

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - Concluded**  
**DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	PUBLIC WORKS	MEDICAL CARE FACILITY	AIRPORT
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Accounts payable	\$ 23,194.70	\$ 215,227.23	\$ 1,266.48
Accrued liabilities	0.00	299,579.72	711.10
Due to other governmental units			
Local	0.00	0.00	0.00
Deferred revenue	35,838.43	1,472,262.57	0.00
Accrued interest payable	5,556.67	15,912.50	5,229.17
Other	0.00	13,255.15	0.00
Advances from other funds	2,066,735.14	0.00	0.00
Bonds payable	10,000.00	250,000.00	50,000.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,141,324.94</b>	<b>2,266,237.17</b>	<b>57,206.75</b>
Noncurrent liabilities			
Compensated absences	0.00	400,316.48	0.00
Bonds payable	305,000.00	1,425,000.00	550,000.00
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>305,000.00</b>	<b>1,825,316.48</b>	<b>550,000.00</b>
<b>TOTAL LIABILITIES</b>	<b>2,446,324.94</b>	<b>4,091,553.65</b>	<b>607,206.75</b>
Net assets			
Unreserved	2,265,182.20	7,649,238.52	2,193,467.33
<b>TOTAL NET ASSETS</b>	<b>2,265,182.20</b>	<b>7,649,238.52</b>	<b>2,193,467.33</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,711,507.14</b>	<b>\$ 11,740,792.17</b>	<b>\$ 2,800,674.08</b>

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	\$ 6,637.78	\$ 246,326.19	\$ 3.33
0.00	11.50	300,302.32	94,669.70
197.69	0.00	197.69	0.00
0.00	1,218.00	1,509,319.00	206,489.57
0.00	(0.00)	26,698.34	0.00
0.00	250.00	13,505.15	0.00
0.00	0.00	2,066,735.14	0.00
0.00	0.00	310,000.00	0.00
<u>197.69</u>	<u>8,117.28</u>	<u>4,473,083.83</u>	<u>301,162.60</u>
0.00	0.00	400,316.48	0.00
<u>0.00</u>	<u>0.00</u>	<u>2,280,000.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>2,680,316.48</u>	<u>0.00</u>
<u>197.69</u>	<u>8,117.28</u>	<u>7,153,400.31</u>	<u>301,162.60</u>
<u>5,571,826.70</u>	<u>730,922.09</u>	<u>18,410,636.84</u>	<u>4,269,330.14</u>
<u>5,571,826.70</u>	<u>730,922.09</u>	<u>18,410,636.84</u>	<u>4,269,330.14</u>
\$ <u><u>5,572,024.39</u></u>	\$ <u><u>739,039.37</u></u>	\$ <u><u>25,564,037.15</u></u>	\$ <u><u>4,570,492.74</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	PUBLIC WORKS	MEDICAL CARE FACILITY	AIRPORT
<b>OPERATING REVENUES</b>			
Charges for services	\$ 121,782.46	\$ 9,864,501.77	\$ 16,878.98
Reimbursements	174,831.26	0.00	17,426.04
Rentals	26,910.00	0.00	79,232.71
State & Federal grants	0.00	0.00	865,414.10
Other			
Administrative fees and penalties	0.00	0.00	0.00
Miscellaneous	36,484.77	116,106.69	1,800.00
<b>TOTAL OPERATING REVENUES</b>	<b>360,008.49</b>	<b>9,980,608.46</b>	<b>980,751.83</b>
<b>OPERATING EXPENSES</b>			
Personal services and fringe benefits	0.00	7,359,095.17	64,322.18
Utilities and Telephone	17,486.53	307,802.44	30,886.01
Contractual services	30,670.73	296,748.24	146,910.94
Repairs and Maintenance	0.00	199,442.87	24,825.20
Depreciation	27,468.32	233,746.58	155,952.04
Interest and fees	0.00	70,562.50	0.00
Other	218,057.40	2,122,838.88	40,221.73
<b>TOTAL OPERATING EXPENSES</b>	<b>293,682.98</b>	<b>10,590,236.68</b>	<b>463,118.10</b>
<b>OPERATING INCOME (LOSS)</b>	<b>66,325.51</b>	<b>(609,628.22)</b>	<b>517,633.73</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property taxes	0.00	1,450,275.93	0.00
Interest on investments	29,789.82	29,198.11	1,905.24
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>29,789.82</b>	<b>1,479,474.04</b>	<b>1,905.24</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>96,115.33</b>	<b>869,845.82</b>	<b>519,538.97</b>
<b>TRANSFERS IN (OUT)</b>			
Transfers in	0.00	0.00	158,800.00
Transfers (out)	0.00	0.00	0.00
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>0.00</b>	<b>0.00</b>	<b>158,800.00</b>
<b>NET INCOME (LOSS)</b>	<b>96,115.33</b>	<b>869,845.82</b>	<b>678,338.97</b>
<b>NET ASSETS, JANUARY 1</b>	<b>2,529,200.99</b>	<b>6,787,222.73</b>	<b>1,495,303.31</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>(360,134.12)</b>	<b>(7,830.03)</b>	<b>19,825.05</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 2,265,182.20</b>	<b>\$ 7,649,238.52</b>	<b>\$ 2,193,467.33</b>

