.91	\$ 5,062,961.00

General Revenues:

Taxes:

Property tax and special assessments

Internal service fund activity

State shared revenue

Unrestricted investment earnings

Gain (Loss) on sale of capital assets

Other revenues

Transfers:

Retiree Health Insurance - net

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			
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
\$ 0.00	\$ (374,978.87)	\$ 0.00	\$ (374,978.87)	\$ 0.00
0.00	(618,786.18)	0.00	(618,786.18)	0.00
0.00	(2,341,999.77)	0.00	(2,341,999.77)	0.00
0.00	(4,313,966.33)	0.00	(4,313,966.33)	0.00
0.00	(37,007.36)	0.00	(37,007.36)	0.00
0.00	(1,822,609.21)	0.00	(1,822,609.21)	0.00
0.00	(883,271.35)	0.00	(883,271.35)	0.00
0.00	(215,502.96)	0.00	(215,502.96)	0.00
<u>0.00</u>	<u>(127,314.59)</u>	<u>0.00</u>	<u>(127,314.59)</u>	<u>0.00</u>
\$ <u>0.00</u>	\$ <u>(10,735,436.62)</u>	\$ <u>0.00</u>	\$ <u>(10,735,436.62)</u>	\$ <u>0.00</u>
\$ 0.00	\$ 0.00	\$ 25,695.89	\$ 25,695.89	\$ 0.00
0.00	0.00	(165,291.32)	(165,291.32)	0.00
0.00	0.00	(333,759.05)	(333,759.05)	0.00
0.00	0.00	94,969.28	94,969.28	0.00
<u>0.00</u>	<u>0.00</u>	<u>325,824.15</u>	<u>325,824.15</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>(52,561.05)</u>	<u>(52,561.05)</u>	<u>0.00</u>
\$ <u>0.00</u>	\$ <u>(10,735,436.62)</u>	\$ <u>(52,561.05)</u>	\$ <u>(10,787,997.67)</u>	\$ <u>0.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (90,508.71)
0.00	0.00	0.00	0.00	(154,169.77)
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(74,826.00)</u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>(319,504.48)</u>
	\$ 11,798,360.00	\$ 0.00	\$ 11,798,360.00	\$ 182,139.87
	(429,127.97)	0.00	(429,127.97)	0.00
	0.00	0.00	0.00	0.00
	1,111,880.54	58,147.89	1,170,028.43	16,138.82
	17,127.75	0.00	17,127.75	66,866.00
	403,898.94	501,744.27	905,643.21	2,929.00
	443,787.23	0.00	443,787.23	0.00
	(1,277,943.75)	683,593.75	(594,350.00)	0.00
	<u>594,350.00</u>	<u>0.00</u>	<u>594,350.00</u>	<u>0.00</u>
	<u>12,662,332.74</u>	<u>1,243,485.91</u>	<u>13,905,818.65</u>	<u>268,073.69</u>
	1,926,896.12	1,190,924.86	3,117,820.98	(51,430.79)
	31,212,443.87	8,088,017.12	39,300,460.99	33,059,974.07
	<u>(51,966.63)</u>	<u>(230.72)</u>	<u>(52,197.35)</u>	<u>(457.59)</u>
	\$ <u>33,087,373.36</u>	\$ <u>9,278,711.26</u>	\$ <u>42,366,084.62</u>	\$ <u>33,008,085.69</u>

MASON COUNTY, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	GENERAL	MEDICAL CARE FACILITY	JAIL OPERATIONS	REVENUE SHARING RESERVE
ASSETS				
Cash and cash equivalents	\$ 114,294.80	\$ 2,079,112.84	\$ 296,065.86	\$ 1,417,127.07
Investments (Net of premiums/discounts)	2,988,478.16	433,079.18	761.64	1,892,049.33
Receivables				
Property taxes	0.00	1,474,734.97	886,736.76	0.00
Accounts (net of allowance for doubtful accounts)	1,893.11	133,201.14	1,200.00	0.00
Other	7,937.91	1,726.14	72.95	2,332.73
Due from state and federal government	256,874.56	836,295.06	2,020.50	0.00
Due from other units	22,135.81	1,064.46	640.04	0.00
Due from other funds	13,194.81	0.00	0.00	0.00
Prepaid expenditures	95,107.91	0.00	39,624.40	0.00
TOTAL ASSETS	\$ 3,499,917.07	\$ 4,959,213.79	\$ 1,227,122.15	\$ 3,311,509.13
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable	\$ 109,806.88	\$ 211,810.85	\$ 12,511.88	\$ 0.00
Accrued liabilities	56,836.03	232,766.46	20,595.92	0.00
Due to other governmental units	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
Due to individuals	22,204.91	14,596.03	10,025.48	0.00
Deferred revenue	0.00	1,474,734.97	886,736.76	0.00
TOTAL LIABILITIES	188,847.82	1,933,908.31	929,870.04	0.00
Equity				
Fund balances				
Reserved for post closure	0.00	0.00	0.00	0.00
Reserved for pre-paid items	95,107.91	0.00	39,624.40	0.00
Reserved for employee benefits	0.00	0.00	0.00	0.00
Unreserved	3,215,961.34	3,025,305.48	257,627.71	3,311,509.13
TOTAL EQUITY	3,311,069.25	3,025,305.48	297,252.11	3,311,509.13
TOTAL LIABILITIES AND EQUITY	\$ 3,499,917.07	\$ 4,959,213.79	\$ 1,227,122.15	\$ 3,311,509.13

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

DISTRICT LIBRARY	PUBLIC IMPROVEMENT	GOVERN- MENTAL OTHER	TOTAL GOVERN- MENTAL FUNDS
\$ 119,290.63 0.00	\$ 524,323.21 268,315.73	\$ 3,796,872.57 8,247,921.26	\$ 8,347,086.98 13,830,605.30
756,325.30	0.00	406,419.50	3,524,216.53
0.00	0.00	25,102.55	161,396.80
9.39	6,171.78	19,548.64	37,799.54
0.00	0.00	121,090.50	1,216,280.62
545.92	0.00	2,162.44	26,548.67
0.00	0.00	0.00	13,194.81
19,455.67	0.00	18,670.30	172,858.28
<u>\$ 895,626.91</u>	<u>\$ 798,810.72</u>	<u>\$ 12,637,787.76</u>	<u>\$ 27,329,987.53</u>
\$ 14,881.29 7,237.62 0.00 0.00 0.00 756,325.30	\$ 0.00 0.00 0.00 0.00 0.00 0.00	\$ 87,375.16 7,007.79 83,629.78 10,441.17 2,419.41 343,992.71	\$ 436,386.06 324,443.82 83,629.78 10,441.17 49,245.83 3,461,789.74
<u>778,444.21</u>	<u>0.00</u>	<u>534,866.02</u>	<u>4,365,936.40</u>
0.00 19,455.67 0.00 97,727.03	0.00 0.00 0.00 3,213,810.72	2,368,290.39 18,670.30 697,050.50 6,603,910.55	2,368,290.39 172,858.28 697,050.50 19,725,851.96
<u>117,182.70</u>	<u>3,213,810.72</u>	<u>9,687,921.74</u>	<u>22,964,051.13</u>
<u>\$ 895,626.91</u>	<u>\$ 3,213,810.72</u>	<u>\$ 10,222,787.76</u>	<u>\$ 27,329,987.53</u>

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MASON COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total fund balances for governmental funds \$ 22,964,051.13

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	\$	1,221,884.13	
Buildings and improvements		24,088,700.86	
Vehicles and equipment		3,053,944.66	
Accumulated Depreciation		<u>(10,679,736.22)</u>	17,684,793.43

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.

	\$	3,956,722.95	
Less: net capital assets included above		<u>(29,861.27)</u>	3,926,861.68

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.

(841,667.28)

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.

(5,824,272.10)

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.

(1,746,906.00)

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	\$	(3,050,000.00)	
Accrued interest payable		<u>(25,487.50)</u>	<u>(3,075,487.50)</u>

Net assets of governmental activities \$ 33,087,373.36

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, 2010

	GENERAL	MEDICAL CARE FACILITY	JAIL OPERATIONS
REVENUES			
General property taxes	\$ 7,851,697.37	\$ 1,465,566.82	\$ 881,439.91
Permits and regulatory licenses	104,221.50	0.00	0.00
Intergovernmental			
Federal/State	1,142,187.58	0.00	16,160.00
Charges for services	704,050.00	9,257,714.93	103,583.97
Fines and forfeitures	262.00	0.00	0.00
Interest and rents	109,236.91	19,371.20	2,407.90
Miscellaneous	211,625.41	0.00	30,894.32
TOTAL REVENUES	<u>10,123,280.77</u>	<u>10,742,652.95</u>	<u>1,034,486.10</u>
EXPENDITURES			
Current			
Legislative	371,975.81	0.00	0.00
Judicial	1,400,426.69	0.00	0.00
General government administration	2,291,644.66	0.00	0.00
Public safety	2,095,620.45	0.00	2,238,228.98
Public works	28,692.16	0.00	0.00
Health and social services	496,946.96	9,752,930.12	0.00
Parks, recreation, and cultural	21,119.04	0.00	0.00
Miscellaneous	122,058.38	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
TOTAL EXPENDITURES	<u>6,828,484.15</u>	<u>9,752,930.12</u>	<u>2,238,228.98</u>
Excess (deficiency) of revenues over expenditures	<u>3,294,796.62</u>	<u>989,722.83</u>	<u>(1,203,742.88)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	569,213.00	0.00	1,274,000.00
Transfers out	(3,608,593.00)	0.00	(66,975.00)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,039,380.00)</u>	<u>0.00</u>	<u>1,207,025.00</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	255,416.62	989,722.83	3,282.12
FUND BALANCE, JANUARY 1	3,084,555.77	2,040,504.32	297,188.35
PRIOR PERIOD ADJUSTMENT	<u>(28,903.14)</u>	<u>(4,921.67)</u>	<u>(3,218.36)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,311,069.25</u>	<u>\$ 3,025,305.48</u>	<u>\$ 297,252.11</u>

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

REVENUE SHARING RESERVE	DISTRICT LIBRARY	PUBLIC IMPROVEMENT	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
\$ 0.00	\$ 751,578.09	\$ 0.00	\$ 848,077.81	\$ 11,798,360.00
0.00	0.00	0.00	0.00	104,221.50
0.00	0.00	0.00	462,448.17	1,620,795.75
0.00	6,193.36	0.00	330,965.44	10,402,507.70
0.00	114,217.95	0.00	12,492.29	126,972.24
51,938.69	1,673.65	90,621.98	836,630.21	1,111,880.54
0.00	50,468.01	0.00	132,626.91	425,614.65
<u>51,938.69</u>	<u>924,131.06</u>	<u>90,621.98</u>	<u>2,623,240.83</u>	<u>25,590,352.38</u>
0.00	0.00	0.00	0.00	371,975.81
0.00	0.00	0.00	429,669.33	1,830,096.02
0.00	0.00	0.00	726,188.11	3,017,832.77
0.00	0.00	0.00	100,442.61	4,434,292.04
0.00	0.00	0.00	0.00	28,692.16
0.00	0.00	0.00	1,083,103.49	11,332,980.57
0.00	892,673.74	0.00	0.00	913,792.78
0.00	0.00	0.00	70,490.71	192,549.09
0.00	0.00	0.00	278,963.62	278,963.62
0.00	0.00	0.00	325,000.00	325,000.00
0.00	0.00	0.00	129,912.50	129,912.50
<u>0.00</u>	<u>892,673.74</u>	<u>0.00</u>	<u>3,143,770.37</u>	<u>22,856,087.36</u>
<u>51,938.69</u>	<u>31,457.32</u>	<u>90,621.98</u>	<u>(520,529.54)</u>	<u>2,734,265.02</u>
0.00	0.00	392,018.00	1,024,950.00	3,260,181.00
(569,213.00)	0.00	0.00	(293,343.75)	(4,538,124.75)
<u>(569,213.00)</u>	<u>0.00</u>	<u>392,018.00</u>	<u>731,606.25</u>	<u>(1,277,943.75)</u>
(517,274.31)	31,457.32	482,639.98	211,076.71	1,456,321.27
3,828,783.44	93,968.60	2,731,170.74	9,483,525.27	21,559,696.49
0.00	(8,243.22)	0.00	(6,680.24)	(51,966.63)
<u>\$ 3,311,509.13</u>	<u>\$ 117,182.70</u>	<u>\$ 3,213,810.72</u>	<u>\$ 9,687,921.74</u>	<u>\$ 22,964,051.13</u>

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MASON COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Net change in fund balance - total governmental funds \$ 1,456,321.27

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	256,009.75	
Depreciation expense	<u>(870,223.54)</u>	(614,213.79)

Governmental funds do not record gains and losses from the disposal of fixed assets (9,292.25)

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. 443,787.23

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.

	165,222.03	
Add: depreciation expense included above	<u>4,022.58</u>	169,244.61

Estimates for accrued interest payable, accrued vacation and sick time, retiree health insurance liability 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. 156,049.05

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>325,000.00</u>	<u>325,000.00</u>

Changes in net assets of governmental activities \$ 1,926,896.12

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, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	AIRPORT
ASSETS		
Current assets		
Cash and cash equivalents	\$ 285,564.90	\$ 95,096.25
Investments (net of premiums & discounts)	1,568,007.11	136,329.51
Receivables		
Property taxes & Special Assessment Receivable	35,838.43	0.00
Accounts (net of allowance for doubtful accounts)	19,684.41	1,208.68
Leases receivable	3,187,362.90	0.00
Other	4,870.68	246.02
Deferred expense	0.00	0.00
Deposit	0.00	0.00
Due from other governmental units		
Other	28,631.84	0.00
Prepayments	0.00	4,779.10
TOTAL CURRENT ASSETS	5,129,960.27	237,659.56
Noncurrent assets		
Sewer System	1,098,732.25	0.00
Land Improvements	0.00	1,306,600.67
Buildings	0.00	1,214,818.30
Equipment	0.00	439,073.00
Accumulated depreciation	(440,353.08)	(1,044,190.67)
NET NONCURRENT ASSETS	658,379.17	1,916,301.30
TOTAL ASSETS	\$ 5,788,339.44	\$ 2,153,960.86

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 2,334,874.06	\$ 384,836.37	\$ 3,100,371.58	\$ 661,486.06
0.00	230,732.65	1,935,069.27	2,769,619.01
2,190,105.71	0.00	2,225,944.14	0.00
202.00	0.00	21,095.09	605.00
0.00	0.00	3,187,362.90	0.00
1,853.35	507.03	7,477.08	12,951.38
0.00	0.00	0.00	29,712.36
0.00	0.00	0.00	559,891.84
15,084.33	(0.00)	43,716.17	0.00
2,546.25	550.00	7,875.35	16,455.00
<u>4,544,665.70</u>	<u>616,626.05</u>	<u>10,528,911.58</u>	<u>4,050,720.65</u>
0.00	72,642.00	1,171,374.25	0.00
0.00	0.00	1,306,600.67	0.00
0.00	20,314.00	1,235,132.30	0.00
0.00	11,457.71	450,530.71	83,076.78
0.00	(10,652.71)	(1,495,196.46)	(53,215.51)
<u>0.00</u>	<u>93,761.00</u>	<u>2,668,441.47</u>	<u>29,861.27</u>
\$ <u><u>4,544,665.70</u></u>	\$ <u><u>710,387.05</u></u>	\$ <u><u>13,197,353.05</u></u>	\$ <u><u>4,080,581.92</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - Concluded
DECEMBER 31, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	AIRPORT
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 2,291.32	\$ 2,330.27
Accrued liabilities	0.00	698.11
Due to other funds	2,753.64	0.00
Due to other governmental units		
Local	0.00	0.00
Deferred revenue	35,838.43	0.00
Accrued interest payable	37,840.09	5,629.17
Other	0.00	0.00
Bonds payable	<u>61,000.00</u>	<u>50,000.00</u>
TOTAL CURRENT LIABILITIES	<u>139,723.48</u>	<u>58,657.55</u>
Noncurrent liabilities		
Bonds payable	<u>3,119,414.97</u>	<u>600,000.00</u>
TOTAL NONCURRENT LIABILITIES	<u>3,119,414.97</u>	<u>600,000.00</u>
TOTAL LIABILITIES	<u>3,259,138.45</u>	<u>658,657.55</u>
Net assets		
Unreserved	<u>2,529,200.99</u>	<u>1,495,303.31</u>
TOTAL NET ASSETS	<u>2,529,200.99</u>	<u>1,495,303.31</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,788,339.44</u>	<u>\$ 2,153,960.86</u>

