

MASON COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Mason County, Michigan
Ludington, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mason County Road Commission. The Mason County Road Commission represents 90% of the assets, 93% of fund balance, and 85% 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Opinions

In our opinion, based on our audit and the report of the other auditor, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3-9 and budgetary comparison information, on pages 72-75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, 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 to scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Mason, Michigan's internal control over financial reporting and compliance.


Certified Public Accountants

East Lansing, Michigan
June 2, 2015

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, 2014. 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 \$58,176,102.58 (*Net Position*). Of this amount \$18,591,492.07 (*unrestricted Net Position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The County's total Net Position increased by \$3,392,990.25 compared to 2013.
- * At 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 \$19,018,332.89 a decrease of \$295,940.31 in comparison with the prior year. Of the fund balance amount, \$13,872,179.79 is *available for spending* at the government's discretion (*unassigned and assigned fund balance*.)
- * The general fund had an excess of revenues over expenditures and other financing uses of \$527,434.96 for 2014. At the end of the year, unassigned fund balance for the general fund was \$2,290,803.30 or approximately 19.6% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$7,469,418.08.
- * The County's total bonded debt decreased by \$275,000.00 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 Position* and changes in them. One can think of the County's Net Position – 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 Position are an indicator of whether its *financial health* is improving or deteriorating. During 2014, the Net Position of the County increased by \$3,392,990.25.

The Statement of Net Position 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 four legally separate entities in its financial statements: the Mason County District Library, 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 Position and Statement of Activities can be found on pages 12-15 of this report.

Reporting the County’s Most Significant Funds

Fund Financial Statements. 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 30 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, and public improvement, each of which are considered to be major funds. Data for the other 27 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, medical care facility, 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Mason County's Changes in Net Position

	<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>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,383,943.54	\$ 1,430,097.30	\$11,111,688.46	\$11,961,929.48	\$12,495,632.00	\$ 13,392,026.78
Operating grants and contributions	1,947,817.16	1,722,567.87	84,809.23	0.00	2,032,626.39	1,722,567.87
Capital grants and contributions	617,654.48	0.00	262,239.84	263,753.35	879,894.32	263,753.35
General revenues:						
Property taxes and special assessments	10,104,010.44	10,195,327.40	1,488,600.27	1,613,570.00	11,592,610.71	11,808,897.40
Investment earnings	232,850.28	373,687.89	39,082.92	87,581.94	271,933.20	461,269.83
Gain (Loss) on sale of fixed assets	19,844.50	7,250.00	0.00	(4,262.50)	19,844.50	2,987.50
Other revenues	1,024,441.30	661,499.89	484,861.96	523,708.42	1,509,303.26	1,185,208.31
Transfers	(254,577.07)	(246,905.91)	254,577.07	246,905.91	0.00	0.00
Total revenues	<u>15,075,984.63</u>	<u>14,143,524.44</u>	<u>13,725,859.75</u>	<u>14,693,186.60</u>	<u>28,801,844.38</u>	<u>28,836,711.04</u>
Expenses						
Legislative	381,946.41	370,444.59	0.00	0.00	381,946.41	370,444.59
Judicial	1,955,256.80	2,017,550.67	0.00	0.00	1,955,256.80	2,017,550.67
General government administration	3,291,072.74	2,915,829.95	0.00	0.00	3,291,072.74	2,915,829.95
Public safety	5,575,325.31	5,402,663.62	0.00	0.00	5,575,325.31	5,402,663.62
Public works	49,690.53	48,736.33	0.00	0.00	49,690.53	48,736.33
Health and welfare	1,679,602.50	1,797,639.82	0.00	0.00	1,679,602.50	1,797,639.82
Parks, recreation, and cultural	113,023.67	123,033.32	0.00	0.00	113,023.67	123,033.32
Miscellaneous	307,200.90	328,306.50	0.00	0.00	307,200.90	328,306.50
Interest on long-term debt	0.00	0.00	0.00	0.00	0.00	0.00
Delinquent tax collections and other Business-type activities	0.00	0.00	12,172,866.83	12,483,213.09	12,172,866.83	12,483,213.09
Total Expenses	<u>13,353,118.86</u>	<u>13,004,204.80</u>	<u>12,172,866.83</u>	<u>12,483,213.09</u>	<u>25,525,985.69</u>	<u>25,487,417.89</u>
Increase in net position	1,722,865.77	1,139,319.64	1,552,992.92	2,209,973.51	3,275,858.69	3,349,293.15
Net Position, beginning of year	31,399,693.03	33,024,441.64	20,168,010.94	21,758,670.69	51,567,703.97	54,783,112.33
Prior Period adjustment	(98,117.16)	56,000.14	37,666.83	(12,303.04)	(60,450.33)	43,697.10
Total Net Position, end of year	<u>\$33,024,441.64</u>	<u>\$34,219,761.42</u>	<u>\$21,758,670.69</u>	<u>\$23,956,341.16</u>	<u>\$54,783,112.33</u>	<u>\$58,176,102.58</u>