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
\$ 440,334.68	\$ 399,565.84	\$ 10,843,063.73	\$ 76,877.00
0.00	(0.00)	192,257.30	0.00
0.00	0.00	106,142.71	14,588.10
0.00	0.00	865,414.10	0.00
162,601.28	0.00	162,601.28	0.00
2.11	27,265.53	181,659.10	68,389.89
602,938.07	426,831.37	12,351,138.22	159,854.99
0.00	31,872.35	7,455,289.70	16,480.13
0.00	7,692.19	363,867.17	1,230.19
6,327.04	47,980.74	528,637.69	22,941.66
0.00	4,314.62	228,582.69	4,813.63
0.00	3,469.69	420,636.63	2,636.27
1,225.77	0.00	71,788.27	0.00
16,994.73	105,053.38	2,503,166.12	545,154.47
24,547.54	200,382.97	11,571,968.27	593,256.35
578,390.53	226,448.40	779,169.95	(433,401.36)
0.00	0.00	1,450,275.93	0.00
7,226.76	4,327.50	72,447.43	61,850.79
7,226.76	4,327.50	1,522,723.36	61,850.79
585,617.29	230,775.90	2,301,893.31	(371,550.57)
441,750.00	0.00	600,550.00	1,095,400.00
0.00	(209,601.36)	(209,601.36)	0.00
441,750.00	(209,601.36)	390,948.64	1,095,400.00
1,027,367.29	21,174.54	2,692,841.95	723,849.43
4,544,459.41	709,747.55	16,065,933.99	3,545,480.71
0.00	0.00	(348,139.10)	0.00
\$ 5,571,826.70	\$ 730,922.09	\$ 18,410,636.84	\$ 4,269,330.14

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		
	<b>PUBLIC WORKS</b>	<b>MEDICAL CARE FACILITY</b>	<b>AIRPORT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Delinquent tax collections	\$ 0.00	\$ 0.00	\$ 0.00
Delinquent tax disbursements	0.00	0.00	0.00
Payments to other funds	(362,887.76)	0.00	0.00
Payments to benefit providers	(146,779.18)	(5,962,477.15)	(61,601.19)
Payments from customers	380,901.01	10,018,118.12	112,166.66
Payments to suppliers	(126,232.88)	(2,920,481.18)	(219,690.82)
Payments to employees	0.00	(1,396,618.02)	(36,964.56)
Other receipts (payments)	2,553.38	115,164.09	898,206.38
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(252,445.43)</u>	<u>(146,294.14)</u>	<u>692,116.47</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital acquisitions	0.00	0.00	(793,002.07)
Property taxes	0.00	1,450,275.93	0.00
Lease receivable	819,041.35	0.00	0.00
Advances (to) from other funds	2,066,735.14	0.00	0.00
Bond payments	(2,865,414.97)	(225,000.00)	(50,000.00)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>20,361.52</u>	<u>1,225,275.93</u>	<u>(843,002.07)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	<u>0.00</u>	<u>0.00</u>	<u>158,800.00</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase / maturity of investments	28,872.83	(1,075,479.91)	(16,829.80)
Interest received	29,789.82	29,198.11	1,905.24
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>58,662.65</u>	<u>(1,046,281.80)</u>	<u>(14,924.56)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(173,421.26)	32,699.99	(7,010.16)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>285,564.90</u>	<u>2,431,457.16</u>	<u>95,096.25</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ <u><u>112,143.64</u></u>	\$ <u><u>2,464,157.15</u></u>	\$ <u><u>88,086.09</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
\$ 4,568,463.08	\$ 335,500.40	\$ 4,903,963.48	\$ 0.00
(4,195,502.54)	(83,439.22)	(4,278,941.76)	0.00
0.00	0.00	(362,887.76)	0.00
0.00	(3,686.09)	(6,174,543.61)	(1,254,764.66)
0.00	65,117.00	10,576,302.79	1,049,012.88
(26,716.09)	(73,588.19)	(3,366,709.16)	(101,211.62)
0.00	(29,562.00)	(1,463,144.58)	(12,500.51)
14,319.48	27,452.89	1,057,696.22	19,090.59
<u>360,563.93</u>	<u>237,794.79</u>	<u>891,735.62</u>	<u>(300,373.32)</u>
0.00	0.00	(793,002.07)	0.00
0.00	0.00	1,450,275.93	0.00
0.00	0.00	819,041.35	0.00
0.00	0.00	2,066,735.14	(683,601.02)
<u>0.00</u>	<u>0.00</u>	<u>(3,140,414.97)</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>402,635.38</u>	<u>(683,601.02)</u>
<u>441,750.00</u>	<u>(209,601.36)</u>	<u>390,948.64</u>	<u>1,095,400.00</u>
(196,548.38)	168,175.46	(1,091,809.80)	18,862.12
7,226.76	4,327.50	72,447.43	61,850.79
<u>(189,321.62)</u>	<u>172,502.96</u>	<u>(1,019,362.37)</u>	<u>80,712.91</u>
612,992.31	200,696.39	665,957.27	192,138.57
<u>2,334,874.06</u>	<u>384,836.37</u>	<u>5,531,828.74</u>	<u>527,466.28</u>
\$ <u><u>2,947,866.37</u></u>	\$ <u><u>585,532.76</u></u>	\$ <u><u>6,197,786.01</u></u>	\$ <u><u>719,604.85</u></u>