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 0.00	\$ 0.00	\$ 4,621.59	\$ 0.00
0.00	11.50	709.61	123,858.97
0.00	0.00	2,753.64	0.00
206.29	0.00	206.29	0.00
0.00	378.00	36,216.43	0.00
0.00	0.00	43,469.26	0.00
0.00	250.00	250.00	0.00
0.00	0.00	111,000.00	0.00
<u>206.29</u>	<u>639.50</u>	<u>199,226.82</u>	<u>123,858.97</u>
<u>0.00</u>	<u>0.00</u>	<u>3,719,414.97</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>3,719,414.97</u>	<u>0.00</u>
<u>206.29</u>	<u>639.50</u>	<u>3,918,641.79</u>	<u>123,858.97</u>
<u>4,544,459.41</u>	<u>709,747.55</u>	<u>9,278,711.26</u>	<u>3,956,722.95</u>
<u>4,544,459.41</u>	<u>709,747.55</u>	<u>9,278,711.26</u>	<u>3,956,722.95</u>
\$ <u><u>4,544,665.70</u></u>	\$ <u><u>710,387.05</u></u>	\$ <u><u>13,197,353.05</u></u>	\$ <u><u>4,080,581.92</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	AIRPORT
OPERATING REVENUES		
Charges for services	\$ 149,590.44	\$ 16,419.64
Reimbursements	190,518.24	15,697.47
Rentals	27,385.00	73,455.90
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	36,111.12	1,400.00
TOTAL OPERATING REVENUES	403,604.80	106,973.01
OPERATING EXPENSES		
Personal services and fringe benefits	0.00	63,066.55
Utilities and Telephone	12,871.30	29,975.97
Contractual services	40,386.16	34,431.98
Repairs and Maintenance	727.00	28,944.24
Depreciation	27,468.32	145,902.01
Interest and fees	143,109.91	35,729.17
Other	90,319.07	12,128.77
TOTAL OPERATING EXPENSES	314,881.76	350,178.69
OPERATING INCOME (LOSS)	88,723.04	(243,205.68)
NONOPERATING REVENUES (EXPENSES)		
Gain on sale of fixed assets	0.00	0.00
Interest on investments	42,539.45	2,753.11
TOTAL NONOPERATING REVENUES (EXPENSES)	42,539.45	2,753.11
INCOME (LOSS) BEFORE TRANSFERS	131,262.49	(240,452.57)
TRANSFERS IN (OUT)		
Transfers in	5,000.00	163,250.00
Transfers (out)	0.00	0.00
TOTAL TRANSFERS IN (OUT)	5,000.00	163,250.00
NET INCOME (LOSS)	136,262.49	(77,202.57)
NET ASSETS, JANUARY 1	2,393,169.22	1,572,505.88
PRIOR PERIOD ADJUSTMENTS	(230.72)	0.00
NET ASSETS, DECEMBER 31	\$ 2,529,200.99	\$ 1,495,303.31

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 351,208.87	\$ 252,233.96	\$ 769,452.91	\$ 85,969.06
0.00	0.00	206,215.71	0.00
0.00	0.00	100,840.90	14,966.31
154,968.52	0.00	154,968.52	0.00
438.02	27,964.33	65,913.47	26,634.64
<u>506,615.41</u>	<u>280,198.29</u>	<u>1,297,391.51</u>	<u>127,570.01</u>
0.00	31,303.83	94,370.38	16,138.30
0.00	6,426.61	49,273.88	249.96
4,855.83	34,474.05	114,148.02	35,058.96
0.00	0.00	29,671.24	1,525.30
0.00	3,469.69	176,840.02	5,027.68
166.07	(0.00)	179,005.15	0.00
20,362.82	82,088.94	204,899.60	589,902.98
<u>25,384.72</u>	<u>157,763.12</u>	<u>848,208.29</u>	<u>647,903.18</u>
<u>481,230.69</u>	<u>122,435.17</u>	<u>449,183.22</u>	<u>(520,333.17)</u>
0.00	0.00	0.00	0.00
7,240.29	5,615.04	58,147.89	91,205.20
<u>7,240.29</u>	<u>5,615.04</u>	<u>58,147.89</u>	<u>91,205.20</u>
<u>488,470.98</u>	<u>128,050.21</u>	<u>507,331.11</u>	<u>(429,127.97)</u>
515,343.75	0.00	683,593.75	594,350.00
0.00	0.00	0.00	0.00
<u>515,343.75</u>	<u>0.00</u>	<u>683,593.75</u>	<u>594,350.00</u>
1,003,814.73	128,050.21	1,190,924.86	165,222.03
3,540,644.68	581,697.34	8,088,017.12	3,791,500.92
0.00	0.00	(230.72)	0.00
<u>\$ 4,544,459.41</u>	<u>\$ 709,747.55</u>	<u>\$ 9,278,711.26</u>	<u>\$ 3,956,722.95</u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES		
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	0.00	0.00
Payments to benefit providers	(147,235.00)	(63,092.39)
Payments from customers	419,906.05	106,743.02
Payments to suppliers	(140,476.98)	(104,355.43)
Payments to employees	0.00	(36,291.43)
Other receipts (payments)	(27,718.43)	(4,194.18)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	104,475.64	(101,190.41)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital acquisitions	0.00	(5,500.00)
Lease receivable	56,307.44	0.00
Bond payments	(60,000.00)	(50,000.00)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(3,692.56)	(55,500.00)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers in (out)	5,000.00	163,250.00
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / maturity of investments	21,919.83	(78,405.34)
Interest received	42,539.45	2,753.11
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	64,459.28	(75,652.23)
NET INCREASE (DECREASE) IN CASH	170,242.36	(69,092.64)
CASH AND CASH EQUIVALENTS, JANUARY 1	115,322.54	164,188.89
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 285,564.90	\$ 95,096.25

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 4,030,088.85	\$ 187,749.21	\$ 4,217,838.06	\$ 0.00
(3,978,483.37)	(91,009.93)	(4,069,493.30)	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	(2,256.45)	(212,583.84)	(642,444.17)
0.00	65,206.75	591,855.82	204,362.39
(41,424.10)	(26,135.10)	(312,391.61)	(78,571.75)
0.00	(29,047.38)	(65,338.81)	(37,128.67)
15,570.12	20,962.85	4,620.36	(226,990.87)
<u>25,751.50</u>	<u>125,469.95</u>	<u>154,506.68</u>	<u>(780,773.07)</u>
0.00	0.00	(5,500.00)	0.00
0.00	0.00	56,307.44	0.00
<u>0.00</u>	<u>0.00</u>	<u>(110,000.00)</u>	<u>0.00</u>
0.00	0.00	(59,192.56)	0.00
<u>515,343.75</u>	<u>0.00</u>	<u>683,593.75</u>	<u>594,350.00</u>
0.00	(1,350.54)	(57,836.05)	315,424.32
7,240.29	5,615.04	58,147.89	91,205.20
<u>7,240.29</u>	<u>4,264.50</u>	<u>311.84</u>	<u>406,629.52</u>
548,335.54	129,734.45	779,219.71	220,206.45
<u>1,786,538.52</u>	<u>255,101.92</u>	<u>2,321,151.87</u>	<u>441,279.61</u>
\$ <u><u>2,334,874.06</u></u>	\$ <u><u>384,836.37</u></u>	\$ <u><u>3,100,371.58</u></u>	\$ <u><u>661,486.06</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS - Concluded
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	AIRPORT
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:		
Operating income (loss)	\$ <u>88,723.04</u>	\$ <u>(243,205.68)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	27,468.32	145,902.01
Prior period Adjustment	(230.72)	0.00
Change in assets and liabilities:		
Decrease (Increase) in taxes receivables	0.00	0.00
Decrease (Increase) in other receivables	(18,003.27)	700.83
Decrease (Increase) in due from other units	3,166.22	0.00
Decrease (Increase) in prepayments	0.00	32.91
Decrease (Increase) in other assets	0.00	0.00
Increase (Decrease) in accounts payable	1,590.26	(4,374.47)
Increase (Decrease) in due to other governmental units	0.00	0.00
Increase (Decrease) in other liabilities	<u>1,761.79</u>	<u>(246.01)</u>
Total adjustments	<u>15,752.60</u>	<u>142,015.27</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>104,475.64</u></u>	\$ <u><u>(101,190.41)</u></u>

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ <u>481,230.69</u>	\$ <u>122,435.17</u>	\$ <u>449,183.22</u>	\$ <u>(520,333.17)</u>
0.00	3,469.69	176,840.02	4,022.58
0.00	0.00	(230.72)	0.00
(458,661.00)	0.00	(458,661.00)	0.00
735.72	226.52	(16,340.20)	5,770.76
5,326.49	(0.00)	8,492.71	0.00
(11.67)	510.60	531.84	3,634.25
0.00	0.00	0.00	(311,863.43)
0.00	(23.03)	(2,807.24)	61,828.53
(842.09)	0.00	(842.09)	0.00
<u>(2,026.64)</u>	<u>(1,149.00)</u>	<u>(1,659.86)</u>	<u>(23,832.59)</u>
<u>(455,479.19)</u>	<u>3,034.78</u>	<u>(294,676.54)</u>	<u>(260,439.90)</u>
\$ <u><u>25,751.50</u></u>	\$ <u><u>125,469.95</u></u>	\$ <u><u>154,506.68</u></u>	\$ <u><u>(780,773.07)</u></u>

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MASON COUNTY, MICHIGAN
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

ASSETS	
Cash and cash equivalents	\$ <u>490,714.66</u>
TOTAL ASSETS	\$ <u><u>490,714.66</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Bonds payable	\$ 8,766.00
Restitution payable	11,216.85
Undistributed taxes	341,422.27
Due to other units	4,901.41
Other current liabilities	43,776.35
Due to State of Michigan	<u>80,631.78</u>
TOTAL LIABILITIES	<u>490,714.66</u>
NET ASSETS	
Net assets	
Reserved	0.00
Unreserved	
Designated for capital expenditures	0.00
Undesignated	<u>0.00</u>
TOTAL NET ASSETS	<u>0.00</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>490,714.66</u></u>

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, 2010

	DRAIN	DRAIN REVOLVING
ASSETS		
Cash and cash equivalents	\$ 78,086.53	\$ 139,933.62
Receivables		
Accounts receivable	0.00	0.00
Special assessments	3,207.99	0.00
Interest receivable	108.54	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	29,366.38
Inventories	0.00	0.00
Fixed assets (net of accumulated depreciation)	424,425.26	0.00
TOTAL ASSETS	\$ 505,828.32	\$ 169,300.00
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 0.00	\$ 0.00
Accrued liabilities	0.00	0.00
Due to other funds	29,366.38	0.00
Due to other governmental units	0.00	0.00
Deferred revenue	3,207.99	0.00
Installment lease payable - current	0.00	0.00
	<u>32,574.37</u>	<u>0.00</u>
Noncurrent liabilities		
Installment lease payable - long-term	0.00	0.00
Accrued sick and vacation	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>32,574.37</u>	<u>0.00</u>
NET ASSETS		
Investment in capital assets, net of related debt	424,425.26	0.00
Fund balances		
Restricted for		
Primary/Local Roads	0.00	0.00
Unreserved		
Undesignated	48,828.69	169,300.00
TOTAL NET ASSETS	<u>473,253.95</u>	<u>169,300.00</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>505,828.32</u>	\$ <u>169,300.00</u>

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

ROAD COMMISSION	LAKE IMPROVEMENT	DRAIN DEBT SERVICE	TOTAL
\$ 1,492,673.00	\$ 171,258.23	\$ 0.00	\$ 1,881,951.38
14,205.00	0.00	0.00	14,205.00
0.00	177,395.65	0.00	180,603.64
0.00	36.51	0.00	145.05
946,266.00	0.00	0.00	946,266.00
24,213.00	0.00	0.00	24,213.00
43,835.00	0.00	0.00	43,835.00
0.00	0.00	0.00	29,366.38
374,934.00	0.00	0.00	374,934.00
30,764,480.00	0.00	0.00	31,188,905.26
<u>\$ 33,660,606.00</u>	<u>\$ 348,690.39</u>	<u>\$ 0.00</u>	<u>\$ 34,684,424.71</u>
\$ 129,417.00	\$ 0.00	\$ 0.00	\$ 129,417.00
161,399.00	625.00	0.00	162,024.00
0.00	0.00	0.00	29,366.38
204,195.00	0.00	0.00	204,195.00
0.00	177,395.65	0.00	180,603.64
537,750.00	0.00	0.00	537,750.00
<u>1,032,761.00</u>	<u>178,020.65</u>	<u>0.00</u>	<u>1,243,356.02</u>
213,343.00	0.00	0.00	213,343.00
219,640.00	0.00	0.00	219,640.00
<u>432,983.00</u>	<u>0.00</u>	<u>0.00</u>	<u>432,983.00</u>
<u>1,465,744.00</u>	<u>178,020.65</u>	<u>0.00</u>	<u>1,676,339.02</u>
30,219,757.00	0.00	0.00	30,644,182.26
1,975,105.00	0.00	0.00	1,975,105.00
0.00	170,669.74	0.00	388,798.43
<u>32,194,862.00</u>	<u>170,669.74</u>	<u>0.00</u>	<u>33,008,085.69</u>
<u>\$ 33,660,606.00</u>	<u>\$ 348,690.39</u>	<u>\$ 0.00</u>	<u>\$ 34,684,424.71</u>

MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2010

	EXPENSES	PROGRAM REVENUES <u>CHARGES</u> FOR SERVICES
REVENUES		
Drainage districts	\$ 91,520.62	\$ 1,011.91
Lake Improvement district	154,169.77	0.00
Road commission	<u>5,787,189.00</u>	<u>649,402.00</u>
TOTAL REVENUES	<u><u>\$ 6,032,879.39</u></u>	<u><u>\$ 650,413.91</u></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 - 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.

PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	LAKE IMPROVEMENT & DRAINAGE DISTRICTS	ROAD COMMISSION	TOTAL
\$ 0.00	\$ 0.00	\$ (90,508.71)	\$ 0.00	\$ (90,508.71)
0.00	0.00	(154,169.77)	0.00	(154,169.77)
<u>5,062,961.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(74,826.00)</u>	<u>(74,826.00)</u>
<u>\$ 5,062,961.00</u>	<u>\$ 0.00</u>	<u>(244,678.48)</u>	<u>(74,826.00)</u>	<u>(319,504.48)</u>
		182,139.87	0.00	182,139.87
		0.00	66,866.00	66,866.00
		0.00	2,929.00	2,929.00
		<u>2,000.82</u>	<u>14,138.00</u>	<u>16,138.82</u>
		<u>184,140.69</u>	<u>83,933.00</u>	<u>268,073.69</u>
		(60,537.79)	9,107.00	(51,430.79)
		874,219.07	32,185,755.00	33,059,974.07
		<u>(457.59)</u>	<u>0.00</u>	<u>(457.59)</u>
		<u>\$ 813,223.69</u>	<u>\$ 32,194,862.00</u>	<u>\$ 33,008,085.69</u>

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MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 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, 2010

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 on the Statement of Net Assets. 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, 2010

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, 2010

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, 2010

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, 2010

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, 2010 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, 2010, the total accumulated vacation and sick pay liability was \$841,667.28.