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 Position

	<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>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$24,792,075.52	\$25,116,633.63	\$18,006,219.85	\$19,932,279.11	\$42,798,295.37	\$45,048,912.74
Noncurrent assets	15,392,140.07	15,857,952.71	10,053,900.57	10,141,588.83	25,446,040.64	25,999,541.54
Total Assets	40,184,215.59	40,974,586.34	28,060,120.42	30,073,867.94	68,244,336.01	71,048,454.28
General obligation bonds and notes	0.00	0.00	1,150,000.00	875,000.00	1,150,000.00	875,000.00
Other liabilities	5,723,073.84	5,314,099.52	3,516,809.16	3,588,953.64	9,239,883.00	8,903,053.16
Total liabilities	5,723,073.84	5,314,099.52	4,666,809.16	4,463,953.64	10,389,883.00	9,778,053.16
Deferred inflows of resources	1,436,700.11	1,440,725.40	1,634,640.57	1,653,573.14	3,071,340.68	3,094,298.54
Net Position:						
Invested in capital assets, net of related debt	12,342,768.81	12,650,020.32	6,846,823.98	8,129,803.11	19,189,592.79	20,779,823.43
Unrestricted	20,681,672.83	21,569,741.10	14,911,846.71	15,826,538.05	35,593,519.54	37,396,279.15
Total Net Position	\$33,024,441.64	\$34,219,761.42	\$21,758,670.69	\$23,956,341.16	\$54,783,112.33	\$58,176,102.58

A portion of the County’s net position, \$20,779,823.43 (35.7 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 uses 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, \$18,804,787.08 (32.3 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$18,591,492.07 (32.0 percent), may be used to meet the government’s ongoing obligations to citizens and creditors. The County’s net position increased by \$3,392,990.25 during the current fiscal year - \$1,195,319.78 increase for governmental activities and a \$2,197,670.47 increase for business-type activities.

Governmental activities. Governmental activities increased the County's net position by \$1,195,319.78. Key elements of this increase are as follows:

- The General Fund and a number of Special Revenue Funds had expenditures that were less than the final budget.
- The self funded internal service funds had operating losses that were less than the amounts appropriated to those funds.
- The amount of the unfunded retiree health insurance liability decreased due to the full funding of Annual Required Contribution (ARC) requirements in 2014.

Business-type activities. Net position of the County's business-type activities increased \$2,197,670.47. This increase in net position reflects good operating results in the Medical Care Facility, Park Operations, and Public Works Operation and Maintenance Funds.

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

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

As of the year ended December 31, 2014, the County's governmental funds reported combined ending fund balances of \$19,018,332.89 a decrease of \$295,940.31 in comparison with the prior year. Of the fund balance amount, \$13,872,179.79 constitutes *unassigned and assigned 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, unassigned fund balance of the general fund was \$2,290,803.30, while total fund balance was \$7,469,418.08.

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 19.6 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$523,633.07 during the current fiscal year. This is primarily attributable to departments keeping their expenditures under budgeted amounts.

The continuing of the phase out of the Revenue Sharing Reserve Fund decreased the fund balance by \$615,937.11.

The Public Improvement Fund decreased by \$218,221.98, as the County did projects at a number of their buildings to increase energy efficiency.

The Equipment Replacement Fund decreased by \$165,758.14, as the County upgraded its computer systems, purchased a new phone system, and replaced a number of aging vehicles.

The Brownfield Redevelopment Authority/Economic Development Corporation Fund decreased by \$20,210.09, as the County reimbursed Brownfield costs incurred by various developers.

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

Unrestricted net position of the delinquent tax foreclosure, delinquent tax revolving, airport, public works operation and maintenance, medical care facility, and park operations funds at the end of the year amounted to \$806,638.13, \$7,882,925.40, \$2,465,317.54, \$2,017,736.61, \$10,250,198.66, and \$533,524.82, 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 \$524,850.00 from the original to the final budget. Property taxes were higher than anticipated also.

The revised budget was supported by net expenditure (including transfers out) savings of \$363,134.64 as a result of expenditure savings in several departments and offices including contingency.

Capital Asset and Debt Administration

Capital Assets. As of December 31, 2014, the County’s investment in capital assets for its governmental activities amounted to \$12,650,020.32 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, and infrastructure. The total increase in the County’s investment in governmental capital assets for the current fiscal year was 2.5 percent. The County’s business-type activities’ net capital assets increased by \$132,979.13.

Mason County’s Capital Assets

	<u>Governmental</u>	<u>Activities</u>
	<u>2013</u>	<u>2014</u>
Land and Improvements	\$ 1,020,892.59	\$ 1,020,892.59
Buildings and Improvements	16,600,628.48	17,180,042.48
Equipment and Vehicles	2,027,161.65	2,033,743.90
Subtotal	19,648,682.72	20,234,678.97
Less: Accumulated Depreciation	(7,305,913.91)	(7,584,658.65)
Total	<u>\$12,342,768.81</u>	<u>\$12,650,020.32</u>

Long-term debt. At December 31, 2014, the County had total bonded debt outstanding of \$875,000.00. Governmental fund debt accounts for \$0.00 and business-type debt accounts for \$875,000.00 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>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Enterprise Funds Bonds	\$ 0.00	\$ 0.00	\$1,150,000.00	\$875,000.00	\$1,150,000.00	\$875,000.00
Total	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$1,150,000.00</u>	<u>\$875,000.00</u>	<u>\$1,150,000.00</u>	<u>\$875,000.00</u>

The County’s total debt decreased by \$275,000.00 (24 percent) during the year ended December 31, 2014. The County retired \$0.00 of general obligation bonds and retired \$275,000.00 of business-type bonds during 2014.

Debt requirements for general obligation bonds of \$0.00 and interest of \$0.00 are payable during 2015. Debt requirements for business-type bonds of \$275,000.00 and interest of \$33,250.00 are payable during 2015.