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF CASH FLOWS - Concluded**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	PUBLIC WORKS	MEDICAL CARE FACILITY	AIRPORT
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:			
Operating income (loss)	\$ 66,325.51	\$ (609,628.22)	\$ 517,633.73
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	27,468.32	233,746.58	155,952.04
Prior period Adjustment	(360,134.12)	(7,830.03)	19,825.05
Change in assets and liabilities:			
Decrease (Increase) in taxes receivables	0.00	2,472.40	0.00
Decrease (Increase) in accounts receivables	0.00	(32,968.36)	0.00
Decrease (Increase) in other receivables	21,109.31	(942.60)	288.01
Decrease (Increase) in due from other units	6,919.23	186,584.71	0.00
Decrease (Increase) in prepayments	0.00	(5,895.93)	(131.56)
Decrease (Increase) in other assets	0.00	0.00	0.00
Increase (Decrease) in accounts payable	20,903.38	3,416.38	(1,063.79)
Increase (Decrease) in due to other governmental units	0.00	(1,340.88)	0.00
Increase (Decrease) in other liabilities	(35,037.06)	86,091.81	(387.01)
Total adjustments	(318,770.94)	463,334.08	174,482.74
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (252,445.43)	\$ (146,294.14)	\$ 692,116.47

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>578,390.53</u>	\$ <u>226,448.40</u>	\$ <u>779,169.95</u>	\$ <u>(433,401.36)</u>
0.00	3,469.69	420,636.63	2,636.27
0.00	0.00	(348,139.10)	0.00
(208,812.49)	(0.00)	(206,340.09)	0.00
0.00	17,821.90	(15,146.46)	(25,213.40)
(2,686.05)	(17,422.98)	345.69	3,084.99
(8,074.07)	0.00	185,429.87	0.00
(36.46)	0.00	(6,063.95)	(35,224.67)
1,791.07	0.00	1,791.07	6,489.22
0.00	6,637.78	29,893.75	3.33
(8.60)	1,340.88	(8.60)	0.00
0.00	(500.88)	50,166.86	181,252.30
<u>(217,826.60)</u>	<u>11,346.39</u>	<u>112,565.67</u>	<u>133,028.04</u>
\$ <u><u>360,563.93</u></u>	\$ <u><u>237,794.79</u></u>	\$ <u><u>891,735.62</u></u>	\$ <u><u>(300,373.32)</u></u>



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**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 589,094.97
<b>TOTAL ASSETS</b>	<b>\$ 589,094.97</b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Bonds payable	\$ 11,350.00
Restitution payable	14,817.41
Undistributed taxes	393,022.99
Due to other units	2,086.26
Other current liabilities	69,444.44
Due to State of Michigan	98,373.87
<b>TOTAL LIABILITIES</b>	<b>589,094.97</b>
<b>NET ASSETS</b>	
Net assets	
Reserved	0.00
Unreserved	
Designated for capital expenditures	0.00
Undesignated	0.00
<b>TOTAL NET ASSETS</b>	<b>0.00</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 589,094.97</b>