County Road employee's earn vacation leave in varying amounts depending on the number of years of service. Unpaid vacation leave at December 31, 2010 amounted to \$63,133.00. 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, 2010 amounted to \$15,014.00. 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. For future periods, sick pay will no longer accumulate.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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, 2010, 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)
Administrator	\$ 186,500.00	\$ 186,545.43	\$ (45.43)
Treasurer's Office	\$ 291,000.00	\$ 292,037.20	\$ (1,037.20)
Probation & Parole	\$ 6,900.00	\$ 7,067.43	\$ (167.43)
Emergency Management	\$ 68,900.00	\$ 69,324.51	\$ (424.51)

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:

None

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, 2010, 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	\$ 0.00	\$126,196.00	\$ (126,196.00)
Primary Road: Maintenance	606,526.00	1,170,489.00	(563,963.00)
Local Road: Structural			
Improvements	495,791.00	539,545.00	(43,754.00)
Local Road: Maintenance	899,357.00	1,577,208.00	(677,851.00)
State Trunkline: Maintenance	546,875.00	614,000.00	(67,125.00)
State Trunkline: Non-Maintenance	0.00	5,882.00	(5,882.00)
Administrative Expense – Net	162,963.00	276,225.00	(113,262.00)
Equipment Expense – Net	6,768.00	484,911.00	(478,143.00)
Debt Service – Interest	32,274.00	35,040.00	(2,766.00)
Debt Service – Principal	361,035.00	425,266.00	(64,231.00)

The budget was exceeded in total by \$1,847,104.00.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 5: PROPERTY TAXES

The 2010 property tax revenue includes property taxes levied principally on July 1, 2010 and substantially collected in 2010. The "2009 property taxes" became a lien on July 1, 2010 and were collected by March 1, 2010 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, 2010 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, 2010. These taxes, which are recorded in an Enterprise Fund at December 31, 2010, 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, 2010.

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, 2010 was as follows:

	PUBLIC WORKS					
	DELINQUENT TAX FORECLOSURE	OPERATIONS AND MAINT.	PARK OPERATION	AIRPORT	DELINQUENT TAXES	TOTAL
Total assets	\$517,624.97	\$5,788,339.44	\$ 192,762.08	\$2,153,960.86	\$4,544,665.70	\$13,197,353.05
Total liabilities	0.00	3,259,138.45	639.50	658,657.55	206.29	3,918,641.79
Net Assets	517,624.97	2,529,200.99	192,122.58	1,495,303.31	4,544,459.41	9,278,711.26
Operating revenue	187,749.21	403,604.80	92,449.08	106,973.01	506,615.41	1,297,391.51
Operating expenses	91,009.93	314,881.76	66,753.19	350,178.69	25,384.72	848,208.29
Operating income (loss)	96,739.28	88,723.04	25,695.89	(243,205.68)	481,230.69	449,183.22
Nonoperating revenue	4,565.87	42,539.45	1,049.17	2,753.11	7,240.29	58,147.89
Transfers in (out)	0.00	5,000.00	0.00	163,250.00	515,343.75	683,593.75
Change in net assets	101,305.15	136,262.49	26,745.06	(77,202.57)	1,003,814.73	1,190,924.86
Net assets - January 1, 2010	416,319.82	2,393,169.22	165,377.52	1,572,505.88	3,540,644.68	8,088,017.12
Prior period adjustment	0.00	(230.72)	0.00	0.00	0.00	(230.72)
Net assets – December 31, 2010	517,624.97	2,529,200.99	192,122.58	1,495,303.31	4,544,459.41	9,278,711.26
Net cash provided by:						
Operating activities	96,739.28	88,723.04	25,695.89	(243,205.68)	481,230.69	449,183.22
Noncapital financing activities	0.00	5,000.00	0.00	163,250.00	515,343.75	683,593.75
Capital and related financing activities	0.00	(3,692.56)	0.00	(55,500.00)	0.00	(59,192.56)
Investing activities	(13,084.52)	64,459.28	17,349.02	(75,652.23)	7,240.29	311.84
Net increase in cash and cash Equivalents	83,858.35	170,242.36	45,876.10	(69,092.64)	548,335.54	779,219.71
Cash and cash equivalents – January 1	227,628.37	115,322.54	27,473.55	164,188.89	1,786,538.52	2,321,151.87
Cash and cash equivalents – December 31	311,486.72	285,564.90	73,349.65	95,096.25	2,334,874.06	3,100,371.58

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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, 2010:

December 31, 2011	<u>\$173,957.50</u>
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NOTE 9: LONG-TERM ADVANCES

The County of Mason had no long-term interfund advances as of December 31, 2010.

NOTE 10: CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for the year ending December 31, 2010:

	<u>Balance</u> <u>January 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2010</u>
GOVERNMENTAL ACTIVITIES:				
Internal Service Funds				
Equipment and vehicles	\$ 83,076.78	\$ 0.00	\$ 0.00	\$ 83,076.78
Less: Accumulated Depreciation	<u>(49,192.93)</u>	<u>(4,022.58)</u>	<u>0.00</u>	<u>(53,215.51)</u>
	<u>33,883.85</u>	<u>(4,022.58)</u>	<u>0.00</u>	<u>29,861.27</u>
Other governmental funds				
Land	\$ 889,638.75	\$ 0.00	\$ 0.00	\$ 889,638.75
Land Improvements	332,245.38	0.00	0.00	332,245.38
Buildings and improvements	24,088,700.86	0.00	0.00	24,088,700.86
Equipment and Vehicles	<u>2,862,597.29</u>	<u>256,009.75</u>	<u>(147,739.16)</u>	<u>2,970,867.88</u>
Subtotal	<u>28,173,182.28</u>	<u>256,009.75</u>	<u>(147,739.16)</u>	<u>28,281,452.87</u>
Less: Accumulated Depreciation	<u>(9,898,766.66)</u>	<u>(866,200.96)</u>	<u>(138,446.91)</u>	<u>(10,626,520.71)</u>
	<u>18,274,415.62</u>	<u>(610,191.21)</u>	<u>(9,292.25)</u>	<u>17,654,932.16</u>
Total	<u>\$18,308,299.47</u>	<u>\$ (614,213.79)</u>	<u>\$ (9,292.25)</u>	<u>\$ 17,684,793.43</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 10: CAPITAL ASSETS – Concluded

	<u>Balance</u> <u>January 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2010</u>
BUSINESS-TYPE ACTIVITIES				
Land Improvements	\$ 1,306,600.67	\$ 0.00	\$ 0.00	\$ 1,306,600.67
Buildings and improvements	1,229,632.30	5,500.00	0.00	1,235,132.30
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>450,530.71</u>	<u>0.00</u>	<u>0.00</u>	<u>450,530.71</u>
Subtotal	4,158,137.93	5,500.00	0.00	4,163,637.93
Less: Accumulated Depreciation	<u>(1,318,356.44)</u>	<u>(176,840.02)</u>	<u>0.00</u>	<u>(1,495,196.46)</u>
Total	<u>\$ 2,839,781.49</u>	<u>\$(171,340.02)</u>	<u>\$ 0.00</u>	<u>\$ 2,668,441.47</u>
Component Unit – Drainage Districts:				
Land	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Infrastructure	<u>2,042,768.15</u>	<u>0.00</u>	<u>0.00</u>	<u>2,042,768.15</u>
Subtotal	2,042,768.15	0.00	0.00	2,042,768.15
Less: Accumulated Depreciation	<u>(1,533,372.85)</u>	<u>(84,970.04)</u>	<u>0.00</u>	<u>(1,618,342.89)</u>
Subtotal	<u>509,395.30</u>	<u>(84,970.04)</u>	<u>0.00</u>	<u>424,425.26</u>
Component Unit – Road Commission:				
Land and Improvements	\$ 110,375.00	\$ 0.00	\$ 0.00	\$ 110,375.00
Infrastructure Land Improvements	13,635,781.00	262,868.00	0.00	13,898,649.00
Buildings	1,315,559.00	0.00	0.00	1,315,559.00
Equipment – Road	5,157,885.00	268,989.00	344,154.00	5,082,720.00
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	39,458.00	0.00	0.00	39,458.00
Equipment – Yard & Storage	150,730.00	0.00	0.00	150,730.00
Infrastructure – Roads & Bridges	<u>37,922,434.00</u>	<u>1,559,273.00</u>	<u>0.00</u>	<u>39,481,707.00</u>
Subtotal	58,472,370.00	2,091,130.00	344,154.00	60,219,346.00
Less: Accumulated Depreciation	<u>(27,630,749.00)</u>	<u>(2,038,327.00)</u>	<u>(214,210.00)</u>	<u>(29,454,866.00)</u>
Subtotal	<u>30,841,621.00</u>	<u>52,803.00</u>	<u>129,944.00</u>	<u>30,764,480.00</u>
Total Component Units	<u>\$31,351,016.30</u>	<u>\$ (32,167.04)</u>	<u>\$ 129,944.00</u>	<u>\$31,188,905.26</u>

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

Internal service funds	\$ <u>4,022.58</u>
Other governmental funds	
Parks, recreation and cultural	89,889.88
Legislative	3,003.06
Judicial	28,674.31
General governmental administration	65,570.97
Public safety	296,254.46
Public works	8,315.20
Health and social services	<u>374,493.08</u>
	<u>866,200.96</u>
TOTAL	<u>\$ 870,223.54</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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, 2010, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash Deposits	\$ 14,478,840.66	\$ 14,866,919.42	\$ 600,258.66
Investments	18,535,293.58	18,518,498.92	2,797,373.96
Imprest Cash	<u>2,770.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 33,016,904.24</u>	<u>\$ 33,385,418.34</u>	<u>\$ 3,397,632.62</u>

Financial Statement Presentation:

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	TOTAL
Governmental funds	\$ 9,008,573.04	\$ 16,600,224.31	\$ 25,608,797.35
Proprietary funds	3,100,371.58	1,935,069.27	5,035,440.85
Fiduciary funds	490,714.66	0.00	490,714.66
Component units	<u>1,881,951.38</u>	<u>0.00</u>	<u>1,881,951.38</u>
	<u>\$ 14,481,610.66</u>	<u>\$ 18,535,293.58</u>	<u>\$ 33,016,904.24</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, 2010, \$29,987,785.72 of the government's bank balance of \$33,385,418.34 was exposed to custodial credit risk as uninsured and uncollateralized.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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, 2010:

	BALANCE JANUARY 1, 2010	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2010	DUE WITHIN ONE YEAR
BUSINESS TYPE ACTIVITIES				
\$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%	\$2,905,414.97	\$(50,000.00)	\$ 2,855,414.97	\$ 51,000.00
\$375,000.00 2001 Mason County Sewage Disposal & 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%.	335,000.00	(10,000.00)	325,000.00	10,000.00
\$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%	<u>700,000.00</u>	<u>(50,000.00)</u>	<u>650,000.00</u>	<u>50,000.00</u>
TOTAL BUSINESS-TYPE ACTIVITIES	\$ <u>3,940,414.97</u>	\$ <u>(110,000.00)</u>	\$ 3,830,414.97	\$ <u>111,000.00</u>
Less: amount payable within one year			<u>(111,000.00)</u>	
LONG-TERM DEBT BUSINESS- TYPE ACTIVITIES			<u>\$ 3,719,414.97</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2010	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2010	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
\$2,500,000.00 2008 Mason County General Obligation Limited Tax Bonds due in annual installments of \$200,000.00 to \$300,000.00 through November 1, 2017; interest at 3.80%.	\$2,100,000.00	\$(200,000.00)	\$1,900,000.00	\$ 225,000.00
\$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%.	1,275,000.00	(125,000.00)	1,150,000.00	150,000.00
Accrued Post Closure Landfill Costs	1,968,773.00	(221,867.00)	1,746,906.00	0.00
Accrued Vacation and Sick Pay	<u>773,251.42</u>	<u>68,415.86</u>	<u>841,667.28</u>	<u>0.00</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,117,024.42</u>	<u>\$(478,451.14)</u>	\$5,638,573.28	<u>\$ 375,000.00</u>
Less: amount payable within one year			(<u>375,000.00</u>)	
LONG-TERM DEBT PRIMARY GOVERNMENT			<u>\$ 5,263,573.28</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2010	ADDITIONS	(DEDUCTIONS)	BALANCE DECEMBER 31, 2010
COMPONENT UNIT				
Road Commission				
Wells Fargo	\$ 112,281.00	\$ 0.00	\$(15,649.00)	\$ 96,632.00
Caterpillar Financial				
Service Corp.	132,174.00	0.00	(2,416.00)	129,758.00
Daimler Truck Financial	193,310.00	0.00	(193,310.00)	0.00
Daimler Truck Financial	0.00	193,430.00	0.00	193,430.00
Caterpillar Financial				
Service Corp.	405,823.00	0.00	(199,453.00)	206,370.00
Daimler Truck Financial	139,343.00	0.00	(14,440.00)	124,903.00
Post Employment Benefits	91,100.00	50,393.00	0.00	141,493.00
Compensated Absences	184,780.00	0.00	(106,633.00)	78,147.00
TOTAL	\$ <u>1,258,811.00</u>	\$ <u>243,823.00</u>	\$ <u>(531,901.00)</u>	\$ <u>970,733.00</u>

The annual requirements to amortize all debt outstanding as of December 31, 2010, including interest payments are as follows:

BUSINESS TYPE ACTIVITIES

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2011	\$ 111,000.00	\$ 178,031.17	\$ 289,031.17
2012	114,000.00	172,783.67	286,783.67
2013	116,000.00	167,368.67	283,368.67
2014	119,000.00	161,786.17	280,786.17
2015-2019	699,000.00	717,415.87	1,416,415.87
2020-2024	652,000.00	533,663.37	1,185,663.37
2025-2029	629,000.00	390,365.87	1,019,365.87
2030-2034	672,000.00	237,683.37	909,683.37
2035-2039	<u>718,414.97</u>	<u>75,999.03</u>	<u>794,414.00</u>
TOTAL	<u>\$3,830,414.97</u>	<u>\$2,635,097.19</u>	<u>\$6,465,512.16</u>

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2011	\$ 375,000.00	\$116,825.00	\$ 491,825.00
2012	400,000.00	103,025.00	503,025.00
2013	425,000.00	88,125.00	513,125.00
2014-2018	1,850,000.00	186,125.00	2,036,125.00
Undetermined	<u>2,588,573.28</u>	<u>0.00</u>	<u>2,588,573.28</u>
TOTAL	<u>\$5,638,573.28</u>	<u>\$494,100.00</u>	<u>\$6,132,673.28</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 12: LONG-TERM OBLIGATIONS – Concluded

COMPONENT UNIT

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2011	\$ 537,751.00	\$ 24,960.00	\$ 562,711.00
2012	118,898.00	7,006.00	125,904.00
2013	18,846.00	3,300.00	22,146.00
2014-2018	75,598.00	1,784.00	77,382.00
Undetermined	<u>219,640.00</u>	<u>0.00</u>	<u>219,640.00</u>
Total	<u>\$ 970,733.00</u>	<u>\$ 37,050.00</u>	<u>\$ 1,007,783.00</u>

NOTE 13: PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2010, the following prior period adjustments have resulted in Fund Balance/Retained Earnings restatements:

GENERAL FUND

Record various expenditure corrections	\$ 150.27
Record various revenue corrections	(3,411.44)
Record tax receivable corrections	(25,641.97)

SPECIAL REVENUE FUNDS

Record various revenue corrections

Senior Citizens	182.51
Brownfield Redevelopment/Economic Development	(5,831.75)
Jail Operations	346.21
District Library	295.29
Oakview Medical Care Facility	575.78
Soldiers & Sailors Relief	1.79

Record tax receivable corrections

Senior Citizens	(1,018.32)
Jail Operations	(3,564.57)
District Library	(8,538.51)
Oakview Medical Care Facility	(5,497.45)
Soldiers & Sailors Relief	(14.47)
Lake Improvement Board	(457.59)

ENTERPRISE FUNDS

Record various expenditure corrections	
Sewer Operations & Maintenance	(230.72)