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 \$194,900,640.00 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 2015:

- The uncertainty over the Federal and State's budget priorities will likely result in additional cuts in federal and state funding.
- Slow growth in new construction will result in property tax revenue showing flat growth.
- Weak investment earnings will have a negative impact on revenue and the financial stability of retirement plans.
- The use of the assets of the Revenue Sharing Reserve Fund will have a negative impact on net position.
- 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 POSITION
DECEMBER 31, 2014

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,539,179.80	\$ 9,107,384.54	\$ 18,646,564.34	\$ 2,030,773.90
Investments	11,486,128.73	6,156,827.52	17,642,956.25	0.00
Receivables				
Property taxes	1,468,594.58	3,370,590.34	4,839,184.92	835,553.17
Accounts (net of allowance for doubtful accounts)	61,738.86	251,797.97	313,536.83	116,367.97
Special assessments	0.00	10,972.07	10,972.07	233,489.60
Other	14,981.23	6,904.75	21,885.98	16.80
Due from other governmental units				
Federal/State	525,018.27	911,382.57	1,436,400.84	856,394.00
Local	102,305.01	34,554.81	136,859.82	0.00
Inventories	0.00	0.00	0.00	557,759.00
Land contract	108,000.00	0.00	108,000.00	0.00
Lease receivable	0.00	45,290.87	45,290.87	0.00
Due from other funds	15,537.78	0.00	15,537.78	0.00
Deposits	1,614,335.06	0.00	1,614,335.06	0.00
Prepayments	180,814.31	36,573.67	217,387.98	82,136.84
TOTAL CURRENT ASSETS	25,116,633.63	19,932,279.11	45,048,912.74	4,712,491.28
Noncurrent assets				
Lease receivable	0.00	2,011,785.72	2,011,785.72	0.00
Advances to other funds	2,434,932.39	0.00	2,434,932.39	0.00
Land contract	423,000.00	0.00	423,000.00	0.00
Fixed assets (net of accumulated depreciation)	12,650,020.32	8,129,803.11	20,779,823.43	36,607,566.15
TOTAL NONCURRENT ASSETS	15,507,952.71	10,141,588.83	25,649,541.54	36,607,566.15
 TOTAL ASSETS	 \$ 40,624,586.34	 \$ 30,073,867.94	 \$ 70,698,454.28	 \$ 41,320,057.43

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - Concluded
DECEMBER 31, 2014

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 592,328.94	\$ 373,348.62	\$ 965,677.56	\$ 111,344.06
Accrued liabilities	191,366.60	342,053.17	533,419.77	35,383.34
Accrued interest	0.00	8,312.50	8,312.50	0.00
Due to individuals/agencies	49,824.57	20,390.76	70,215.33	0.00
Due to other funds	9,376.53	6,161.25	15,537.78	0.00
Due to other governmental units				
Local	38,058.35	1,238.36	39,296.71	0.00
Unearned revenue	709,155.27	0.00	709,155.27	0.00
Bonds and notes payable	0.00	275,000.00	275,000.00	73,463.00
TOTAL CURRENT LIABILITIES	1,590,110.26	1,026,504.66	2,616,614.92	220,190.40
Noncurrent liabilities				
General obligation bonds and notes payable	0.00	600,000.00	600,000.00	691,994.00
Advances from other funds	0.00	2,434,932.39	2,434,932.39	321,579.00
Accrued post closure	811,100.00	0.00	811,100.00	0.00
Unfunded Retiree Health Insurance	2,030,995.93	0.00	2,030,995.93	300,855.00
Compensated absences	531,893.33	402,516.59	934,409.92	71,184.00
TOTAL NONCURRENT LIABILITIES	3,373,989.26	3,437,448.98	6,811,438.24	1,385,612.00
TOTAL LIABILITIES	4,964,099.52	4,463,953.64	9,428,053.16	1,605,802.40
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,440,725.40	1,653,573.14	3,094,298.54	1,229,782.77
NET POSITION				
Net investment in capital assets	12,650,020.32	8,129,803.11	20,779,823.43	35,849,609.15
Restricted for County Roads	0.00	0.00	0.00	1,963,351.00
Restricted for special purposes	18,804,787.08	0.00	18,804,787.08	0.00
Unrestricted	2,764,954.02	15,826,538.05	18,591,492.07	671,512.11
TOTAL NET POSITION	34,219,761.42	23,956,341.16	58,176,102.58	38,484,472.26
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 40,624,586.34	\$ 30,073,867.94	\$ 70,698,454.28	\$ 41,320,057.43

MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Governmental activities			
Legislative	\$ 370,444.59	\$ 0.00	\$ 0.00
Judicial	2,017,550.67	396,792.10	784,164.29
General government administration	2,915,829.95	642,931.07	49,088.00
Public safety	5,402,663.62	347,188.07	300,735.39
Public works	48,736.33	0.00	0.00
Health and social services	1,797,639.82	20,158.43	588,580.19
Parks, recreation, and cultural	123,033.32	0.00	0.00
Miscellaneous	328,306.50	23,027.63	0.00
TOTAL GOVERNMENTAL ACTIVITIES	13,004,204.80	1,430,097.30	1,722,567.87
Business-type activities			
Parks operations	100,918.86	113,114.03	0.00
Public works operations and maintenance	305,873.11	111,202.80	0.00
Airport operations	421,872.66	19,562.60	0.00
Delinquent tax foreclosure	116,203.38	221,814.56	0.00
Medical care facility	11,520,131.10	11,045,154.98	0.00
Delinquent tax collections	18,213.98	451,080.51	0.00
TOTAL BUSINESS-TYPE ACTIVITIES	12,483,213.09	11,961,929.48	0.00
TOTAL PRIMARY GOVERNMENT	\$ 25,487,417.89	\$ 13,392,026.78	\$ 1,722,567.87
COMPONENT UNITS			
Drainage Districts	\$ 56,189.77	\$ 0.00	\$ 0.00
Lake Improvement District	167,865.37	0.00	0.00
District Library	896,605.60	149,311.02	0.00
Road Commission	6,612,654.00	756,265.00	4,200,465.00
TOTAL COMPONENT UNITS	\$ 7,733,314.74	\$ 905,576.02	\$ 4,200,465.00