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

**MASON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 2011**

	DISTRICT LIBRARY	DRAIN	DRAIN REVOLVING
<b>ASSETS</b>			
Cash and cash equivalents	\$ 564,741.17	\$ 79,924.19	\$ 132,205.19
Investments	144,783.06	0.00	0.00
Receivables			
Accounts receivable	1,663.84	0.00	0.00
Taxes & special assessments	755,057.32	7,421.59	0.00
Interest receivable	19.97	78.12	0.00
Due from other governmental units			
Federal/State	0.00	0.00	0.00
Local	0.00	0.00	0.00
Prepaid items	24,281.23	0.00	0.00
Due from other funds	0.00	0.00	37,094.81
Inventories	0.00	0.00	0.00
Fixed assets (net of accumulated depreciation)	478,617.00	343,609.91	0.00
<b>TOTAL ASSETS</b>	<b>\$ 1,969,163.59</b>	<b>\$ 431,033.81</b>	<b>\$ 169,300.00</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Accounts payable	\$ 133,516.83	\$ 0.00	\$ 0.00
Accrued liabilities	8,236.13	0.00	0.00
Due to other funds	0.00	37,094.81	0.00
Due to other governmental units	0.00	0.00	0.00
Deferred revenue	755,057.32	7,421.59	0.00
Bond & installment lease payable - current	0.00	0.00	0.00
	896,810.28	44,516.40	0.00
Noncurrent liabilities			
Bond & installment lease payable - long-term	400,000.00	0.00	0.00
Accrued sick and vacation and post employment benefits	0.00	0.00	0.00
	400,000.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>1,296,810.28</b>	<b>44,516.40</b>	<b>0.00</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	78,617.00	343,609.91	0.00
Fund balances			
Restricted for			
Primary/Local Roads	0.00	0.00	0.00
Unreserved			
Undesignated	593,736.31	42,907.50	169,300.00
<b>TOTAL NET ASSETS</b>	<b>672,353.31</b>	<b>386,517.41</b>	<b>169,300.00</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,969,163.59</b>	<b>\$ 431,033.81</b>	<b>\$ 169,300.00</b>

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

ROAD COMMISSION	LAKE IMPROVEMENT	DRAIN DEBT SERVICE	TOTAL
\$ 1,597,749.00	\$ 172,526.98	\$ 0.00	\$ 2,547,146.53
0.00	0.00	0.00	144,783.06
12,276.00	0.00	0.00	13,939.84
0.00	228,712.97	0.00	991,191.88
0.00	0.00	0.00	98.09
581,751.00	0.00	0.00	581,751.00
36,197.00	0.00	0.00	36,197.00
46,379.00	0.00	0.00	70,660.23
0.00	0.00	0.00	37,094.81
440,102.00	0.00	0.00	440,102.00
31,584,846.00	0.00	0.00	32,407,072.91
<u>\$ 34,299,300.00</u>	<u>\$ 401,239.95</u>	<u>\$ 0.00</u>	<u>\$ 37,270,037.35</u>
\$ 106,721.00	\$ 0.00	\$ 0.00	\$ 240,237.83
58,057.00	3,125.00	0.00	69,418.13
0.00	0.00	0.00	37,094.81
168,870.00	0.00	0.00	168,870.00
0.00	228,712.97	0.00	991,191.88
257,306.00	0.00	0.00	257,306.00
<u>590,954.00</u>	<u>231,837.97</u>	<u>0.00</u>	<u>1,764,118.65</u>
362,050.00	0.00	0.00	762,050.00
<u>267,469.00</u>	<u>0.00</u>	<u>0.00</u>	<u>267,469.00</u>
<u>629,519.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,029,519.00</u>
<u>1,220,473.00</u>	<u>231,837.97</u>	<u>0.00</u>	<u>2,793,637.65</u>
30,965,490.00	0.00	0.00	31,387,716.91
2,113,337.00	0.00	0.00	2,113,337.00
0.00	169,401.98	0.00	975,345.79
<u>33,078,827.00</u>	<u>169,401.98</u>	<u>0.00</u>	<u>34,476,399.70</u>
<u>\$ 34,299,300.00</u>	<u>\$ 401,239.95</u>	<u>\$ 0.00</u>	<u>\$ 37,270,037.35</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
<b>REVENUES</b>		
Drainage districts	\$ 91,740.88	\$ 807.46
Lake Improvement district	171,436.62	6,268.75
District Library	1,010,194.99	6,276.30
Road commission	<u>5,660,324.00</u>	<u>617,329.00</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>6,933,696.49</u></b>	<b>\$ <u>630,681.51</u></b>
<b>General revenues</b>		
Special assessments		
Fines & Forfeits		
Property taxes		
Gain on sale of capital assets		
Miscellaneous		
Unrestricted investment earnings		
<b>Total general revenues and transfers</b>		
<b>Change in net assets</b>		
<b>Net assets - January 1</b>		
<b>Special item - prior period adjustments</b>		
<b>Net assets - December 31</b>		