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 14: TRANSFERS

The following are the transfers for the year ended December 31, 2010:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Friend of the Court	\$ 340,000.00	General	\$3,608,593.00
Landfill Post Closure	58,000.00		
Junk Ordinance Administration	8,000.00		
Vacation and Sick Pay	35,000.00		
Budget Stabilization	43,000.00		
Jail Operations	1,274,000.00		
Law Library	15,000.00		
Social Welfare	31,000.00		
Child Care	252,000.00		
911 Center Debt Service	47,175.00		
Equipment Replacement	134,150.00		
Public Improvement	392,018.00		
Airport	163,250.00		
Public Works	5,000.00		
Delinquent Tax Revolving	222,000.00		
Self-Insurance Liability	180,000.00		
Workers' Comp Insurance	10,000.00		
Health & Life Insurance	399,000.00		
Subtotal	<u>3,608,593.00</u>	Subtotal	<u>3,608,593.00</u>
Equipment Replacement	2,500.00	Jail Operations	66,975.00
Jail Construction	59,125.00		
Self-Ins. – Workers Comp.	5,350.00		
Subtotal	<u>66,975.00</u>	Subtotal	<u>66,975.00</u>
Delinquent Tax Revolving	<u>293,343.75</u>	Building Authority Operations	<u>293,343.75</u>
General	<u>569,213.00</u>	State Revenue Sharing	<u>569,213.00</u>
TOTAL	<u>\$4,538,124.75</u>		<u>\$4,538,124.75</u>

These transfers were made for cash flow purposes.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following are the interfund receivables and payables at December 31, 2010:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
Revolving Drain	\$ <u>29,366.38</u>	Drain	\$ <u>29,366.38</u>
General	13,194.81	CDBG Grants	10,441.17
Subtotal	<u>13,194.81</u>	Sewer Maintenance & Operations	<u>2,753.64</u>
		Subtotal	<u>13,194.81</u>
TOTAL	\$ <u>42,561.19</u>	TOTAL	\$ <u>42,561.19</u>

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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 \$400,000.00 for each worker's compensation claim. The Self-Insurance Liability and Property Fund provides coverage for a maximum aggregate annual retention of \$250,000.00 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 \$15,000,000.00. 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 \$1,243,213.86 at December 31, 2010, and is reported as a designation of the Worker's Compensation Insurance Fund fund balance. The claims liability of \$4,794.00 reported in the two Worker's Compensation Insurance Funds at December 31, 2010 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 2010 were:

Liability Balance January 1, 2010	\$ 24,872.00
Claim Payments	(17,434.85)
Changes in estimates	(2,643.15)
Liability Balance December 31, 2010	<u>\$ 4,794.00</u>

The claims liability of \$54,097.00 reported in the Self-Insurance Liability Funds at December 31, 2010 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 2010 were:

Liability Balance January 1, 2010	\$ 57,902.34
Claim Payments	(29,778.93)
Changes in estimates	<u>25,973.59</u>
Liability Balance December 31, 2010	<u>\$ 54,097.00</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, 2010

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, 2010 is as follows:

Member Retention Deposit	<u>\$ 528,673.84</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, 2010 was \$616,000.00. These amounts are based on estimates of the cost to perform all post closure care in 2010. 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, 2010 was \$1,130,906.00. These amounts are based on estimates of the cost to perform all the post closure care in 2010. 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, 2010, a cash balance of \$94,650.00 was held for this purpose. The County has earmarked an additional \$2,273,640.39 in the Post Closure Care Trust Fund to finance post closure care costs.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

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, 2010 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 \$179,382.00.

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, 2010 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.

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 20: DEFERRED COMPENSATION PLANS - Concluded

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 \$353,981.23 during the year ended December 31, 2010. The total number of eligible retirees amounted to twenty-five at December 31, 2010. The County pays 100% of these costs. There are no provisions for employee contributions. The County has recorded a OPEB liability of \$6,913,625.00 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 \$1,089,352.90 at December 31, 2010. The County of Mason met its Annual Required Contribution (ARC) requirements in 2010.

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. The Road Commission has a OPEB liability of \$545,377.00 for this benefit. The Road Commission currently is not advance funding the liability but is using a pay-as-you-go policy. The Road Commission's (ARC) requirements are \$53,393.00. During 2010, the Road Commission funded approximately \$3,000.00 in post employment health care benefits for retired employees. The difference of \$141,493.00 is recorded as a liability in long term debt. There are presently thirty-seven active plan members and one retiree participating in the plan.

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED - Continued

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, 3rd 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, 2010, the County's annual pension cost of \$1,054,063.98 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>2007</u>	<u>2008</u>	<u>2009</u>
Annual pension cost	\$ 874,248.00	\$ 960,252.00	\$ 964,512.00
Percentage of Annual pension cost contributed	100.00%	100.00%	100.00%
Net Pension obligation	-0-	-0-	-0-
Actuarial value of assets	32,559,479.00	33,244,521.00	34,056,184.00
Actuarial Accrued Liability	36,293,558.00	37,853,502.00	38,559,809.00
Unfunded (Overfunded) Actuarial Accrued Liability	3,734,079.00	4,608,981.00	4,503,625.00
Funded ratio	90.00 %	87.80%	88.30%
Covered payroll	5,753,929.00	5,687,806.00	5,777,490.00
UAAL (OAAL) as a percentage of covered payroll	65.00%	81.00%	78.00%

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED – Continued

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, 2008. 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, 2008 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 12/31/09)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 1,345,743.00
Terminated employees not yet receiving benefits	125,869.00
Non-vested terminated employees	2,640.00
Current employees:	
Accumulated employee contributions including allocated investment income	476,129.00
Employer financed	<u>3,209,207.00</u>
Total Actuarial accrued liability	5,159,588.00
Net Assets Available for Benefits, (estimated market value of \$2,806,650.00)	<u>(3,512,994.00)</u>
Unfunded (over funded) actuarial accrued liability	<u>\$ 1,646,594.00</u>

GASB 27 INFORMATION (as of 12/31/09)

Fiscal year beginning	January 1, 2010
Annual required contribution (ARC)	\$ 208,404.00

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2010

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED – Concluded

Three year trend information

	Plan year ended December 31:		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual pension cost	\$ 177,756.00	\$ 205,692.00	\$ 231,132.00
Percentage of Annual pension cost contributed	100.00%	100.00%	100.00%
Net Pension obligation	-0-	-0-	-0-
	Plan year ended December 31:		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial value of assets	2,996,840.00	3,229,995.00	3,512,994.00
Actuarial Accrued Liability	4,880,384.00	5,205,213.00	5,159,588.00
Unfunded (Overfunded) Actuarial Accrued Liability	1,883,544.00	1,975,218.00	1,646,594.00
Funded ratio	61.00%	62.00%	68.00%
Covered payroll	1,435,539.00	1,463,311.00	1,406,797.00
UAAL (OAAL) as a percentage of covered payroll	131.00%	135.00%	117.00%

NOTE 23: ROAD COMMISSION REVENUES/EXPENDITURES

Approximately 46% of the Federal dollars recorded by the Mason County Road Commission as expenditures in 2010 were for projects controlled by the Michigan Department of Transportation. Federal compliance testing of these funds will be included in the audit of the Michigan Department of Transportation and not at the local Road Commission level.

Federal expenditures during the year ended December 31, 2010 did not exceed the \$500,000.00 level. Since many of the federal dollars received in the past three years resulted from storm damage in a federal disaster area, the expenditures were incurred immediately in 2008 and in the case of the FHWA emergency funds, reimbursement was not assured until late 2009 when contracts were finally signed. During 2010 \$599,306 in FHWA funds were received reimbursing for expenditures incurred in 2008. Revenue for those projects was recorded by the road commission during 2009 when contracts with MDOT were signed and the collection of the revenue was assured.

Expenditure		
<u>Revenues Received/Recorded</u>	<u>Amount</u>	
MDOT (Project #100354)	\$ 42,673.00	
USDA Funds	7,573.00	
FHWA (Project #105096)	4,000.00	
FEMA Emergency Funds	338,857.00	
MDOT Contracted Projects	<u>339,783.00</u>	MDOT Audit
Total Revenues Received/Recorded	<u>\$ 732,886.00</u>	

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 2010 amounted to \$125,950.00. The State has also advanced \$54,745.00 on the highway maintenance agreement.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2010

NOTE 25: FUND BALANCE DEFICIT

At December 31, 2010, the County did not have any funds with a deficit fund balance.

NOTE 26: DEFERRED REVENUE

The Deferred Revenue recorded by the County of Mason reflects property taxes that were levied in December of 2010 and recorded as property tax receivable and deferred revenue at December 31, 2010 in various Special Revenue Funds.

NOTE 27: NET ASSETS/RETAINED EARNINGS RESERVATIONS AND DESIGNATIONS

At December 31, 2010, the following portions of the fund equity/retained earnings were reserved in the following funds:

	<u>UNRESTRICTED – RESERVED</u>		<u>RESTRICTED FOR</u>	
	FOR		ACCUMULATED	
	PREPAID	EMPLOYEE	VACATION	LANDFILL
	EXPENSE	BENEFITS	AND	PERPETUAL
			SICK PAY	CARE
General fund	\$ 95,107.91	\$ 0.00	\$ 0.00	\$ 0.00
Senior Citizens fund	1,165.50	0.00	0.00	0.00
Friend of the Court fund	5,481.69	0.00	0.00	0.00
Building Department fund	1,112.54	0.00	0.00	0.00
Register of Deeds Automation	9,355.50	0.00	0.00	0.00
Community Corrections fund	276.50	0.00	0.00	0.00
Jail Operations fund	39,624.40	0.00	0.00	0.00
District Library fund	19,455.67	0.00	0.00	0.00
Emergency Management Grants	89.52	0.00	0.00	0.00
Child Care	944.05	0.00	0.00	0.00
Principal Residence Exemption	245.00	0.00	0.00	0.00
Medical Care Facility Insurance	0.00	367,430.78	0.00	0.00
Self Insurance fund	0.00	930,304.31	0.00	0.00
Self Insurance Workers'				
Compensation fund	0.00	1,243,213.86	0.00	0.00
Self Insurance Health fund	0.00	1,084,673.85	0.00	0.00
Self Insurance Medical Care				
Facility Disability fund	0.00	43,811.46	0.00	0.00
Landfill Perpetual Care fund	0.00	0.00	0.00	2,368,290.39
Medical Care Facility Employee				
Benefits fund	0.00	99,664.43	0.00	0.00
Vacation & Sick Pay Trust fund	0.00	0.00	597,386.07	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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>General Fund</u>				
REVENUES				
Taxes	\$ 7,761,975.00	\$ 7,829,350.00	\$ 7,851,697.37	\$ 22,347.37
Permits and regulatory licenses	113,250.00	104,225.00	104,221.50	(3.50)
Intergovernmental				
Federal/State	1,040,675.00	1,125,200.00	1,142,187.58	16,987.58
Charges for services	703,500.00	693,575.00	704,050.00	10,475.00
Fines and forfeitures	0.00	250.00	262.00	12.00
Interest and rents	72,850.00	53,900.00	109,236.91	55,336.91
Miscellaneous	198,950.00	207,300.00	211,625.41	4,325.41
TOTAL REVENUES	9,891,200.00	10,013,800.00	10,123,280.77	109,480.77
EXPENDITURES				
Current				
Legislative	381,000.00	372,500.00	371,975.81	524.19
Judicial	1,497,250.00	1,443,700.00	1,400,426.69	43,273.31
General government administration	2,507,225.00	2,334,375.00	2,291,644.66	42,730.34
Public safety	2,067,325.00	2,138,350.00	2,095,620.45	42,729.55
Public works	44,425.00	30,200.00	28,692.16	1,507.84
Health and social services	517,832.00	510,907.00	496,946.96	13,960.04
Parks, recreation, and cultural	1,000.00	21,350.00	21,119.04	230.96
Miscellaneous	131,700.00	123,025.00	122,058.38	966.62
TOTAL EXPENDITURES	7,147,757.00	6,974,407.00	6,828,484.15	145,922.85
EXCESS OF REVENUES OVER EXPENDITURES	2,743,443.00	3,039,393.00	3,294,796.62	255,403.62
OTHER FINANCING SOURCES (USES)				
Transfers in	535,800.00	569,200.00	569,213.00	13.00
Transfers (out)	(3,279,243.00)	(3,608,593.00)	(3,608,593.00)	0.00
TOTAL OTHER FINANCING SOURCES (USES)	(2,743,443.00)	(3,039,393.00)	(3,039,380.00)	13.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	0.00	0.00	255,416.62	255,416.62
FUND BALANCE, JANUARY 1	3,084,555.77	3,084,555.77	3,084,555.77	0.00
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	(28,903.14)	(28,903.14)
FUND BALANCE, DECEMBER 31	\$ 3,084,555.77	\$ 3,084,555.77	\$ 3,311,069.25	\$ 226,513.48

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Medical Care Facility</u>				
REVENUES				
Property taxes	\$ 1,465,475.00	\$ 1,464,950.00	\$ 1,465,566.82	\$ 616.82
Charges for services	8,784,600.00	8,888,600.00	9,257,714.93	369,114.93
Interest and rental	40,000.00	16,350.00	19,371.20	3,021.20
TOTAL REVENUES	<u>10,290,075.00</u>	<u>10,369,900.00</u>	<u>10,742,652.95</u>	<u>372,752.95</u>
EXPENDITURES				
Health and Welfare	<u>10,066,900.00</u>	<u>10,066,900.00</u>	<u>9,752,930.12</u>	<u>313,969.88</u>
TOTAL EXPENDITURES	<u>10,066,900.00</u>	<u>10,066,900.00</u>	<u>9,752,930.12</u>	<u>313,969.88</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>223,175.00</u>	<u>303,000.00</u>	<u>989,722.83</u>	<u>686,722.83</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	223,175.00	303,000.00	989,722.83	686,722.83
FUND BALANCE, JANUARY 1	2,040,504.32	2,040,504.32	2,040,504.32	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(4,921.67)</u>	<u>(4,921.67)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,263,679.32</u>	<u>\$ 2,343,504.32</u>	<u>\$ 3,025,305.48</u>	<u>\$ 681,801.16</u>

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>District Library</u>				
REVENUES				
Property taxes	\$ 752,000.00	\$ 751,225.00	\$ 751,578.09	\$ 353.09
State Grants	12,000.00	0.00	0.00	0.00
Interest and rental	8,000.00	1,575.00	1,673.65	98.65
Charges for services	6,000.00	6,050.00	6,193.36	143.36
Fines and Forfeits	100,000.00	112,600.00	114,217.95	1,617.95
Other	44,000.00	49,650.00	50,468.01	818.01
TOTAL REVENUES	<u>922,000.00</u>	<u>921,100.00</u>	<u>924,131.06</u>	<u>3,031.06</u>
EXPENDITURES				
Cultural & Recreational	<u>899,500.00</u>	<u>930,000.00</u>	<u>892,673.74</u>	<u>37,326.26</u>
TOTAL EXPENDITURES	<u>899,500.00</u>	<u>930,000.00</u>	<u>892,673.74</u>	<u>37,326.26</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,500.00</u>	<u>(8,900.00)</u>	<u>31,457.32</u>	<u>40,357.32</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>22,500.00</u>	<u>(8,900.00)</u>	<u>31,457.32</u>	<u>40,357.32</u>
FUND BALANCE, JANUARY 1	<u>93,968.60</u>	<u>93,968.60</u>	<u>93,968.60</u>	<u>0.00</u>
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(8,243.22)</u>	<u>(8,243.22)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 116,468.60</u>	<u>\$ 85,068.60</u>	<u>\$ 117,182.70</u>	<u>\$ 32,114.10</u>