General Revenues and Transfers

Taxes

Property tax and special assessments

Internal service fund activity

Unrestricted investment earnings

Unrealized gain on investments

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 Position

Net Position - January 1

Special item - prior period adjustments

Net Position - December 31

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PROGRAM REVENUES	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
CAPITAL GRANTS AND CONTRIBUTIONS				
\$ 0.00	\$ (370,444.59)	\$ 0.00	\$ (370,444.59)	\$ 0.00
0.00	(836,594.28)	0.00	(836,594.28)	0.00
0.00	(2,223,810.88)	0.00	(2,223,810.88)	0.00
0.00	(4,754,740.16)	0.00	(4,754,740.16)	0.00
0.00	(48,736.33)	0.00	(48,736.33)	0.00
0.00	(1,188,901.20)	0.00	(1,188,901.20)	0.00
0.00	(123,033.32)	0.00	(123,033.32)	0.00
0.00	(305,278.87)	0.00	(305,278.87)	0.00
<u>0.00</u>	<u>(9,851,539.63)</u>	<u>0.00</u>	<u>(9,851,539.63)</u>	<u>0.00</u>
13,764.03	0.00	25,959.20	25,959.20	0.00
0.00	0.00	(194,670.31)	(194,670.31)	0.00
249,989.32	0.00	(152,320.74)	(152,320.74)	0.00
0.00	0.00	105,611.18	105,611.18	0.00
0.00	0.00	(474,976.12)	(474,976.12)	0.00
0.00	0.00	432,866.53	432,866.53	0.00
<u>263,753.35</u>	<u>0.00</u>	<u>(257,530.26)</u>	<u>(257,530.26)</u>	<u>0.00</u>
\$ <u>263,753.35</u>	<u>(9,851,539.63)</u>	<u>(257,530.26)</u>	<u>(10,109,069.89)</u>	<u>0.00</u>
\$ 0.00	0.00	0.00	0.00	(56,189.77)
0.00	0.00	0.00	0.00	(167,865.37)
67,530.61	0.00	0.00	0.00	(679,763.97)
2,017,365.00	0.00	0.00	0.00	361,441.00
<u>\$ 2,084,895.61</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(542,378.11)</u>
	10,195,327.40	1,613,570.00	11,808,897.40	1,074,478.45
	(170,371.50)	0.00	(170,371.50)	0.00
	343,573.59	67,551.37	411,124.96	18,802.16
	30,114.30	20,030.57	50,144.87	0.00
	7,250.00	(4,262.50)	2,987.50	122,645.00
	341,337.93	523,708.42	865,046.35	159.00
	490,533.46	0.00	490,533.46	0.00
	(877,305.91)	246,905.91	(630,400.00)	0.00
	<u>630,400.00</u>	<u>0.00</u>	<u>630,400.00</u>	<u>0.00</u>
	<u>10,990,859.27</u>	<u>2,467,503.77</u>	<u>13,458,363.04</u>	<u>1,216,084.61</u>
	1,139,319.64	2,209,973.51	3,349,293.15	673,706.50
	33,024,441.64	21,758,670.69	54,783,112.33	38,028,241.92
	56,000.14	(12,303.04)	43,697.10	(217,476.16)
	<u>\$ 34,219,761.42</u>	<u>\$ 23,956,341.16</u>	<u>\$ 58,176,102.58</u>	<u>\$ 38,484,472.26</u>

MASON COUNTY, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	GENERAL	SENIOR CITIZENS	JAIL OPERATIONS
ASSETS			
Cash and cash equivalents	\$ 3,151,817.69	\$ 63,238.21	\$ 149,448.74
Investments (Net of premiums/discounts)	3,269,416.17	0.00	254,709.30
Receivables			
Property taxes	0.00	456,032.66	979,625.71
Accounts (net of allowance for doubtful accounts)	29,263.53	0.00	0.00
Other	8,971.03	0.00	0.00
Due from state and federal government	416,539.12	0.00	28,188.37
Due from other units	36,565.25	0.00	1,085.00
Due from other funds	15,537.78	0.00	0.00
Land contract	531,000.00	0.00	0.00
Advances to other funds	883,134.12	0.00	0.00
Prepaid expenditures	107,225.17	1,131.00	35,061.34
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 8,449,469.86	\$ 520,401.87	\$ 1,448,118.46
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS, AND EQUITY			
Liabilities			
Accounts payable	\$ 309,850.11	\$ 5,093.16	\$ 69,252.67
Accrued liabilities	94,546.66	0.00	35,496.62
Due to other funds	0.00	0.00	0.00
Due to other governmental units	0.00	0.00	0.00
Due to individuals	29,925.01	0.00	19,899.56
Unearned revenue	545,730.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	980,051.78	5,093.16	124,648.85
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources			
Unavailable revenues		456,032.66	979,625.71
	<hr/>	<hr/>	<hr/>
Equity			
Fund balances			
Nonspendable	990,359.29	1,131.00	35,061.34
Committed	3,602,985.59	0.00	0.00
Assigned	585,269.90	58,145.05	308,782.56
Unassigned	2,290,803.30	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EQUITY	7,469,418.08	59,276.05	343,843.90
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND EQUITY	\$ 8,449,469.86	\$ 520,401.87	\$ 1,448,118.46
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The accompanying notes to financial statements are an integral part of these financial statements.