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	DISTRICT LIBRARY	TOTAL
\$ 0.00	\$ 0.00	\$ (90,933.42)	\$ 0.00	\$ 0.00	\$ (90,933.42)
0.00	0.00	(165,167.87)	0.00	0.00	(165,167.87)
22,199.50	152,573.08	0.00	0.00	(829,146.11)	(829,146.11)
<u>5,575,745.00</u>	<u>0.00</u>	<u>0.00</u>	<u>532,750.00</u>	<u>0.00</u>	<u>532,750.00</u>
<u>\$ 5,597,944.50</u>	<u>\$ 152,573.08</u>	<u>(256,101.29)</u>	<u>532,750.00</u>	<u>(829,146.11)</u>	<u>(552,497.40)</u>
		166,529.23	0.00	0.00	166,529.23
		0.00	0.00	107,800.95	107,800.95
		0.00	0.00	744,268.83	744,268.83
		0.00	319,569.00	0.00	319,569.00
		0.00	18,859.00	106,813.99	125,672.99
		<u>1,567.76</u>	<u>12,787.00</u>	<u>6,803.60</u>	<u>21,158.36</u>
		<u>168,096.99</u>	<u>351,215.00</u>	<u>965,687.37</u>	<u>1,484,999.36</u>
		(88,004.30)	883,965.00	136,541.26	932,501.96
		813,223.69	32,194,862.00	539,827.82	33,547,913.51
		<u>0.00</u>	<u>0.00</u>	<u>(4,015.77)</u>	<u>(4,015.77)</u>
		<u>\$ 725,219.39</u>	<u>\$ 33,078,827.00</u>	<u>\$ 672,353.31</u>	<u>\$ 34,476,399.70</u>

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**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**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.

District Library Fund – The District Library is a separate legal entity as created by Act 24, of Public Acts of 1989, as amended and must operate as such pursuant to state law and in accordance with the agreement establishing the district library. The County has a contractual arrangement with the District Library and thus may include it as a discretely presented component unit.

**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



**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

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

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

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.

**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, 2011**

**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, 2011**

**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, 2011**

**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, 2011**

**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, 2011 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, 2011, the total accumulated vacation and sick pay liability was \$470,309.98 for governmental fund types and \$400,316.48 for enterprise fund types.

County Road employee's earn vacation leave in varying amounts depending on the number of years of service. Unpaid vacation leave at December 31, 2011 amounted to \$69,409.00. 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, 2011 amounted to \$14,449.00. 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, 2011**

**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, 2011, 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)
Veteran's Burial	\$ 21,275.00	\$ 23,700.00	\$ ( 2,425.00)

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, 2011, 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: Maintenance	\$ 639,069.00	\$ 848,595.00	\$ ( 209,526.00)
Local Road: Structural Improvements	683,280.00	692,559.00	( 9,279.00)
Local Road: Maintenance	896,843.00	1,599,107.00	( 702,264.00)
State Trunkline: Maintenance	556,551.00	596,872.00	( 40,321.00)
State Trunkline: Non-Maintenance	0.00	4,817.00	( 4,817.00)
Administrative Expense – Net	193,755.00	281,917.00	( 88,162.00)
Equipment Expense – Net	( 99,637.00)	593,239.00	( 692,876.00)
Capital Outlay	(80,210.00)	323,282.00	( 403,492.00)
Debt Service – Interest	21,340.00	24,867.00	( 3,527.00)
Debt Service – Principal	344,286.00	649,589.00	( 305,303.00)

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

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**NOTE 5: PROPERTY TAXES**

The 2011 property tax revenue includes property taxes levied principally on July 1, 2011 and substantially collected in 2011. The "2011 property taxes" became a lien on July 1, 2011 and were collected by March 1, 2011 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, 2011 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, 2011. These taxes, which are recorded in an Enterprise Fund at December 31, 2011, 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, 2011.