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Jail Operations</u>				
REVENUES				
Property taxes	\$ 880,750.00	\$ 881,050.00	\$ 881,439.91	\$ 389.91
Federal Grants	0.00	16,150.00	16,160.00	10.00
Charges for services	218,200.00	107,225.00	103,583.97	(3,641.03)
Interest and rental	4,000.00	1,575.00	2,407.90	832.90
Other	14,750.00	29,825.00	30,894.32	1,069.32
TOTAL REVENUES	1,117,700.00	1,035,825.00	1,034,486.10	(1,338.90)
EXPENDITURES				
Public Safety	2,324,725.00	2,299,025.00	2,238,228.98	60,796.02
TOTAL EXPENDITURES	2,324,725.00	2,299,025.00	2,238,228.98	60,796.02
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,207,025.00)	(1,263,200.00)	(1,203,742.88)	59,457.12
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,274,000.00	1,274,000.00	1,274,000.00	0.00
Operating transfers (out)	(66,975.00)	(66,975.00)	(66,975.00)	0.00
TOTAL OTHER FINANCING SOURCES (USES)	1,207,025.00	1,207,025.00	1,207,025.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0.00	(56,175.00)	3,282.12	59,457.12
FUND BALANCE, JANUARY 1	297,188.35	297,188.35	297,188.35	0.00
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	(3,218.36)	(3,218.36)
FUND BALANCE, DECEMBER 31	\$ 297,188.35	\$ 241,013.35	\$ 297,252.11	\$ 56,238.76

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONCLUDED
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenue Sharing Reserve</u>				
REVENUES				
Interest and rental	\$ 60,225.00	\$ 54,500.00	\$ 51,938.69	\$ (2,561.31)
TOTAL REVENUES	<u>60,225.00</u>	<u>54,500.00</u>	<u>51,938.69</u>	<u>(2,561.31)</u>
EXPENDITURES				
General government	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	60,225.00	54,500.00	51,938.69	(2,561.31)
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	<u>(569,225.00)</u>	<u>(569,225.00)</u>	<u>(569,213.00)</u>	<u>12.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(509,000.00)	(514,725.00)	(517,274.31)	(2,549.31)
FUND BALANCE, JANUARY 1	<u>3,828,783.44</u>	<u>3,828,783.44</u>	<u>3,828,783.44</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,319,783.44</u>	<u>\$ 3,314,058.44</u>	<u>\$ 3,311,509.13</u>	<u>\$ (2,549.31)</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, 2010**

ASSETS

Cash and cash equivalents	\$ 114,294.80
Investments - net	2,988,478.16
Accounts receivable	1,893.11
Interest receivable	7,937.91
Prepaid items	95,107.91
Due from other funds	13,194.81
Due from other units	22,135.81
Due from federal and state governments	<u>256,874.56</u>
TOTAL ASSETS	\$ <u><u>3,499,917.07</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 109,806.88
Due to others	22,204.91
Accrued wages	<u>56,836.03</u>
TOTAL LIABILITIES	<u>188,847.82</u>

FUND BALANCE

Reserved for prepaid items	95,107.91
Undesignated and unreserved	<u>3,215,961.34</u>
TOTAL FUND BALANCE	<u>3,311,069.25</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>3,499,917.07</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUES	
Taxes	\$ 7,851,697.37
Licenses and permits	104,221.50
Intergovernmental	
Federal	394,002.96
State	748,184.62
Charges for services	704,050.00
Interest and rents	109,236.91
Other revenue	211,887.41
	<hr/>
TOTAL REVENUES	10,123,280.77
	<hr/>
EXPENDITURES	
Legislative	371,975.81
Judicial	1,400,426.69
General government	2,291,644.66
Public safety	2,095,620.45
Public works	28,692.16
Health and welfare	496,946.96
Recreation & cultural	21,119.04
Other	122,058.38
	<hr/>
TOTAL EXPENDITURES	6,828,484.15
	<hr/>
EXCESS (DEFICIENCY) OF	
REVENUES OVER EXPENDITURES	3,294,796.62
	<hr/>
OTHER FINANCING SOURCES (USES)	
Transfers in	569,213.00
Transfers out	(3,608,593.00)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(3,039,380.00)
	<hr/>
EXCESS (DEFICIENCY) OF	
REVENUES AND OTHER FINANCING	
SOURCES OVER EXPENDITURES	
AND OTHER USES	255,416.62
FUND BALANCE, JANUARY 1	3,084,555.77
PRIOR PERIOD ADJUSTMENTS	(28,903.14)
	<hr/>
FUND BALANCE, DECEMBER 31	\$ 3,311,069.25
	<hr/> <hr/>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District court	\$ 309,000.00	\$ 316,400.00	\$ 318,368.77	\$ 1,968.77
Friend of the court	20,175.00	15,800.00	15,775.38	(24.62)
Probate court	13,400.00	13,650.00	13,873.80	223.80
Juvenile court	39,475.00	35,775.00	36,769.27	994.27
Family counseling service	3,825.00	3,225.00	3,300.00	75.00
Prosecutor	13,650.00	14,200.00	18,851.28	4,651.28
County clerk	66,825.00	70,075.00	68,540.39	(1,534.61)
Register of deeds	227,575.00	211,325.00	213,520.70	2,195.70
Property tax collections	7,636,000.00	7,670,925.00	7,687,749.19	16,824.19
Delinquent personal tax	10,850.00	6,625.00	6,635.16	10.16
Other taxes	59,400.00	58,650.00	64,156.02	5,506.02
Payment in lieu of tax	55,725.00	93,150.00	93,157.00	7.00
Probate judge supplement	103,025.00	102,925.00	102,944.99	19.99
Judicial salary standardization	128,475.00	128,025.00	128,034.44	9.44
Court financing reimbursements	153,700.00	147,200.00	145,475.46	(1,724.54)
Emergency management	12,000.00	17,000.00	19,555.95	2,555.95
Sheriff road patrol	59,575.00	59,575.00	61,576.00	2,001.00
Marine patrol	30,000.00	37,225.00	37,244.00	19.00
Drunk driving case flow	13,000.00	10,250.00	10,264.02	14.02
C.R.P. reimbursement	241,000.00	265,000.00	280,428.98	15,428.98
Victims' rights	16,200.00	16,975.00	16,959.00	(16.00)
Cigarette tax	2,600.00	4,650.00	4,668.00	18.00
Convention facility tax	170,700.00	169,525.00	169,526.00	1.00
Township liquor license	12,250.00	13,200.00	13,212.65	12.65
State survey/remonumentation	15,300.00	30,475.00	30,483.00	8.00
Drug case information management	250.00	475.00	480.02	5.02
Bulletproof Vest Grant	0.00	41,750.00	41,767.00	17.00
Investment income	60,000.00	40,300.00	95,517.47	55,217.47
Rents and leases	12,850.00	13,600.00	13,719.44	119.44
Reimbursements - refunds	193,275.00	176,975.00	181,351.04	4,376.04
Friend of the court - incentive programs	31,000.00	30,850.00	28,702.03	(2,147.97)
Other treasurer's fees	5,400.00	9,000.00	8,958.65	(41.35)
Sheriff's department	12,225.00	33,450.00	33,727.23	277.23
S.S.C.E.N.T. program	22,800.00	22,800.00	23,549.00	749.00
Drain commissioner	29,575.00	27,300.00	28,409.05	1,109.05
Animal control	79,550.00	80,250.00	80,792.39	542.39
Zoning department	30,550.00	25,225.00	25,238.00	13.00
TOTAL REVENUES	\$ 9,891,200.00	\$ 10,013,800.00	\$ 10,123,280.77	\$ 109,480.77

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 151,400.00	\$ 151,400.00	\$ 147,059.87	\$ 4,340.13
Audit	14,900.00	14,850.00	14,798.68	51.32
Board of commissioners	189,000.00	186,000.00	185,430.38	569.62
Child and family services	1,000.00	0.00	0.00	0.00
Circuit court	316,650.00	289,000.00	280,839.96	8,160.04
Circuit court appointed attorney	108,900.00	110,100.00	106,776.65	3,323.35
Contingency	6,000.00	0.00	0.00	0.00
County administrator	192,000.00	186,500.00	186,545.43	(45.43)
County maintenance	133,000.00	88,000.00	85,561.16	2,438.84
Copy machine	17,600.00	17,600.00	16,651.72	948.28
County clerk's office	352,475.00	344,000.00	342,321.00	1,679.00
County Plat Board	300.00	0.00	0.00	0.00
Courthouse maintenance	139,950.00	144,000.00	137,912.27	6,087.73
Department of public works	29,425.00	27,350.00	26,325.63	1,024.37
District court	492,000.00	489,000.00	472,834.42	16,165.58
District court appointed attorney	46,900.00	48,000.00	46,954.50	1,045.50
District Health Dept. #10	179,382.00	179,382.00	179,382.00	0.00
Department of corrections	9,525.00	6,900.00	7,067.43	(167.43)
Drain commissioner	234,300.00	232,000.00	227,423.48	4,576.52
Drains at large	15,000.00	2,850.00	2,366.53	483.47
Emergency planning	69,325.00	68,900.00	69,324.51	(424.51)
Employee Benefits	3,000.00	825.00	0.48	824.52
Extension office	142,000.00	140,500.00	138,940.26	1,559.74
Election and board of canvassers	97,500.00	53,500.00	52,340.11	1,159.89
Equalization department	324,975.00	284,000.00	278,947.83	5,052.17
Fairgrounds	0.00	20,950.00	20,941.04	8.96
Family counseling service	4,000.00	4,000.00	0.00	4,000.00
Health department	59,850.00	55,300.00	50,374.36	4,925.64
Household Hazardous Waste Prog.	7,000.00	7,000.00	7,000.00	0.00
Insurance and surety	4,000.00	3,500.00	3,357.90	142.10
Jail Annex Maintenance	29,000.00	18,000.00	15,112.46	2,887.54
Jury commission	10,200.00	6,700.00	6,444.59	255.41
Juvenile Court	52,375.00	47,000.00	45,195.83	1,804.17
Mason County Growth Alliance	103,700.00	103,700.00	103,700.00	0.00
Mason - Lake soil conservation	15,000.00	15,000.00	15,000.00	0.00
Medical examiner	30,000.00	26,000.00	18,877.60	7,122.40
Mental health authority	139,750.00	139,750.00	139,750.00	0.00
Northern Michigan Substance Abuse	85,350.00	84,775.00	84,763.00	12.00
Parks and recreation	1,000.00	400.00	178.00	222.00
Planning commission & Zoning	140,825.00	138,000.00	132,824.15	5,175.85
Probate Court	456,700.00	443,000.00	434,313.31	8,686.69
Prosecutor's office	460,850.00	447,000.00	434,309.17	12,690.83
Regional planning	7,650.00	7,650.00	7,633.98	16.02

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Register of deeds	\$ 196,675.00	\$ 191,500.00	\$ 189,629.45	\$ 1,870.55
Remonumentation	15,300.00	30,475.00	30,472.75	2.25
Resource Conservation & Development	200.00	0.00	0.00	0.00
Revenue Sharing Fund interest	20,000.00	2,850.00	2,849.32	0.68
Scottville Office Maintenance	27,600.00	24,000.00	21,799.15	2,200.85
Service building	6,000.00	3,500.00	2,965.18	534.82
Sheriff emergency response team	11,000.00	11,000.00	10,466.51	533.49
Sheriff road patrol	1,398,325.00	1,480,000.00	1,470,201.70	9,798.30
Sheriff - marine safety	63,850.00	57,000.00	55,179.87	1,820.13
Sheriff's secondary road patrol	137,625.00	140,000.00	129,554.22	10,445.78
Sheriff - S.S.C.E.N.T. program	86,825.00	84,400.00	73,375.64	11,024.36
Tax allocation boards	1,000.00	600.00	573.47	26.53
Treasurer's office	287,100.00	291,000.00	292,037.20	(1,037.20)
United Way 211 Service	2,500.00	2,500.00	2,500.00	0.00
Veterans' burial	20,000.00	23,200.00	21,300.00	1,900.00
TOTAL EXPENDITURES BEFORE OTHER FINANCING SOURCES	\$ 7,147,757.00	\$ 6,974,407.00	\$ 6,828,484.15	\$ 145,922.85

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, Brownfield Redevelopment/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, 2010

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
ASSETS				
Cash and cash equivalents	\$ 53,519.29	\$ 165,647.76	\$ 1,762.50	\$ 18,317.72
Investments	0.00	0.00	22,762.02	0.00
Taxes receivable	339,406.14	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	132.42	0.00
Prepaid items	1,165.50	5,481.69	0.00	0.00
Due from other units	244.97	0.00	0.00	0.00
Due from Federal Government	0.00	0.00	0.00	0.00
Due from state	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 394,335.90	\$ 171,129.45	\$ 24,656.94	\$ 18,317.72
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 24,000.00	\$ 1,125.00	\$ 0.00	\$ 0.00
Due to individuals	0.00	219.41	0.00	2,200.00
Accrued expenses	0.00	3,995.55	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
TOTAL LIABILITIES	24,000.00	5,339.96	0.00	2,200.00
DEFERRED REVENUE	339,406.14	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	1,165.50	5,481.69	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	29,764.26	160,307.80	24,656.94	16,117.72
TOTAL FUND BALANCE	30,929.76	165,789.49	24,656.94	16,117.72
TOTAL LIABILITIES AND FUND BALANCE	\$ 394,335.90	\$ 171,129.45	\$ 24,656.94	\$ 18,317.72

BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 378,082.20	\$ 243,822.92	\$ 159,998.16	\$ 10,647.21	\$ 1,492,214.07
7,116.52	0.00	59,729.09	68,522.86	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
1.32	0.00	29.66	36.73	0.00
0.00	1,112.54	0.00	9,355.50	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>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 385,200.04</u>	<u>\$ 244,935.46</u>	<u>\$ 219,756.91</u>	<u>\$ 88,562.30</u>	<u>\$ 1,492,214.07</u>
\$ 0.00	\$ 43,250.92	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	789.01	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>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>44,039.93</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>0.00</u>
0.00	1,112.54	0.00	9,355.50	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>385,200.04</u>	<u>199,782.99</u>	<u>219,756.91</u>	<u>79,206.80</u>	<u>1,492,214.07</u>
<u>385,200.04</u>	<u>200,895.53</u>	<u>219,756.91</u>	<u>88,562.30</u>	<u>1,492,214.07</u>
<u>\$ 385,200.04</u>	<u>\$ 244,935.46</u>	<u>\$ 219,756.91</u>	<u>\$ 88,562.30</u>	<u>\$ 1,492,214.07</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2010

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
ASSETS				
Cash and cash equivalents	\$ 14,850.62	\$ 1,395.93	\$ 18,331.67	\$ 17,777.43
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	276.50	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from Federal Government	0.00	0.00	0.00	0.00
Due from state	13,242.91	0.00	0.00	0.00
TOTAL ASSETS	\$ 28,370.03	\$ 1,395.93	\$ 18,331.67	\$ 17,777.43
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 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
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
TOTAL LIABILITIES	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	276.50	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	28,093.53	1,395.93	18,331.67	17,777.43
TOTAL FUND BALANCE	28,370.03	1,395.93	18,331.67	17,777.43
TOTAL LIABILITIES AND FUND BALANCE	\$ 28,370.03	\$ 1,395.93	\$ 18,331.67	\$ 17,777.43

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 296,065.86	\$ 1,823.29	\$ 119,290.63	\$ 6,229.65
761.64	0.00	0.00	0.00
886,736.76	0.00	756,325.30	0.00
1,200.00	0.00	0.00	0.00
72.95	0.00	9.39	0.00
39,624.40	0.00	19,455.67	0.00
640.04	0.00	545.92	0.00
0.00	0.00	0.00	0.00
2,020.50	0.00	0.00	0.00
<u>\$ 1,227,122.15</u>	<u>\$ 1,823.29</u>	<u>\$ 895,626.91</u>	<u>\$ 6,229.65</u>
\$ 12,511.88	\$ 0.00	\$ 14,881.29	\$ 0.00
10,025.48	0.00	0.00	0.00
20,595.92	0.00	7,237.62	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>43,133.28</u>	<u>0.00</u>	<u>22,118.91</u>	<u>0.00</u>
<u>886,736.76</u>	<u>0.00</u>	<u>756,325.30</u>	<u>0.00</u>
39,624.40	0.00	19,455.67	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>257,627.71</u>	<u>1,823.29</u>	<u>97,727.03</u>	<u>6,229.65</u>
<u>297,252.11</u>	<u>1,823.29</u>	<u>117,182.70</u>	<u>6,229.65</u>
<u>\$ 1,227,122.15</u>	<u>\$ 1,823.29</u>	<u>\$ 895,626.91</u>	<u>\$ 6,229.65</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2010