LANDFILL PERPETUAL CARE	PUBLIC IMPROVEMENT	GOVERN- MENTAL OTHER	TOTAL GOVERN- MENTAL FUNDS
\$ 79,247.79	\$ 1,469,679.68	\$ 2,356,339.49	\$ 7,269,771.60
1,886,146.06	2,901,688.46	2,011,874.67	10,323,834.66
0.00	0.00	32,936.21	1,468,594.58
0.00	0.00	9,821.92	39,085.45
1,911.52	2,904.89	1,193.79	14,981.23
0.00	0.00	80,290.78	525,018.27
0.00	0.00	64,654.76	102,305.01
0.00	0.00	0.00	15,537.78
0.00	0.00	0.00	531,000.00
500,000.00	0.00	0.00	1,383,134.12
0.00	0.00	16,616.18	160,033.69
<u>\$ 2,467,305.37</u>	<u>\$ 4,374,273.03</u>	<u>\$ 4,573,727.80</u>	<u>\$ 21,833,296.39</u>
\$ 570.00	\$ 31,923.00	\$ 172,269.43	\$ 588,958.37
0.00	0.00	12,247.00	142,290.28
0.00	0.00	9,376.53	9,376.53
0.00	0.00	38,058.35	38,058.35
0.00	0.00	0.00	49,824.57
0.00	0.00	0.00	545,730.00
<u>570.00</u>	<u>31,923.00</u>	<u>231,951.31</u>	<u>1,374,238.10</u>
		<u>5,067.03</u>	<u>1,440,725.40</u>
500,000.00	0.00	16,615.88	1,543,167.51
0.00	0.00	0.00	3,602,985.59
1,966,735.37	4,342,350.03	4,320,093.58	11,581,376.49
0.00	0.00	0.00	2,290,803.30
<u>2,466,735.37</u>	<u>4,342,350.03</u>	<u>4,336,709.46</u>	<u>19,018,332.89</u>
<u>\$ 2,467,305.37</u>	<u>\$ 4,374,273.03</u>	<u>\$ 4,573,727.80</u>	<u>\$ 21,833,296.39</u>

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**MASON COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014**

Total fund balances for governmental funds		\$ 19,018,332.89
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land and land improvements	\$ 1,020,892.59	
Buildings and improvements	17,180,042.48	
Vehicles and equipment	2,033,743.90	
Accumulated depreciation	<u>(7,584,658.65)</u>	12,650,020.32
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 Position.		
	\$ 5,450,847.29	
Less: net capital assets included above	<u>(47,449.82)</u>	5,403,397.47
Gain on a sale of fixed assets by a land contract is not available in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		522,000.00
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 Position.		
		(531,893.33)
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 Position.		
		(2,030,995.93)
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 Position.		
		<u>(811,100.00)</u>
Net position of governmental activities		\$ <u><u>34,219,761.42</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	GENERAL	SENIOR CITIZENS	JAIL OPERATIONS
REVENUES			
General property taxes	\$ 8,673,251.36	\$ 414,853.99	\$ 963,312.06
Permits and regulatory licenses	119,955.33	0.00	0.00
Intergovernmental			
Federal/State	1,421,845.69	0.00	0.00
Charges for services	710,898.57	0.00	220,903.47
Fines and forfeitures	2,100.00	0.00	0.00
Interest and rents	180,525.50	0.00	1,754.13
Unrealized gain on investments	0.00	0.00	0.00
Miscellaneous	418,600.78	0.00	1,640.35
	11,527,177.23	414,853.99	1,187,610.01
EXPENDITURES			
Current			
Legislative	367,402.35	0.00	0.00
Judicial	1,594,941.45	0.00	0.00
General government administration	2,721,035.46	0.00	0.00
Public safety	2,470,281.46	0.00	2,449,021.09
Public works	40,395.31	0.00	0.00
Health and social services	587,031.55	408,863.82	0.00
Miscellaneous	37,035.78	0.00	0.00
Capital outlay	0.00	0.00	0.00
	7,818,123.36	408,863.82	2,449,021.09
Excess (deficiency) of revenues over expenditures	3,709,053.87	5,990.17	(1,261,411.08)
OTHER FINANCING SOURCES (USES)			
Transfers in	684,123.09	0.00	1,392,000.00
Transfers out	(3,865,742.00)	0.00	(126,425.00)
	(3,181,618.91)	0.00	1,265,575.00
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	527,434.96	5,990.17	4,163.92
FUND BALANCE, JANUARY 1	6,945,785.01	53,285.88	340,376.27
PRIOR PERIOD ADJUSTMENT	(3,801.89)	0.00	(696.29)
FUND BALANCE, DECEMBER 31	\$ 7,469,418.08	\$ 59,276.05	\$ 343,843.90

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

LANDFILL PERPETUAL CARE	PUBLIC IMPROVEMENT	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
\$ 0.00	\$ 0.00	\$ 143,909.99	\$ 10,195,327.40
0.00	0.00	0.00	119,955.33
0.00	0.00	300,722.18	1,722,567.87
0.00	0.00	349,587.30	1,281,389.34
0.00	0.00	26,652.63	28,752.63
42,465.55	48,189.77	70,638.64	343,573.59
30,114.30	0.00	0.00	30,114.30
9,442.20	3,076.25	23,828.35	456,587.93
<u>82,022.05</u>	<u>51,266.02</u>	<u>915,339.09</u>	<u>14,178,268.39</u>
0.00	0.00	0.00	367,402.35
0.00	0.00	391,817.23	1,986,758.68
0.00	0.00	502,400.83	3,223,436.29
0.00	0.00	85,946.42	5,005,248.97
0.00	0.00	0.00	40,395.31
0.00	0.00	724,760.58	1,720,655.95
59,553.53	0.00	0.00	96,589.31
0.00	636,930.00	575,486.07	1,212,416.07
<u>59,553.53</u>	<u>636,930.00</u>	<u>2,280,411.13</u>	<u>13,652,902.93</u>
<u>22,468.52</u>	<u>(585,663.98)</u>	<u>(1,365,072.04)</u>	<u>525,365.46</u>
40,000.00	367,442.00	1,249,825.00	3,733,390.09
0.00	0.00	(618,529.00)	(4,610,696.00)
<u>40,000.00</u>	<u>367,442.00</u>	<u>631,296.00</u>	<u>(877,305.91)</u>
62,468.52	(218,221.98)	(733,776.04)	(351,940.45)
2,404,266.85	4,560,572.01	5,009,987.18	19,314,273.20
0.00	0.00	60,498.32	56,000.14
<u>\$ 2,466,735.37</u>	<u>\$ 4,342,350.03</u>	<u>\$ 4,336,709.46</u>	<u>\$ 19,018,332.89</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, 2014

Net change in fund balance - total governmental funds \$ (351,940.45)

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.