**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, 2011 was as follows:

	PUBLIC WORKS						
	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	OPERATIONS AND MAINT.	PARK OPERATION	AIRPORT	DELINQUENT TAXES	TOTAL
Total assets	\$11,740,792.17	\$516,151.78	\$4,711,507.14	\$ 222,887.59	\$2,800,674.08	\$5,572,024.39	\$25,564,037.15
Total liabilities	4,091,553.65	6,575.00	2,446,324.94	1,542.28	607,206.75	197.69	7,153,400.31
Net Assets	7,649,238.52	509,576.78	2,265,182.20	221,345.31	2,193,467.33	5,571,826.70	18,410,636.84
Operating revenue	9,980,608.46	335,510.40	360,008.49	91,320.97	980,751.83	602,938.07	12,351,138.22
Operating expenses	10,590,236.68	137,717.78	293,682.98	62,665.19	463,118.10	24,547.54	11,571,968.27
Operating income (loss)	(609,628.22)	197,792.62	66,325.51	28,655.78	517,633.73	578,390.53	779,169.95
Nonoperating revenue	1,479,474.04	3,760.55	29,789.82	566.95	1,905.24	7,226.76	1,522,723.36
Transfers in (out)	0.00	(209,601.36)	0.00	0.00	158,800.00	441,750.00	390,948.64
Change in net assets	869,845.82	( 8,048.19)	96,115.33	29,222.73	678,338.97	1,027,367.29	2,692,841.95
Net assets - January 1, 2011	6,787,222.73	517,624.97	2,529,200.99	192,122.58	1,495,303.31	4,544,459.41	16,065,933.99
Prior period adjustment	( 7,830.03)	0.00	(360,134.12)	0.00	19,825.05	0.00	(348,139.10)
Net assets - December 31, 2011	7,649,238.52	509,576.78	2,265,182.20	221,345.31	2,193,467.33	5,571,826.70	18,410,636.84
Net cash provided by:							
Operating activities	(146,294.14)	204,752.07	(252,445.43)	33,042.72	517,633.73	360,563.93	779,169.95
Noncapital financing activities	0.00	(209,601.36)	0.00	0.00	158,800.00	441,750.00	390,948.64
Capital and related financing activities	1,225,275.93	0.00	20,361.52	0.00	( 843,002.07)	0.00	402,635.38
Investing activities	(1,046,281.80)	172,276.37	58,662.65	226.59	( 14,924.56)	( 189,321.62)	(1,019,362.37)
Net increase in cash and cash equivalents	32,699.99	167,427.08	(173,421.26)	33,269.31	( 7,010.16)	612,992.31	665,957.27
Cash and cash equivalents - January 1	2,431,457.16	311,486.72	285,564.90	73,349.65	95,096.25	2,334,874.06	5,531,828.74
Cash and cash equivalents - December 31	2,464,157.15	478,913.80	112,143.64	106,618.96	88,086.09	2,947,866.37	6,197,786.01

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**NOTE 8: RENTALS UNDER OPERATING LEASE**

The County entered into an agreement with the State of Michigan to provide office space for the Department of Human Services. The original lease was for a fifteen-year period beginning on December 23, 1996. The Department of Human Services exercised their option to renew the lease for five additional years. The annual rental payment due from the State of Michigan for this lease renewal is \$36,957.00 payable in monthly installments of \$3,079.75. The lease renewal provides for an annual adjustment to reflect the actual cost of operations. The lease provides for the option of two additional 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, 2011:

December 31, 2012	\$ 36,957.00
December 31, 2013	36,957.00
December 31, 2014	36,957.00
December 31, 2015	36,957.00
December 31, 2016	<u>36,957.00</u>
Total	<u>\$ 184,785.00</u>

**NOTE 9: LONG-TERM ADVANCES**

The following are the interfund advances at December 31, 2011:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
General	\$ 883,134.12	Sewer Maintenance & Operations	\$ 2,066,735.14
Landfill Post Closure	500,000.00		
Ins. - Property & Liability	205,601.02		
Ins. - Workers Comp.	<u>478,000.00</u>		
<b>TOTAL</b>	<b>\$ <u>2,066,735.14</u></b>	<b>TOTAL</b>	<b>\$ <u>2,066,735.14</u></b>

The advances were made for cash flow purposes.

**NOTE 10: CAPITAL ASSETS**

The following schedule summarizes the changes in capital assets for the year ending December 31, 2011:

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Internal Service Funds</b>				
Equipment and vehicles	\$ 83,076.78	\$ 0.00	\$ 0.00	\$ 83,076.78
Less: Accumulated Depreciation	<u>(53,215.51)</u>	<u>(2,636.27)</u>	<u>0.00</u>	<u>(55,851.78)</u>
	<u>29,861.27</u>	<u>(2,636.27)</u>	<u>0.00</u>	<u>27,225.00</u>
<b>Other governmental funds</b>				
Land	\$ 336,837.75	\$ 0.00	\$ 0.00	\$ 336,837.75
Land Improvements	146,878.92	0.00	0.00	146,878.92
Buildings and improvements	16,809,544.29	399,986.00	0.00	17,209,530.29
Equipment and Vehicles	<u>1,695,897.41</u>	<u>257,392.00</u>	<u>(208,459.00)</u>	<u>1,744,830.41</u>
Subtotal	18,989,158.37	657,378.00	(208,459.00)	19,438,077.37
Less: Accumulated Depreciation	<u>( 6,507,219.11)</u>	<u>(594,555.73)</u>	<u>(191,216.50)</u>	<u>( 6,910,558.34)</u>
	<u>12,481,939.26</u>	<u>62,822.27</u>	<u>( 17,242.50)</u>	<u>12,527,519.03</u>
<b>Total</b>	<b>\$ <u>12,511,800.53</u></b>	<b>\$ <u>60,186.00</u></b>	<b>\$ <u>( 17,242.50)</u></b>	<b>\$ <u>12,554,744.03</u></b>