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
ASSETS				
Cash and cash equivalents	\$ 503.59	\$ 694.32	\$ 22,790.32	\$ 2,079,112.84
Investments	44,601.68	0.00	0.00	433,079.18
Taxes receivable	0.00	0.00	0.00	1,474,734.97
Accounts receivable	15,095.05	0.00	0.00	133,201.14
Interest receivable	98.48	0.00	0.00	1,726.14
Prepaid items	89.52	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	1,064.46
Due from Federal Government	0.00	0.00	0.00	185,631.97
Due from state	0.00	0.00	0.00	650,663.09
TOTAL ASSETS	\$ 60,388.32	\$ 694.32	\$ 22,790.32	\$ 4,959,213.79
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 211,810.85
Due to individuals	0.00	0.00	0.00	14,596.03
Accrued expenses	230.77	0.00	0.00	232,766.46
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	10,441.17	0.00	0.00	0.00
TOTAL LIABILITIES	10,671.94	0.00	0.00	459,173.34
DEFERRED REVENUE	0.00	0.00	0.00	1,474,734.97
FUND BALANCE				
Reserved for prepaid items	89.52	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	49,626.86	694.32	22,790.32	3,025,305.48
TOTAL FUND BALANCE	49,716.38	694.32	22,790.32	3,025,305.48
TOTAL LIABILITIES AND FUND BALANCE	\$ 60,388.32	\$ 694.32	\$ 22,790.32	\$ 4,959,213.79

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	JUNK ORDINANCE
\$ 127,551.41	\$ 14,074.84	\$ 927.93	\$ 46,079.14	\$ 57,647.08
0.00	0.00	0.00	0.00	0.00
0.00	4,586.57	0.00	0.00	0.00
5,430.00	0.00	0.00	4,577.50	0.00
0.00	0.00	0.00	9.38	0.00
944.05	0.00	0.00	0.00	0.00
0.00	3.29	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
97,071.18	0.00	0.00	9,906.58	0.00
<u>\$ 230,996.64</u>	<u>\$ 18,664.70</u>	<u>\$ 927.93</u>	<u>\$ 60,572.60</u>	<u>\$ 57,647.08</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,110.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
1,992.46	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	2,004.10	0.00
0.00	0.00	0.00	0.00	0.00
<u>1,992.46</u>	<u>0.00</u>	<u>0.00</u>	<u>3,114.10</u>	<u>0.00</u>
<u>0.00</u>	<u>4,586.57</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
944.05	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>228,060.13</u>	<u>14,078.13</u>	<u>927.93</u>	<u>57,458.50</u>	<u>57,647.08</u>
<u>229,004.18</u>	<u>14,078.13</u>	<u>927.93</u>	<u>57,458.50</u>	<u>57,647.08</u>
<u>\$ 230,996.64</u>	<u>\$ 18,664.70</u>	<u>\$ 927.93</u>	<u>\$ 60,572.60</u>	<u>\$ 57,647.08</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2010

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION & SICK PAY TRUST
ASSETS			
Cash and cash equivalents	\$ 78,200.04	\$ 15,901.65	\$ 99,547.62
Investments	2,279,789.29	83,759.40	495,051.63
Taxes receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	10,301.06	3.38	2,786.82
Prepaid items	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00
Due from Federal Government	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
TOTAL ASSETS	\$ 2,368,290.39	\$ 99,664.43	\$ 597,386.07
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 0.00	\$ 0.00	\$ 0.00
Due to individuals	0.00	0.00	0.00
Accrued expenses	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
TOTAL LIABILITIES	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00
FUND BALANCE			
Reserved for prepaid items	0.00	0.00	0.00
Reserved for perpetual care	2,368,290.39	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	99,664.43	597,386.07
Undesignated	0.00	0.00	0.00
TOTAL FUND BALANCE	2,368,290.39	99,664.43	597,386.07
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,368,290.39	\$ 99,664.43	\$ 597,386.07

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	AMBULANCE	TOTAL
\$ 22,006.41	\$ 10,852.93	\$ 1,417,127.07	\$ 11,830.08	\$ 7,004,624.18
0.00	0.00	1,892,049.33	165,171.17	5,552,393.81
62,426.79	0.00	0.00	0.00	3,524,216.53
0.00	0.00	0.00	0.00	159,503.69
0.00	0.00	2,332.73	778.84	18,319.30
245.00	0.00	0.00	0.00	77,750.37
1,914.18	0.00	0.00	0.00	4,412.86
869.83	0.00	0.00	0.00	186,501.80
0.00	0.00	0.00	0.00	772,904.26
<u>\$ 87,462.21</u>	<u>\$ 10,852.93</u>	<u>\$ 3,311,509.13</u>	<u>\$ 177,780.09</u>	<u>\$ 17,300,626.80</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 308,689.94
0.00	0.00	0.00	0.00	27,040.92
0.00	0.00	0.00	0.00	267,607.79
81,304.57	0.00	0.00	0.00	81,304.57
0.00	321.11	0.00	0.00	2,325.21
0.00	0.00	0.00	0.00	10,441.17
<u>81,304.57</u>	<u>321.11</u>	<u>0.00</u>	<u>0.00</u>	<u>697,409.60</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,461,789.74</u>
245.00	0.00	0.00	0.00	77,750.37
0.00	0.00	0.00	0.00	2,368,290.39
0.00	0.00	0.00	0.00	697,050.50
<u>5,912.64</u>	<u>10,531.82</u>	<u>3,311,509.13</u>	<u>177,780.09</u>	<u>9,998,336.20</u>
<u>6,157.64</u>	<u>10,531.82</u>	<u>3,311,509.13</u>	<u>177,780.09</u>	<u>13,141,427.46</u>
<u>\$ 87,462.21</u>	<u>\$ 10,852.93</u>	<u>\$ 3,311,509.13</u>	<u>\$ 177,780.09</u>	<u>\$ 17,300,626.80</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
REVENUES				
Taxes	\$ 337,105.83	\$ 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	9,630.00	0.00	0.00
Interest and rents	0.00	0.00	625.00	0.00
Fines and forfeits	0.00	0.00	0.00	4,550.00
Other	0.00	0.00	0.00	0.00
TOTAL REVENUE	337,105.83	9,630.00	625.00	4,550.00
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	0.00	0.00
Health and welfare	340,988.27	0.00	0.00	5,000.00
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	342,496.01	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
TOTAL EXPENDITURES	340,988.27	342,496.01	0.00	5,000.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,882.44)	(332,866.01)	625.00	(450.00)
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	340,000.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	340,000.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,882.44)	7,133.99	625.00	(450.00)
FUND BALANCE, JANUARY 1	35,648.01	158,655.50	24,031.94	16,567.72
PRIOR PERIOD ADJUSTMENTS	(835.81)	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 30,929.76	\$ 165,789.49	\$ 24,656.94	\$ 16,117.72

BROWNFIL REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 504,242.72	\$ 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
12,733.00	183,710.33	22,545.00	33,855.00	0.00
256.15	0.00	2,035.86	812.89	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>517,231.87</u>	<u>183,710.33</u>	<u>24,580.86</u>	<u>34,667.89</u>	<u>0.00</u>
425,517.16	202,018.69	0.00	9,760.50	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>425,517.16</u>	<u>202,018.69</u>	<u>0.00</u>	<u>9,760.50</u>	<u>0.00</u>
91,714.71	(18,308.36)	24,580.86	24,907.39	0.00
0.00	0.00	0.00	0.00	43,000.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	43,000.00
91,714.71	(18,308.36)	24,580.86	24,907.39	43,000.00
299,317.08	219,203.89	195,176.05	63,654.91	1,449,214.07
(5,831.75)	0.00	0.00	0.00	0.00
<u>\$ 385,200.04</u>	<u>\$ 200,895.53</u>	<u>\$ 219,756.91</u>	<u>\$ 88,562.30</u>	<u>\$ 1,492,214.07</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	69,305.22	0.00	0.00	0.00
Charges for services	6,037.50	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	5.00	1,800.00	0.00
TOTAL REVENUE	75,342.72	5.00	1,800.00	0.00
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	210.88	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	71,353.96	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
TOTAL EXPENDITURES	71,353.96	0.00	210.88	0.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,988.76	5.00	1,589.12	0.00
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,988.76	5.00	1,589.12	0.00
FUND BALANCE, JANUARY 1	24,381.27	1,390.93	16,742.55	17,777.43
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 28,370.03	\$ 1,395.93	\$ 18,331.67	\$ 17,777.43

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 881,439.91	\$ 0.00	\$ 751,578.09	\$ 0.00
16,160.00	0.00	0.00	92,625.00
0.00	0.00	0.00	0.00
103,583.97	0.00	6,193.36	0.00
2,407.90	0.00	1,673.65	0.00
0.00	3,500.00	114,217.95	0.00
30,894.32	0.00	50,468.01	524.73
<u>1,034,486.10</u>	<u>3,500.00</u>	<u>924,131.06</u>	<u>93,149.73</u>
0.00	0.00	0.00	0.00
2,238,228.98	0.00	0.00	0.00
0.00	0.00	0.00	93,840.08
0.00	0.00	892,673.74	0.00
0.00	15,819.36	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>2,238,228.98</u>	<u>15,819.36</u>	<u>892,673.74</u>	<u>93,840.08</u>
(1,203,742.88)	(12,319.36)	31,457.32	(690.35)
1,274,000.00	15,000.00	0.00	0.00
<u>(66,975.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
1,207,025.00	15,000.00	0.00	0.00
3,282.12	2,680.64	31,457.32	(690.35)
297,188.35	(857.35)	93,968.60	6,920.00
<u>(3,218.36)</u>	<u>0.00</u>	<u>(8,243.22)</u>	<u>0.00</u>
\$ <u><u>297,252.11</u></u>	\$ <u><u>1,823.29</u></u>	\$ <u><u>117,182.70</u></u>	\$ <u><u>6,229.65</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,465,566.82
Federal grants	0.00	0.00	0.00	0.00
State grants	0.00	3,781.00	0.00	0.00
Charges for services	0.00	0.00	0.00	9,257,714.93
Interest and rents	2,281.41	0.00	0.00	19,371.20
Fines and forfeits	0.00	0.00	0.00	0.00
Other	28,600.43	0.00	7,748.20	0.00
TOTAL REVENUE	30,881.84	3,781.00	7,748.20	10,742,652.95
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	28,629.12	4,729.87	0.00	0.00
Health and welfare	0.00	0.00	42,213.67	9,752,930.12
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
TOTAL EXPENDITURES	28,629.12	4,729.87	42,213.67	9,752,930.12
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,252.72	(948.87)	(34,465.47)	989,722.83
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	31,000.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	31,000.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,252.72	(948.87)	(3,465.47)	989,722.83
FUND BALANCE, JANUARY 1	47,463.66	1,643.19	26,255.79	2,040,504.32
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	(4,921.67)
FUND BALANCE, DECEMBER 31	\$ 49,716.38	\$ 694.32	\$ 22,790.32	\$ 3,025,305.48

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	JUNK ORDINANCE
\$ 0.00	\$ 4,443.31	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
294,798.95	0.00	1,938.00	0.00	0.00
45,830.91	0.00	0.00	0.00	8,677.60
0.00	0.00	0.00	274,479.55	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	4,704.29	0.00
<u>340,629.86</u>	<u>4,443.31</u>	<u>1,938.00</u>	<u>279,183.84</u>	<u>8,677.60</u>
0.00	0.00	0.00	88,146.88	0.00
0.00	0.00	0.00	0.00	6,419.83
598,137.89	1,650.04	1,273.54	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>598,137.89</u>	<u>1,650.04</u>	<u>1,273.54</u>	<u>88,146.88</u>	<u>6,419.83</u>
<u>(257,508.03)</u>	<u>2,793.27</u>	<u>664.46</u>	<u>191,036.96</u>	<u>2,257.77</u>
252,000.00	0.00	0.00	0.00	8,000.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(293,343.75)</u>	<u>0.00</u>
<u>252,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(293,343.75)</u>	<u>8,000.00</u>
(5,508.03)	2,793.27	664.46	(102,306.79)	10,257.77
234,512.21	11,297.54	263.47	159,765.29	47,389.31
<u>0.00</u>	<u>(12.68)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 229,004.18</u>	<u>\$ 14,078.13</u>	<u>\$ 927.93</u>	<u>\$ 57,458.50</u>	<u>\$ 57,647.08</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION AND SICK PAY
REVENUES			
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	51,292.47	1,721.21	16,495.35
Fines and forfeits	0.00	0.00	0.00
Other	13,754.90	0.00	0.00
TOTAL REVENUE	<u>65,047.37</u>	<u>1,721.21</u>	<u>16,495.35</u>
EXPENDITURES			
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	6,703.34
Landfill perpetual care	63,787.37	0.00	0.00
TOTAL EXPENDITURES	<u>63,787.37</u>	<u>0.00</u>	<u>6,703.34</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,260.00</u>	<u>1,721.21</u>	<u>9,792.01</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	58,000.00	0.00	35,000.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>58,000.00</u>	<u>0.00</u>	<u>35,000.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	59,260.00	1,721.21	44,792.01
FUND BALANCE, JANUARY 1	2,309,030.39	97,943.22	552,594.06
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	<u>\$ 2,368,290.39</u>	<u>\$ 99,664.43</u>	<u>\$ 597,386.07</u>

PRINICPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	AMBULANCE	TOTAL
\$ 2,285.95	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,946,662.63
0.00	0.00	0.00	0.00	108,785.00
0.00	0.00	0.00	0.00	369,823.17
0.00	7,946.10	0.00	0.00	9,698,457.70
0.00	0.00	51,938.69	5,986.00	431,377.33
0.00	0.00	0.00	0.00	122,267.95
0.00	0.00	0.00	250.00	138,749.88
<u>2,285.95</u>	<u>7,946.10</u>	<u>51,938.69</u>	<u>6,236.00</u>	<u>14,816,123.66</u>
744.88	0.00	0.00	0.00	726,188.11
0.00	8,628.56	0.00	51,824.35	2,338,671.59
0.00	0.00	0.00	0.00	10,836,033.61
0.00	0.00	0.00	0.00	892,673.74
0.00	0.00	0.00	0.00	429,669.33
0.00	0.00	0.00	0.00	6,703.34
0.00	0.00	0.00	0.00	63,787.37
<u>744.88</u>	<u>8,628.56</u>	<u>0.00</u>	<u>51,824.35</u>	<u>15,293,727.09</u>
<u>1,541.07</u>	<u>(682.46)</u>	<u>51,938.69</u>	<u>(45,588.35)</u>	<u>(477,603.43)</u>
0.00	0.00	0.00	0.00	2,056,000.00
0.00	0.00	(569,213.00)	0.00	(929,531.75)
<u>0.00</u>	<u>0.00</u>	<u>(569,213.00)</u>	<u>0.00</u>	<u>1,126,468.25</u>
1,541.07	(682.46)	(517,274.31)	(45,588.35)	648,864.82
4,616.57	11,214.28	3,828,783.44	223,368.44	12,515,626.13
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(23,063.49)</u>
<u>\$ 6,157.64</u>	<u>\$ 10,531.82</u>	<u>\$ 3,311,509.13</u>	<u>\$ 177,780.09</u>	<u>\$ 13,141,427.46</u>

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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, and Building Authority Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2010