Vehicles and equipment	\$ 1,007,198.69	
Depreciation expense	<u>(699,947.18)</u>	307,251.51

Governmental funds do not record gains and losses from the disposal of fixed assets. (108,000.00)

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. 490,533.46

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. \$ 460,028.50
Less: Vehicle purchase included above (26,499.81)
Add: depreciation expense included above 2,974.99 436,503.68

Estimates for accrued interest payable, accrued vacation and sick time,
and accrued post closure care for landfills change on an annual basis.
These changes either reduce or increase the governmental activities
expenses on the Statement of Activities. 364,971.44

Changes in net position of governmental activities \$ 1,139,319.64

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
ASSETS		
Current assets		
Cash and cash equivalents	\$ 196,358.28	\$ 3,892,832.74
Investments (net of premiums and discounts)	1,255,264.19	2,409,667.41
Receivables		
Property Taxes and Special Assessment Receivable	10,972.07	1,640,873.07
Accounts (net of allowance for doubtful accounts)	7,357.37	243,229.88
Leases receivable	45,290.87	0.00
Other	1,282.29	3,342.54
Deferred expense	0.00	0.00
Deposit	0.00	0.00
Long-term advances	0.00	0.00
Due from other governmental units		
Other	28,332.98	911,382.57
Prepayments	0.00	29,594.26
	1,544,858.05	9,130,922.47
Noncurrent assets		
Leases receivable	2,011,785.72	0.00
Land	0.00	562,601.00
Sewer system	1,121,009.05	0.00
Land improvements	0.00	214,224.46
Buildings	0.00	7,516,869.57
Equipment	0.00	1,031,735.42
Accumulated depreciation	(551,897.12)	(4,602,656.47)
	2,580,897.65	4,722,773.98
NET NONCURRENT ASSETS		
	4,125,755.70	13,853,696.45
TOTAL ASSETS	\$ 4,125,755.70	\$ 13,853,696.45

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
\$ 3,797,709.44	\$ 1,220,484.08	\$ 9,107,384.54	\$ 2,269,408.20
2,345,519.40	146,376.52	6,156,827.52	1,162,294.07
1,729,717.27	0.00	3,381,562.41	0.00
0.00	1,210.72	251,797.97	22,653.41
0.00	0.00	45,290.87	0.00
2,279.92	0.00	6,904.75	0.00
0.00	0.00	0.00	1,587,053.06
0.00	0.00	0.00	27,282.00
0.00	0.00	0.00	1,401,798.27
6,205.83	16.00	945,937.38	0.00
2,731.90	4,247.51	36,573.67	20,780.62
<u>7,884,163.76</u>	<u>1,372,334.83</u>	<u>19,932,279.11</u>	<u>6,491,269.63</u>
0.00	0.00	2,011,785.72	
0.00	40,855.75	603,456.75	0.00
0.00	72,642.00	1,193,651.05	0.00
0.00	2,154,545.74	2,368,770.20	0.00
0.00	1,703,623.45	9,220,493.02	0.00
0.00	592,530.71	1,624,266.13	109,576.59
0.00	(1,726,280.45)	(6,880,834.04)	(62,126.77)
<u>0.00</u>	<u>2,837,917.20</u>	<u>10,141,588.83</u>	<u>47,449.82</u>
<u>\$ 7,884,163.76</u>	<u>\$ 4,210,252.03</u>	<u>\$ 30,073,867.94</u>	<u>\$ 6,538,719.45</u>

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Concluded
DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 33,863.91	\$ 329,081.65
Accrued liabilities	0.00	340,834.02
Due to other governmental units		
Local	0.00	0.00
Unearned revenue	0.00	0.00
Accrued interest payable	0.00	8,312.50
Other	0.00	20,240.76
Advances from other funds	2,057,021.86	0.00
Due to other funds	6,161.25	0.00
Bonds payable	0.00	275,000.00
	2,097,047.02	973,468.93
Noncurrent liabilities		
Compensated absences	0.00	389,155.79
Bonds payable	0.00	600,000.00
	0.00	989,155.79
TOTAL NONCURRENT LIABILITIES	0.00	989,155.79
TOTAL LIABILITIES	2,097,047.02	1,962,624.72
Deferred inflows of resources		
Unavailable revenues	10,972.07	1,640,873.07
	10,972.07	1,640,873.07
Net Position		
Unreserved	2,017,736.61	10,250,198.66
	2,017,736.61	10,250,198.66
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 4,125,755.70	\$ 13,853,696.45