**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**NOTE 10: CAPITAL ASSETS – Concluded**

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<b>BUSINESS-TYPE ACTIVITIES</b>				
Land	\$ 562,601.00	\$ 0.00	\$ 0.00	\$ 562,601.00
Land Improvements	1,491,967.13	793,002.07	0.00	2,284,969.20
Buildings and improvements	8,514,288.87	0.00	0.00	8,514,288.87
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>1,725,501.18</u>	<u>0.00</u>	<u>0.00</u>	<u>1,725,501.18</u>
Subtotal	13,465,732.43	793,002.07	0.00	14,258,734.50
Less: Accumulated Depreciation	<u>(5,614,498.06)</u>	<u>(420,636.63)</u>	<u>0.00</u>	<u>(6,035,134.69)</u>
Total	<u>\$ 7,851,234.37</u>	<u>\$ 372,365.44</u>	<u>\$ 0.00</u>	<u>\$ 8,223,599.81</u>
<b>Component Unit – District Library:</b>				
Land	\$ 16,800.00	\$ 0.00	\$ 0.00	\$ 16,800.00
Building in process	<u>0.00</u>	<u>461,817.00</u>	<u>0.00</u>	<u>461,817.00</u>
Less: Accumulated Depreciation	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Subtotal	<u>16,800.00</u>	<u>461,817.00</u>	<u>0.00</u>	<u>478,617.00</u>
<b>Component Unit – Drainage Districts:</b>				
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>(1,618,342.89)</u>	<u>( 80,815.35)</u>	<u>0.00</u>	<u>(1,699,158.24)</u>
Subtotal	<u>424,425.26</u>	<u>( 80,815.35)</u>	<u>0.00</u>	<u>343,609.91</u>
<b>Component Unit – Road Commission:</b>				
Land and Improvements	\$ 110,375.00	\$ 0.00	\$ 0.00	\$ 110,375.00
Infrastructure Land Improvements	13,898,649.00	611,447.00	0.00	14,510,096.00
Buildings	1,315,559.00	0.00	0.00	1,315,559.00
Equipment – Road	5,082,720.00	856,743.00	706,370.00	5,233,093.00
Equipment – Shop	70,778.00	0.00	0.00	70,778.00
Equipment – Office	69,370.00	0.00	2,900.00	66,470.00
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>39,481,707.00</u>	<u>1,548,717.00</u>	<u>0.00</u>	<u>41,030,424.00</u>
Subtotal	60,219,346.00	3,016,907.00	709,270.00	62,526,983.00
Less: Accumulated Depreciation	<u>(29,454,866.00)</u>	<u>(2,021,965.00)</u>	<u>(534,694.00)</u>	<u>(30,942,137.00)</u>
Subtotal	<u>30,764,480.00</u>	<u>994,942.00</u>	<u>174,576.00</u>	<u>31,584,846.00</u>
Total Component Units	<u>\$31,205,705.26</u>	<u>\$ 1,375,943.65</u>	<u>\$ 174,576.00</u>	<u>\$32,407,072.91</u>

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

<b>Internal service funds</b>	\$ <u>2,636.27</u>
<b>Other governmental funds</b>	
Parks, recreation and cultural	91,833.31
Legislative	3,003.06
Judicial	28,243.74
General governmental administration	58,252.61
Public safety	300,355.85
Public works	7,997.62
Health and social services	<u>104,869.54</u>
	<u>594,555.73</u>
<b>TOTAL</b>	<u>\$ 597,192.00</u>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**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, 2011, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash Deposits	\$ 15,588,925.44	\$ 15,770,270.21	\$ 1,352,475.56
Investments	19,026,678.49	19,028,977.67	2,026,768.12
Imprest Cash	<u>2,670.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 34,618,273.93</u>	<u>\$ 34,799,247.88</u>	<u>\$ 3,379,243.68</u>

**Financial Statement Presentation:**

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	TOTAL
Governmental funds	\$ 6,257,567.93	\$ 14,912,056.06	\$ 21,169,623.99
Proprietary funds	6,197,786.01	3,969,839.37	10,167,625.38
Fiduciary funds	589,094.97	0.00	589,094.97
Component units	<u>2,547,146.53</u>	<u>144,783.06</u>	<u>2,691,929.59</u>
	<u>\$ 15,591,595.44</u>	<u>\$ 19,026,678.49</u>	<u>\$ 34,618,273.93</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, 2011, \$31,420,004.20 of the government's bank balance of \$34,799,247.88 was exposed to custodial credit risk as uninsured and uncollateralized.