	911 CENTER	BUILDING AUTHORITY MCF	TOTALS
ASSETS			
Cash equivalents	\$ <u>41,114.70</u>	\$ <u>151,244.40</u>	\$ <u>192,359.10</u>
TOTAL ASSETS	\$ <u><u>41,114.70</u></u>	\$ <u><u>151,244.40</u></u>	\$ <u><u>192,359.10</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
TOTAL LIABILITIES	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE			
Undesignated	<u>41,114.70</u>	<u>151,244.40</u>	<u>192,359.10</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>41,114.70</u></u>	\$ <u><u>151,244.40</u></u>	\$ <u><u>192,359.10</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	911 CENTER	BUILDING AUTHORITY MCF	TOTALS
REVENUES			
Interest	\$ 215.78	\$ 796.68	\$ 1,012.46
Rents and fees	<u>127,437.50</u>	<u>280,300.00</u>	<u>407,737.50</u>
TOTAL REVENUES	<u>127,653.28</u>	<u>281,096.68</u>	<u>408,749.96</u>
EXPENDITURES			
Principal	125,000.00	200,000.00	325,000.00
Interest	48,812.50	79,800.00	128,612.50
Fees	<u>800.00</u>	<u>500.00</u>	<u>1,300.00</u>
TOTAL EXPENDITURES	<u>174,612.50</u>	<u>280,300.00</u>	<u>454,912.50</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,959.22)</u>	<u>796.68</u>	<u>(46,162.54)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>47,175.00</u>	<u>0.00</u>	<u>47,175.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	215.78	796.68	1,012.46
FUND BALANCE, JANUARY 1	<u>40,898.92</u>	<u>150,447.72</u>	<u>191,346.64</u>
FUND BALANCE, DECEMBER 31	<u>\$ 41,114.70</u>	<u>\$ 151,244.40</u>	<u>\$ 192,359.10</u>

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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, and Medical Care Facility Improvement Fund.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2010

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	JAIL CONSTRUCTION
ASSETS			
Cash and cash equivalents	\$ 372,013.51	\$ 41,489.83	\$ 15,042.53
Investments	1,736,955.41	0.00	340,198.21
Accounts receivable	0.00	0.00	0.00
Interest receivable	3,301.80	8.82	919.30
TOTAL ASSETS	\$ 2,112,270.72	\$ 41,498.65	\$ 356,160.04
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 17,889.24	\$ 0.00	\$ 0.00
TOTAL LIABILITIES	17,889.24	0.00	0.00
FUND BALANCE			
Undesignated	2,094,381.48	41,498.65	356,160.04
TOTAL FUND BALANCE	2,094,381.48	41,498.65	356,160.04
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,112,270.72	\$ 41,498.65	\$ 356,160.04

PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 524,323.21	\$ 31,761.33	\$ 51,178.49	\$ 1,035,808.90
2,683,315.73	373,636.11	155,627.87	5,289,733.33
0.00	0.00	0.00	0.00
<u>6,171.78</u>	<u>447.68</u>	<u>692.95</u>	<u>11,542.33</u>
<u><u>\$ 3,213,810.72</u></u>	<u><u>\$ 405,845.12</u></u>	<u><u>\$ 207,499.31</u></u>	<u><u>\$ 6,337,084.56</u></u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>17,889.24</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>17,889.24</u>
<u>3,213,810.72</u>	<u>405,845.12</u>	<u>207,499.31</u>	<u>6,319,195.32</u>
<u>3,213,810.72</u>	<u>405,845.12</u>	<u>207,499.31</u>	<u>6,319,195.32</u>
<u><u>\$ 3,213,810.72</u></u>	<u><u>\$ 405,845.12</u></u>	<u><u>\$ 207,499.31</u></u>	<u><u>\$ 6,337,084.56</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	JAIL CONSTRUCTION
REVENUES			
Interest	\$ 46,927.77	\$ 105.35	\$ 8,466.49
Rent	0.00	0.00	0.00
Other	0.00	12,666.62	0.00
TOTAL REVENUES	<u>46,927.77</u>	<u>12,771.97</u>	<u>8,466.49</u>
EXPENDITURES			
Capital outlay	<u>190,943.90</u>	<u>5,254.72</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>190,943.90</u>	<u>5,254.72</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(144,016.13)</u>	<u>7,517.25</u>	<u>8,466.49</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	136,650.00	0.00	59,125.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,650.00</u>	<u>0.00</u>	<u>59,125.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(7,366.13)</u>	<u>7,517.25</u>	<u>67,591.49</u>
FUND BALANCE, JANUARY 1	<u>2,101,747.61</u>	<u>33,981.40</u>	<u>288,568.55</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 2,094,381.48</u></u>	<u><u>\$ 41,498.65</u></u>	<u><u>\$ 356,160.04</u></u>

PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 54,621.98	\$ 8,567.49	\$ 7,827.26	\$ 126,516.34
36,000.00	0.00	0.00	36,000.00
0.00	67,015.03	0.00	79,681.65
<u>90,621.98</u>	<u>75,582.52</u>	<u>7,827.26</u>	<u>242,197.99</u>
0.00	1,000.00	81,765.00	278,963.62
<u>0.00</u>	<u>1,000.00</u>	<u>81,765.00</u>	<u>278,963.62</u>
90,621.98	74,582.52	(73,937.74)	(36,765.63)
392,018.00	0.00	0.00	587,793.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>392,018.00</u>	<u>0.00</u>	<u>0.00</u>	<u>587,793.00</u>
482,639.98	74,582.52	(73,937.74)	551,027.37
<u>2,731,170.74</u>	<u>331,262.60</u>	<u>281,437.05</u>	<u>5,768,167.95</u>
\$ <u><u>3,213,810.72</u></u>	\$ <u><u>405,845.12</u></u>	\$ <u><u>207,499.31</u></u>	\$ <u><u>6,319,195.32</u></u>

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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 Self-Insurance Workers' Compensation, 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, 2010

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
ASSETS			
Cash	\$ 40,302.38	\$ 22,846.44	\$ 90,217.64
Investments	34,320.88	159,684.33	270,493.85
Prepaid items	0.00	0.00	9,855.16
Deferred expenses	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Accounts receivable	0.00	0.00	382.61
Due from employees	0.00	0.00	0.00
Vehicles - net	0.00	29,861.27	0.00
Interest receivable	55.87	453.49	433.52
TOTAL ASSETS	\$ 74,679.13	\$ 212,845.53	\$ 371,382.78
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued expenses	\$ 235.97	\$ 0.00	\$ 3,952.00
TOTAL LIABILITIES	235.97	0.00	3,952.00
FUND EQUITY			
Reserved for employee benefits	0.00	0.00	367,430.78
Retained earnings	74,443.16	212,845.53	0.00
TOTAL FUND EQUITY	74,443.16	212,845.53	367,430.78
TOTAL LIABILITIES AND FUND EQUITY	\$ 74,679.13	\$ 212,845.53	\$ 371,382.78

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 139,459.63	\$ 104,029.32	\$ 220,828.51	\$ 43,802.14	\$ 661,486.06
315,845.05	1,130,920.24	858,354.66	0.00	2,769,619.01
0.00	6,599.84	0.00	0.00	16,455.00
0.00	0.00	29,712.36	0.00	29,712.36
528,673.84	0.00	31,218.00	0.00	559,891.84
0.00	222.39	0.00	0.00	605.00
0.00	0.00	5,578.54	0.00	5,578.54
0.00	0.00	0.00	0.00	29,861.27
422.79	2,284.07	3,713.78	9.32	7,372.84
<u>\$ 984,401.31</u>	<u>\$ 1,244,055.86</u>	<u>\$ 1,149,405.85</u>	<u>\$ 43,811.46</u>	<u>\$ 4,080,581.92</u>
\$ 54,097.00	\$ 842.00	\$ 64,732.00	\$ 0.00	\$ 123,858.97
<u>54,097.00</u>	<u>842.00</u>	<u>64,732.00</u>	<u>0.00</u>	<u>123,858.97</u>
930,304.31	1,243,213.86	1,084,673.85	43,811.46	3,669,434.26
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>287,288.69</u>
<u>930,304.31</u>	<u>1,243,213.86</u>	<u>1,084,673.85</u>	<u>43,811.46</u>	<u>3,956,722.95</u>
<u>\$ 984,401.31</u>	<u>\$ 1,244,055.86</u>	<u>\$ 1,149,405.85</u>	<u>\$ 43,811.46</u>	<u>\$ 4,080,581.92</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
OPERATING REVENUES			
Charges for services	\$ 65,808.06	\$ 0.00	\$ 0.00
Equipment rental	0.00	14,966.31	0.00
Other	0.00	0.00	382.61
TOTAL OPERATING REVENUES	65,808.06	14,966.31	382.61
EXPENSES			
Claims and benefits	0.00	0.00	11,342.33
Salaries and benefits	16,138.30	0.00	0.00
Contracted services	34,993.96	65.00	0.00
Utilities	249.96	0.00	0.00
Operating expense	2,720.71	8,608.28	0.00
Repairs and maintenance	328.95	1,196.35	0.00
TOTAL OPERATING EXPENSES	54,431.88	9,869.63	11,342.33
OPERATING INCOME (LOSS)	11,376.18	5,096.68	(10,959.72)
NONOPERATING INCOME			
Interest	590.74	5,645.00	7,856.49
INCOME (LOSS) BEFORE TRANSFERS	11,966.92	10,741.68	(3,103.23)
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00
NET INCOME (LOSS)	11,966.92	10,741.68	(3,103.23)
RETAINED EARNINGS, JANUARY 1	62,476.24	202,103.85	370,534.01
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
RETAINED EARNINGS, DECEMBER 31	\$ 74,443.16	\$ 212,845.53	\$ 367,430.78

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 20,161.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 85,969.06
0.00	0.00	0.00	0.00	14,966.31
7,849.02	762.31	17,640.70	0.00	26,634.64
<u>28,010.02</u>	<u>762.31</u>	<u>17,640.70</u>	<u>0.00</u>	<u>127,570.01</u>
141,892.55	7,225.61	400,512.89	22,628.29	583,601.67
0.00	0.00	0.00	0.00	16,138.30
0.00	0.00	0.00	0.00	35,058.96
0.00	0.00	0.00	0.00	249.96
0.00	0.00	0.00	0.00	11,328.99
0.00	0.00	0.00	0.00	1,525.30
<u>141,892.55</u>	<u>7,225.61</u>	<u>400,512.89</u>	<u>22,628.29</u>	<u>647,903.18</u>
<u>(113,882.53)</u>	<u>(6,463.30)</u>	<u>(382,872.19)</u>	<u>(22,628.29)</u>	<u>(520,333.17)</u>
24,290.93	31,294.59	21,055.67	471.78	91,205.20
<u>(89,591.60)</u>	<u>24,831.29</u>	<u>(361,816.52)</u>	<u>(22,156.51)</u>	<u>(429,127.97)</u>
180,000.00	15,350.00	399,000.00	0.00	594,350.00
<u>180,000.00</u>	<u>15,350.00</u>	<u>399,000.00</u>	<u>0.00</u>	<u>594,350.00</u>
90,408.40	40,181.29	37,183.48	(22,156.51)	165,222.03
839,895.91	1,203,032.57	1,047,490.37	65,967.97	3,791,500.92
0.00	0.00	0.00	0.00	0.00
<u>\$ 930,304.31</u>	<u>\$ 1,243,213.86</u>	<u>\$ 1,084,673.85</u>	<u>\$ 43,811.46</u>	<u>\$ 3,956,722.95</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 11,376.18	\$ 5,096.68	\$ (10,959.72)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	0.00	4,022.58	0.00
(Increase) decrease in current assets			
Interest receivable	(12.59)	31.96	771.06
Accounts receivable	0.00	0.00	(382.61)
Prepaid items	4,324.11	0.00	(977.23)
Deferred expenses	0.00	0.00	0.00
Due from employees	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Accounts payable	0.00	0.00	(1,551.73)
Accrued expenses	51.05	0.00	(16,279.00)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>15,738.75</u>	<u>9,151.22</u>	<u>(29,379.23)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	(24,062.64)	(5,641.79)	(8,433.97)
Interest received	590.74	5,645.00	7,856.49
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(23,471.90)</u>	<u>3.21</u>	<u>(577.48)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,733.15)	9,154.43	(29,956.71)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>48,035.53</u>	<u>13,692.01</u>	<u>120,174.35</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 40,302.38</u></u>	<u><u>\$ 22,846.44</u></u>	<u><u>\$ 90,217.64</u></u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ (113,882.53)	\$ (6,463.30)	\$ (382,872.19)	\$ (22,628.29)	\$ (520,333.17)
0.00	0.00	0.00	0.00	4,022.58
1,556.18	5,875.60	(1,864.11)	17.66	6,375.76
0.00	(222.39)	0.00	0.00	(605.00)
0.00	(477.77)	765.14	0.00	3,634.25
0.00	0.00	(29,712.36)	0.00	(29,712.36)
0.00	0.00	(5,578.54)	0.00	(5,578.54)
(245,674.53)	0.00	(30,898.00)	0.00	(276,572.53)
0.00	(388.00)	64,732.00	(963.74)	61,828.53
(3,805.64)	(3,799.00)	0.00	0.00	(23,832.59)
<u>(361,806.52)</u>	<u>(5,474.86)</u>	<u>(385,428.06)</u>	<u>(23,574.37)</u>	<u>(780,773.07)</u>
<u>180,000.00</u>	<u>15,350.00</u>	<u>399,000.00</u>	<u>0.00</u>	<u>594,350.00</u>
267,103.82	35,569.74	(499.09)	51,388.25	315,424.32
<u>24,290.93</u>	<u>31,294.59</u>	<u>21,055.67</u>	<u>471.78</u>	<u>91,205.20</u>
<u>291,394.75</u>	<u>66,864.33</u>	<u>20,556.58</u>	<u>51,860.03</u>	<u>406,629.52</u>
109,588.23	76,739.47	34,128.52	28,285.66	220,206.45
<u>29,871.40</u>	<u>27,289.85</u>	<u>186,699.99</u>	<u>15,516.48</u>	<u>441,279.61</u>
\$ <u><u>139,459.63</u></u>	\$ <u><u>104,029.32</u></u>	\$ <u><u>220,828.51</u></u>	\$ <u><u>43,802.14</u></u>	\$ <u><u>661,486.06</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, 2010

		CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$	441,279.61	\$ 0.00	\$ 441,279.61
NET INCREASE (DECREASE)		<u>220,206.45</u>	<u>0.00</u>	<u>220,206.45</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	<u><u>661,486.06</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 661,486.06</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, 2010

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
ASSETS				
Cash	\$ 73,349.65	\$ 285,564.90	\$ 95,096.25	\$ 2,334,874.06
Investments	25,084.14	1,568,007.11	136,329.51	0.00
Interest receivable	17.29	4,870.68	246.02	62.28
Accounts receivable	0.00	19,684.41	1,208.68	202.00
Delinquent taxes receivable	0.00	0.00	0.00	2,190,105.71
Fixed Assets - net	93,761.00	658,379.17	1,916,301.30	0.00
Leases receivable	0.00	3,187,362.90	0.00	0.00
Due from other units	0.00	28,631.84	0.00	15,084.33
Due from individuals	0.00	0.00	0.00	1,791.07
Special Assessment Rec.	0.00	35,838.43	0.00	0.00
Prepaid items	550.00	0.00	4,779.10	2,546.25
TOTAL ASSETS	\$ 192,762.08	\$ 5,788,339.44	\$ 2,153,960.86	\$ 4,544,665.70
LIABILITIES AND RETAINED EARNINGS				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 2,291.32	\$ 2,330.27	\$ 0.00
Due to other units	0.00	0.00	0.00	206.29
Due to individuals	250.00	0.00	0.00	0.00
Due to other funds	0.00	2,753.64	0.00	0.00
Accrued payroll	11.50	0.00	698.11	0.00
Accrued interest payable	0.00	37,840.09	5,629.17	0.00
Deferred revenue	378.00	35,838.43	0.00	0.00
Bonds payable	0.00	3,180,414.97	650,000.00	0.00
TOTAL LIABILITIES	639.50	3,259,138.45	658,657.55	206.29
RETAINED EARNINGS				
Unreserved	192,122.58	2,529,200.99	1,495,303.31	4,544,459.41
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 192,762.08	\$ 5,788,339.44	\$ 2,153,960.86	\$ 4,544,665.70