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	\$ 10,403.06	\$ 373,348.62	\$ 3,713.87
0.00	1,219.15	342,053.17	48,733.02
1,238.36	0.00	1,238.36	0.00
0.00	0.00	0.00	685,425.27
0.00	0.00	8,312.50	0.00
0.00	150.00	20,390.76	0.00
0.00	377,910.53	2,434,932.39	350,000.00
0.00	0.00	6,161.25	0.00
0.00	0.00	275,000.00	0.00
<u>1,238.36</u>	<u>389,682.74</u>	<u>3,461,437.05</u>	<u>1,087,872.16</u>
0.00	13,360.80	402,516.59	0.00
0.00	0.00	600,000.00	0.00
<u>0.00</u>	<u>13,360.80</u>	<u>1,002,516.59</u>	<u>0.00</u>
<u>1,238.36</u>	<u>403,043.54</u>	<u>4,463,953.64</u>	<u>1,087,872.16</u>
<u>0.00</u>	<u>1,728.00</u>	<u>1,653,573.14</u>	<u>0.00</u>
<u>7,882,925.40</u>	<u>3,805,480.49</u>	<u>23,956,341.16</u>	<u>5,450,847.29</u>
<u>\$ 7,884,163.76</u>	<u>\$ 4,210,252.03</u>	<u>\$ 30,073,867.94</u>	<u>\$ 6,538,719.45</u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
OPERATING REVENUES		
Charges for services	\$ 111,202.80	\$ 11,045,154.98
State and federal grants	0.00	0.00
Reimbursements	188,174.44	0.00
Rentals	0.00	0.00
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	20,607.98	20,884.50
TOTAL OPERATING REVENUES	319,985.22	11,066,039.48
OPERATING EXPENSES		
Personal services and fringe benefits	0.00	7,713,088.85
Utilities and telephone	13,462.37	306,339.01
Contractual services	45,710.59	375,226.45
Repairs and maintenance	287.20	113,853.94
Depreciation	28,025.24	240,131.73
Interest and fees	94,542.04	42,087.50
Other	123,845.67	2,729,403.62
TOTAL OPERATING EXPENSES	305,873.11	11,520,131.10
OPERATING INCOME (LOSS)	14,112.11	(454,091.62)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	0.00	1,613,570.00
Unrealized gain (loss) on investments	0.00	20,734.95
Interest on investments	10,692.67	34,158.77
TOTAL NONOPERATING REVENUES (EXPENSES)	10,692.67	1,668,463.72
INCOME (LOSS) BEFORE TRANSFERS	24,804.78	1,214,372.10
TRANSFERS IN (OUT)		
Transfers in	0.00	0.00
Transfers (out)	0.00	0.00
TOTAL TRANSFERS IN (OUT)	0.00	0.00
NET INCOME	24,804.78	1,214,372.10
NET POSITION, JANUARY 1	1,992,931.83	9,034,768.80
PRIOR PERIOD ADJUSTMENTS	0.00	1,057.76
NET POSITION, DECEMBER 31	\$ 2,017,736.61	\$ 10,250,198.66

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
\$ 451,080.51	\$ 354,491.19	\$ 11,961,929.48	\$ 64,307.00
0.00	249,989.32	249,989.32	0.00
0.00	16,807.05	204,981.49	0.00
0.00	85,182.57	85,182.57	16,854.85
126,482.88	0.00	126,482.88	0.00
0.00	75,070.53	116,563.01	569,376.90
<u>577,563.39</u>	<u>781,540.66</u>	<u>12,745,128.75</u>	<u>650,538.75</u>
0.00	108,753.11	7,821,841.96	783,467.52
0.00	46,416.06	366,217.44	28.71
4,683.25	124,649.66	550,269.95	135,650.40
0.00	52,675.51	166,816.65	15,182.33
0.00	174,590.05	442,747.02	2,974.99
0.00	19,282.13	155,911.67	0.00
13,530.73	112,628.38	2,979,408.40	11,785.79
<u>18,213.98</u>	<u>638,994.90</u>	<u>12,483,213.09</u>	<u>949,089.74</u>
<u>559,349.41</u>	<u>142,545.76</u>	<u>261,915.66</u>	<u>(298,550.99)</u>
0.00	0.00	1,613,570.00	0.00
(704.38)	(0.00)	20,030.57	5,492.68
19,323.25	3,376.68	67,551.37	122,686.81
<u>18,618.87</u>	<u>3,376.68</u>	<u>1,701,151.94</u>	<u>128,179.49</u>
<u>577,968.28</u>	<u>145,922.44</u>	<u>1,963,067.60</u>	<u>(170,371.50)</u>
110,000.00	202,500.00	312,500.00	630,400.00
0.00	(65,594.09)	(65,594.09)	0.00
<u>110,000.00</u>	<u>136,905.91</u>	<u>246,905.91</u>	<u>630,400.00</u>
687,968.28	282,828.35	2,209,973.51	460,028.50
7,194,957.12	3,536,012.94	21,758,670.69	4,990,818.79
0.00	(13,360.80)	(12,303.04)	0.00
<u>\$ 7,882,925.40</u>	<u>\$ 3,805,480.49</u>	<u>\$ 23,956,341.16</u>	<u>\$ 5,450,847.29</u>

**MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
CASH FLOWS FROM OPERATING ACTIVITIES		
Delinquent tax collections	\$ 0.00	\$ 0.00
Delinquent tax disbursements	0.00	0.00
Payments to other funds	(47,378.07)	0.00
Payments to benefit providers	0.00	(1,923,155.26)
Payments from customers	349,589.91	11,360,404.00
Payments to suppliers	(264,417.34)	(3,700,041.67)
Payments to employees	0.00	(5,844,225.71)
Other receipts (payments)	521.68	12,205.49
	38,316.18	(94,813.15)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	0.00	(237,713.00)
Property taxes	0.00	1,613,570.00
Lease receivable	43,941.33	0.00
Advances (to) from other funds	(43,941.33)	0.00
Bond payments	0.00	(275,000.00)
	0.00	1,100,857.00
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	0.00	0.00
	0.00	0.00
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / maturity of investments	92,086.59	338,998.79
Interest received	10,692.67	34,158.77
	102,779.26	373,157.56
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	141,095.44	1,379,201.41
CASH AND CASH EQUIVALENTS, JANUARY 1	55,262.84	2,513,631.33
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 196,358.28	\$ 3,892,832.74