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

**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, 2011:

	BALANCE JANUARY 1, 2011	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2011	DUE WITHIN ONE YEAR
<b>BUSINESS TYPE ACTIVITIES</b>				
\$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%.	\$1,900,000.00	\$( 225,000.00 )	\$1,675,000.00	\$250,000.00
\$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%	2,855,414.97	( 2,855,414.97 )	0.00	0.00
\$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%.	325,000.00	( 10,000.00 )	315,000.00	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>650,000.00</u>	<u>( 50,000.00 )</u>	<u>600,000.00</u>	<u>50,000.00</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 5,730,414.97</u>	<u>\$ ( 3,140,414.97 )</u>	<u>\$ 2,590,000.00</u>	<u>\$ 310,000.00</u>
Less: amount payable within one year			<u>( 310,000.00 )</u>	
<b>LONG-TERM DEBT BUSINESS- TYPE ACTIVITIES</b>			<u>\$ 2,280,000.00</u>	

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

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

	BALANCE JANUARY 1, 2011	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2011	DUE WITHIN ONE YEAR
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>PRIMARY GOVERNMENT</b>				
\$1,890,000.00 2003 Mason County General Obligation Limited Tax Bonds due in annual installments of \$50,000.00 to \$200,000.00 through November 1, 2017; interest at 3.00% to 4.20%.	\$1,150,000.00	\$ ( 150,000.00)	\$1,000,000.00	\$ 150,000.00
Accrued Post Closure Landfill Costs	1,746,906.00	( 166,700.00)	1,580,206.00	0.00
Accrued Vacation and Sick Pay	<u>469,191.25</u>	<u>1,118.73</u>	<u>470,309.98</u>	<u>0.00</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 3,366,097.25</u></b>	<b><u>\$( 315,581.27)</u></b>	<b><u>\$3,050,515.98</u></b>	<b><u>\$ 150,000.00</u></b>
Less: amount payable within one year			( <u>150,000.00</u> )	
<b>LONG-TERM DEBT PRIMARY GOVERNMENT</b>			<b><u>\$ 2,900,515.98</u></b>	
<b>COMPONENT UNITS</b>				
District Library \$400,000.00 2011 Mason County District Library General Obligation Limited Tax Bonds due in annual installments of \$30,000.00 to \$50,000.00 through April 1, 2022; interest at 5.00%.	<u>\$ 0.00</u>	<u>\$ 400,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 0.00</u>

**MASON COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2011**

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

	BALANCE JANUARY 1, 2011	ADDITIONS	(DEDUCTIONS)	BALANCE DECEMBER 31, 2011
<b>COMPONENT UNITS -concluded</b>				
Road Commission				
Wells Fargo	\$ 96,632.00	\$ 0.00	\$( 96,632.00)	\$ 0.00
Caterpillar Financial				
Service Corp.	0.00	288,395.00	( 8,408.00)	279,987.00
Caterpillar Financial				
Service Corp.	129,758.00	0.00	( 129,758.00)	0.00
Daimler Truck Financial	193,430.00	0.00	( 193,430.00)	0.00
Daimler Truck Financial	0.00	229,457.00	0.00	229,457.00
Caterpillar Financial				
Service Corp.	206,370.00	0.00	( 206,370.00)	0.00
Daimler Truck Financial	124,903.00	0.00	( 14,991.00)	109,912.00
Post Employment Benefits	141,493.00	42,118.00	0.00	183,611.00
Compensated Absences	78,148.00	5,710.00	0.00	83,858.00
<b>TOTAL</b>	<u>\$ 970,734.00</u>	<u>\$ 565,680.00</u>	<u>\$( 649,589.00)</u>	<u>\$ 886,825.00</u>

The annual requirements to amortize all debt outstanding as of December 31, 2011, including interest payments are as follows:

**BUSINESS TYPE ACTIVITIES**

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2012	\$ 310,000.00	\$ 111,450.00	\$ 421,450.00
2013	335,000.00	99,010.00	434,010.00
2014	335,000.00	85,565.00	420,565.00
2015	335,000.00	72,090.00	407,090.00
2016	360,000.00	58,585.00	418,585.00
2017	365,000.00	43,947.50	408,947.50
2018-2022	375,000.00	97,787.50	472,787.50
2023-2027	100,000.00	34,085.00	134,085.00
2028-2032	<u>75,000.00</u>	<u>6,187.50</u>	<u>81,187.50</u>
<b>TOTAL</b>	<u>\$2,590,000.00</u>	<u>\$608,707.50</u>	<u>\$3,198,707.50</u>

**GOVERNMENTAL ACTIVITIES**  
**PRIMARY GOVERNMENT**

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2012	\$ 150,000.00	\$ 39,375.00	\$ 189,375.00
2013	150,000.00	33,975.00	183,975.00
2014	150,000.00	28,425.00	178,425.00
2015	175,000.00	22,575.00	197,575.00
2016	175,000.00	15,575.00	190,575.00
2017	200,000.00	8,400.00	208,400.00
Undetermined	<u>2,050,515.98</u>	<u>0.00</u>	<u>2,050,515.98</u>
<b>TOTAL</b>	<u>\$3,050,515.98</u>	<u>\$148,325.00</u>	<u>\$3,198,840.98</u>