**DELINQUENT
TAX
FORECLOSURE**

TOTAL

\$	311,486.72	\$	3,100,371.58
	205,648.51		1,935,069.27
	489.74		5,686.01
	0.00		21,095.09
	0.00		2,190,105.71
	0.00		2,668,441.47
	0.00		3,187,362.90
	0.00		43,716.17
	0.00		1,791.07
	0.00		35,838.43
	0.00		7,875.35
	<u>517,624.97</u>		<u>13,197,353.05</u>
\$	<u><u>517,624.97</u></u>	\$	<u><u>13,197,353.05</u></u>

\$	0.00	\$	4,621.59
	0.00		206.29
	0.00		250.00
	0.00		2,753.64
	0.00		709.61
	0.00		43,469.26
	0.00		36,216.43
	0.00		3,830,414.97
	<u>0.00</u>		<u>3,918,641.79</u>
	<u>517,624.97</u>		<u>9,278,711.26</u>
\$	<u><u>517,624.97</u></u>	\$	<u><u>13,197,353.05</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
REVENUES			
Charges for services	\$ 66,254.75	\$ 149,590.44	\$ 16,419.64
Rentals	0.00	27,385.00	73,455.90
Reimbursements	0.00	190,518.24	15,697.47
Administration fees & Penalties	0.00	0.00	0.00
Other	26,194.33	36,111.12	1,400.00
TOTAL REVENUES	92,449.08	403,604.80	106,973.01
EXPENSES			
Salary and benefits	31,303.83	0.00	63,066.55
Interest and fees	0.00	0.00	0.00
Contracted services	0.00	40,386.16	34,431.98
Repairs and maintenance	0.00	727.00	28,944.24
Utilities and telephone	6,426.61	12,871.30	29,975.97
Other operating expenses	29,022.75	260,897.30	193,759.95
TOTAL EXPENSES	66,753.19	314,881.76	350,178.69
OPERATING INCOME (LOSS)	25,695.89	88,723.04	(243,205.68)
NONOPERATING INCOME			
Investment Interest	1,049.17	42,539.45	2,753.11
INCOME (LOSS) BEFORE TRANSFERS	26,745.06	131,262.49	(240,452.57)
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	5,000.00	163,250.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	5,000.00	163,250.00
NET INCOME (LOSS)	26,745.06	136,262.49	(77,202.57)
RETAINED EARNINGS, JANUARY 1	165,377.52	2,393,169.22	1,572,505.88
PRIOR PERIOD ADJUSTMENTS	0.00	(230.72)	0.00
RETAINED EARNINGS, DECEMBER 31	\$ 192,122.58	\$ 2,529,200.99	\$ 1,495,303.31

DELINQUENT TAX REVOLVING	DELINQUENT TAX FORECLOSURE	TOTAL
351,208.87	\$ 185,979.21	\$ 769,452.91
0.00	0.00	100,840.90
0.00	0.00	206,215.71
154,968.52	0.00	154,968.52
438.02	1,770.00	65,913.47
<u>506,615.41</u>	<u>187,749.21</u>	<u>1,297,391.51</u>
0.00	0.00	94,370.38
166.07	0.00	166.07
4,855.83	34,474.05	114,148.02
0.00	0.00	29,671.24
0.00	0.00	49,273.88
20,362.82	56,535.88	560,578.70
<u>25,384.72</u>	<u>91,009.93</u>	<u>848,208.29</u>
<u>481,230.69</u>	<u>96,739.28</u>	<u>449,183.22</u>
7,240.29	4,565.87	58,147.89
<u>488,470.98</u>	<u>101,305.15</u>	<u>507,331.11</u>
515,343.75	0.00	683,593.75
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>515,343.75</u>	<u>0.00</u>	<u>683,593.75</u>
1,003,814.73	101,305.15	1,190,924.86
3,540,644.68	416,319.82	8,088,017.12
<u>0.00</u>	<u>0.00</u>	<u>(230.72)</u>
<u><u>4,544,459.41</u></u>	<u><u>\$ 517,624.97</u></u>	<u><u>\$ 9,278,711.26</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 25,695.89	\$ 88,723.04	\$ (243,205.68)	\$ 481,230.69
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Prior period adjustment	0.00	(230.72)	0.00	0.00
Depreciation	3,469.69	27,468.32	145,902.01	0.00
(Increase) decrease in current assets				
Accounts receivable	0.00	(19,479.97)	670.83	798.00
Delinquent taxes receivable	0.00	0.00	0.00	(458,661.00)
Interest receivable	22.93	1,204.01	30.00	(62.28)
Prepaid items	510.60	0.00	32.91	(11.67)
Special assessments receivable	0.00	272.69	0.00	0.00
Due from other units	0.00	3,166.22	0.00	5,326.49
Increase (decrease) in current liabilities				
Accrued payable interest	0.00	(719.16)	(395.83)	0.00
Due to individuals	0.00	0.00	0.00	(2,026.64)
Due to other units	0.00	0.00	0.00	(842.09)
Due to other funds	0.00	2,753.64	0.00	0.00
Accrued payroll	0.00	0.00	149.82	0.00
Accounts payable	(23.03)	1,590.26	(4,374.47)	0.00
Deferred Revenue	(1,149.00)	(272.69)	0.00	0.00
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	28,527.08	104,475.64	(101,190.41)	25,751.50
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Lease receivable	0.00	56,307.44	0.00	0.00
Capital purchases	0.00	0.00	(5,500.00)	0.00
Bond payment	0.00	(60,000.00)	(50,000.00)	0.00
NET CASH USED IN FINANCING ACTIVITIES	0.00	(3,692.56)	(55,500.00)	0.00
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	0.00	5,000.00	163,250.00	515,343.75
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in investments	16,299.85	21,919.83	(78,405.34)	0.00
Interest received	1,049.17	42,539.45	2,753.11	7,240.29
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	17,349.02	64,459.28	(75,652.23)	7,240.29
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,876.10	170,242.36	(69,092.64)	548,335.54
CASH AND CASH EQUIVALENTS, JANUARY 1	27,473.55	115,322.54	164,188.89	1,786,538.52
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 73,349.65	\$ 285,564.90	\$ 95,096.25	\$ 2,334,874.06

DELINQUENT TAX FORECLOSURE	TOTAL
\$ 96,739.28	\$ 449,183.22
0.00	(230.72)
0.00	176,840.02
0.00	(18,011.14)
0.00	(458,661.00)
203.59	1,398.25
0.00	531.84
0.00	272.69
0.00	8,492.71
0.00	(1,114.99)
0.00	(2,026.64)
0.00	(842.09)
0.00	2,753.64
0.00	149.82
0.00	(2,807.24)
0.00	(1,421.69)
<u>96,942.87</u>	<u>154,506.68</u>
0.00	56,307.44
0.00	(5,500.00)
<u>0.00</u>	<u>(110,000.00)</u>
<u>0.00</u>	<u>(59,192.56)</u>
<u>0.00</u>	<u>683,593.75</u>
(17,650.39)	(57,836.05)
<u>4,565.87</u>	<u>58,147.89</u>
<u>(13,084.52)</u>	<u>311.84</u>
83,858.35	779,219.71
<u>227,628.37</u>	<u>2,321,151.87</u>
\$ <u><u>311,486.72</u></u>	\$ <u><u>3,100,371.58</u></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, 2010

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 2,321,151.87	\$ 0.00	\$ 2,321,151.87
NET INCREASE (DECREASE)	<u>779,219.71</u>	<u>0.00</u>	<u>779,219.71</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u><u>3,100,371.58</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>3,100,371.58</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.

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MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2010

	GENERAL AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	PROBATE COURT TRUST	TOTAL
ASSETS					
Cash	\$ 452,103.16	\$ 3,495.20	\$ 40.29	\$ 35,076.01	\$ 490,714.66
TOTAL ASSETS	\$ 452,103.16	\$ 3,495.20	\$ 40.29	\$ 35,076.01	\$ 490,714.66
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to State of Michigan	\$ 80,631.78	\$ 0.00	\$ 0.00	\$ 0.00	\$ 80,631.78
Bonds payable	8,766.00	0.00	0.00	0.00	8,766.00
Restitution payable	11,216.85	0.00	0.00	0.00	11,216.85
Undistributed taxes	341,422.27	0.00	0.00	0.00	341,422.27
Due to other units	1,365.92	3,495.20	40.29	0.00	4,901.41
Other current liabilities	8,700.34	0.00	0.00	35,076.01	43,776.35
TOTAL LIABILITIES	452,103.16	3,495.20	40.29	35,076.01	490,714.66
FUND BALANCE					
Unreserved	0.00	0.00	0.00	0.00	0.00
TOTAL FUND EQUITY	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES AND FUND BALANCE	\$ 452,103.16	\$ 3,495.20	\$ 40.29	\$ 35,076.01	\$ 490,714.66

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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.”

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**MASON COUNTY, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2010**

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

Amount available for payment of general long-term debt	\$3,158,035.56
Amount to be provided by County and other units of government	<u>2,480,537.72</u>
TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED	<u>\$5,638,573.28</u>

GENERAL LONG-TERM DEBT PAYABLE

Accumulated compensated absences payable	\$ 841,667.28
2008 Building Authority Bonds – Oakview Medical Care Facility	1,900,000.00
2003 911 Center Building	1,150,000.00
Post Closure Care - Pere Marquette Landfill Site	616,000.00
Post Closure Care - Scottville Landfill Site	<u>1,130,906.00</u>
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$5,638,573.28</u>

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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 of Commissioners
County of Mason
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 Mason County, Michigan, as of and for the year ended December 31, 2010, which collectively comprise the County of Mason, Michigan's basic financial statements and have issued our report thereon dated May 26, 2011. 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 General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the County of Mason, Michigan, in a separate letter dated May 26, 2011.

This report is intended solely for the information and use of the 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
May 26, 2011

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**MASON COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
US Department of Health And Human Services Passed Through: Michigan Family Independence Agency: Title IV-D Child Support Enforcement Program: Prosecuting Attorney/FOC Reimbursement Program					
	93.563		01-01-10 12-31-10	\$ 280,398.98	\$ 280,398.98
Title IV-D Incentive Program	93.560		01-01-10 12-31-10	<u>30,854.00</u>	<u>30,854.00</u>
TOTAL PROGRAM				<u>311,252.98</u>	<u>311,252.98</u>
Federal Emergency Management Agency Passed through: Michigan Department of State Police Emergency Management Assistance Program: Civil Defense					
	97.042		01-01-10 12-31-10	17,129.68	17,129.68
Supplemental payment to Local emergency planning Committee	20.703		01-01-10 12-31-10	<u>1,838.06</u>	<u>1,838.06</u>
TOTAL PROGRAM				<u>18,967.74</u>	<u>18,967.74</u>
Office of Drug Control Policy Byrne Memorial Formula Grant Program, Passed through the Michigan Department of State Police: State, Sheriff's, Chief's Enforcement of Narcotics Team					
	16.738	ODCP Project # 2010 -DJ-BX-0086	01-01-10 12-31-10	<u>23,549.00</u>	<u>23,549.00</u>
Mason County 2010 Technology Enhancement, Edward Byrne Memorial Justice Assistance Grant Program, U.S. Department of Justice, Bureau of Justice Passed through the Michigan Department of State Police Byrne JAG State FY 2010					
	16.738	ODCP Project # 2010 -DJ-BX-0086	10-01-09 09-30-10	<u>16,160.00</u>	<u>16,160.00</u>
US Department of Housing & Urban Development Passed through the Michigan Department of Commerce Michigan State Development Block Grant					
	14.228	Project # MSC-2008-0760-HOA	01-01-08 06-30-10	<u>92,625.00</u>	<u>92,625.00</u>

MASON COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
National Highway Traffic Safety Administration, Challenge Award Grant, Passed through the Michigan Department of State Police: Office of Highway Safety Planning	20.600	OHSP-TR-10-05	09-12-08 03-09-09	\$ <u>23,521.00</u>	\$ <u>23,521.00</u>
Department of Justice, Office of Justice Programs, Bureau of Justice, FY 2009 Recovery Act JAG Program	16.804	2009-SB-B9-2288	03-01-09 02-28-13	<u>17,957.00</u>	<u>17,957.00</u>
Federal Aviation Administration (FAA) Airport Improvement Grant Program Passed- through the Michigan Department of Transportation	20.106	B-26-0057-1409	2010	22.95	22.95
Federal Aviation Administration (FAA) Airport Improvement Grant Program Passed- through the Michigan Department of Transportation	20.106	B-26-0057-1108	2008	49,975.78	49,975.78
Federal Aviation Administration (FAA) Airport Improvement Grant Program Passed- through the Michigan Department of Transportation	20.106	B-26-0057-1209	2009	<u>20,411.49</u>	<u>20,411.49</u>
TOTAL PROGRAM				<u>70,410.22</u>	<u>70,410.22</u>
DCE/SP HEMP Overtime Reimbursement, Passed Through: Michigan Department of State Police	16.000	DCE/SP OT #56-10 SSC-115-10	2010	<u>347.52</u>	<u>347.52</u>
U.S. Department of Justice Office of Justice Program Bureau of Justice Assistance Bulletproof Vest Partnership	16.067		2010	<u>289.00</u>	<u>289.00</u>
TOTAL FEDERAL REVENUES & EXPENDITURES				<u>\$ 575,079.46</u>	<u>\$ 575,079.46</u>

**MASON COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

PROGRAM	FINDINGS/COMPLIANCE	QUESTIONED COSTS
	NONE.	

**COUNTY OF MASON, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a unqualified opinion on the general purpose financial statements of the County of Mason.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the County of Mason were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for the County of Mason expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the County of Mason.
7. The programs tested as major programs included: 93.563 - Prosecuting Attorney/FOC Reimbursement Program and 97.042 - Emergency Performance Grants.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. County of Mason was determined not to be a high-risk auditee.

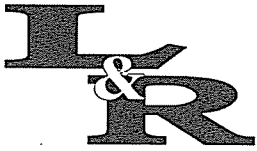
B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

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Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
County of Mason
Ludington, Michigan

Compliance

We have audited the compliance of the COUNTY OF MASON, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The County of Mason, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Mason, Michigan's management. Our responsibility is to express an opinion on the County of Mason, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the County of Mason, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Mason, Michigan's compliance with those requirements.

In our opinion, the County of Mason, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the County of Mason, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of Mason County, Michigan's internal control over compliance.

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

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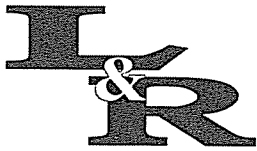
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did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

This report is intended for the information of the management, the Board of Commissioners and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Hayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
May 26, 2011



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 the County of Mason, Michigan, except for the County Road Commission, for the year ended December 31, 2010, 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 the County of Mason, Michigan. 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.

The management of the County of Mason, Michigan 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, 2010, actual expenditures exceeded budgeted amounts in the general and road commission 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. Current year status: This recommendation 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. Current year status: This recommendation has not been implemented.

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AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Concluded

DISBURSEMENTS

Sheriff's Department

- 06-7 We noted the "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. We noted the release receipt names agreed to the names on the check copies. Current year status: This recommendation has not been implemented.

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. Current year status: The Treasurer has been working with and will continue to work with the Sheriff and District Court to implement this recommendation.

BANK RECONCILIATIONS

- 09-01 We noted two bank account reconciliations which included outstanding checks that were several months old. We recommend following up on such old outstanding items and clearing them up. This may involve voiding and replacing checks that have been lost, and/or escheating checks to the State of Michigan if the County is unable to locate the recipient.

The bank accounts are: District Court 79 and Mason County Courthouse.

Current year status: This recommendation has been implemented.

TIMELY FILING OF REPORTS

- 09-02 We noted instances where required reports under the Cooperative Reimbursement Contract with the State of Michigan, Department of Human Services were not filed in a timely manner. We recommend that all required reports be completed and filed in accordance with the terms of grants and contracts. Current year status: The County has been working with the billing contractor to correct this situation.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.

These audit findings and recommendations are intended to assist the County of Mason, Michigan 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.

Hayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
May 26, 2011