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
\$ 3,873,255.40	\$ 222,924.66	\$ 4,096,180.06	\$ 0.00
(3,267,867.84)	0.00	(3,267,867.84)	0.00
0.00	0.00	(47,378.07)	0.00
0.00	(29,279.43)	(1,952,434.69)	(1,753,595.14)
0.00	512,414.84	12,222,408.75	1,656,508.17
(21,124.28)	(362,909.70)	(4,348,492.99)	(224,341.79)
0.00	(79,194.28)	(5,923,419.99)	(40,742.99)
17,358.01	56,919.31	87,004.49	(493,550.52)
<u>601,621.29</u>	<u>320,875.40</u>	<u>865,999.72</u>	<u>(855,722.27)</u>
0.00	(338,013.15)	(575,726.15)	0.00
0.00	0.00	1,613,570.00	0.00
0.00	0.00	43,941.33	0.00
0.00	(39,497.54)	(83,438.87)	83,438.87
0.00	0.00	(275,000.00)	(26,499.81)
<u>0.00</u>	<u>(377,510.69)</u>	<u>723,346.31</u>	<u>56,939.06</u>
<u>110,000.00</u>	<u>136,905.91</u>	<u>246,905.91</u>	<u>630,400.00</u>
(809,142.87)	59,513.13	(318,544.36)	(88,167.47)
19,323.25	3,376.68	67,551.37	122,686.81
<u>(789,819.62)</u>	<u>62,889.81</u>	<u>(250,992.99)</u>	<u>34,519.34</u>
(78,198.33)	143,160.43	1,585,258.95	(133,863.87)
<u>3,875,907.77</u>	<u>1,077,323.65</u>	<u>7,522,125.59</u>	<u>2,403,272.07</u>
\$ <u><u>3,797,709.44</u></u>	\$ <u><u>1,220,484.08</u></u>	\$ <u><u>9,107,384.54</u></u>	\$ <u><u>2,269,408.20</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS - Concluded
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 14,112.11	\$ (454,091.62)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	28,025.24	240,131.73
Prior Period adjustments	0.00	1,057.76
Change in assets and liabilities:		
Decrease (Increase) in taxes receivable	0.00	(27,930.48)
Decrease (Increase) in accounts receivable	(7,357.37)	26,743.15
Decrease (Increase) in other receivables	521.68	(649.00)
Decrease (Increase) in due from other units	(6,979.27)	(50,693.61)
Decrease (Increase) in prepayments	0.00	(789.27)
Decrease (Increase) in other assets	9,635.91	0.00
Increase (Decrease) in accounts payable	7,269.28	104,218.03
Increase (Decrease) in due to other governmental units	0.00	9,488.24
Increase (Decrease) in other liabilities	(6,911.40)	57,701.92
Total adjustments	24,204.07	359,278.47
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 38,316.18	\$ (94,813.15)

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
\$ 559,349.41	\$ 142,545.76	\$ 261,915.66	\$ (298,550.99)
0.00	174,590.05	442,747.02	2,974.99
0.00	0.00	1,057.76	0.00
26,234.18	0.00	(1,696.30)	0.00
2,311.00	92.77	21,789.55	(2,835.50)
(695.16)	196.15	(626.33)	684.23
11,409.04	14,967.86	(31,295.98)	0.00
(42.73)	(450.68)	(1,282.68)	7,901.95
2,599.99	0.00	12,235.90	(508,199.77)
(126.00)	(11,745.68)	99,615.63	(4,490.65)
581.56	(9,498.24)	571.56	0.00
0.00	10,177.41	60,967.93	(53,206.53)
<u>42,271.88</u>	<u>178,329.64</u>	<u>604,084.06</u>	<u>(557,171.28)</u>
\$ <u>601,621.29</u>	\$ <u>320,875.40</u>	\$ <u>865,999.72</u>	\$ <u>(855,722.27)</u>

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**MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

ASSETS	
Cash and cash equivalents	\$ <u>657,885.16</u>
TOTAL ASSETS	\$ <u><u>657,885.16</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Bonds payable	\$ 5,750.00
Restitution payable	14,960.18
Undistributed taxes	500,814.91
Due to other units	1,840.58
Other current liabilities	8,946.95
Due to State of Michigan	<u>125,572.54</u>
TOTAL LIABILITIES	<u>657,885.16</u>
NET POSITION	
Net assets	
Reserved	0.00
Unreserved	
Designated for capital expenditures	0.00
Undesignated	<u>0.00</u>
TOTAL NET POSITION	<u>0.00</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>657,885.16</u></u>

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2014

	DISTRICT LIBRARY	DRAIN
ASSETS		
Cash and cash equivalents	\$ 185,293.08	\$ 77,901.78
Receivables		
Accounts receivable	1,181.97	0.00
Taxes and special assessments	835,553.17	19,326.03
Interest receivable	0.00	16.80
Due from other governmental units		
Federal/State	0.00	0.00
Prepaid items	30,067.84	0.00
Due from other funds	0.00	0.00
Inventories	0.00	0.00
Fixed assets (net of accumulated depreciation)	<u>2,071,267.72</u>	<u>183,770.43</u>
TOTAL ASSETS	<u>\$ 3,123,363.78</u>	<u>\$ 281,015.04</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 23,712.06	\$ 0.00
Accrued liabilities	18,722.34	0.00
Advances	0.00	0.00
Due to other funds	0.00	34,451.37
Bond and installment lease payable - current	<u>40,000.00</u>	<u>0.00</u>
	<u>82,434.40</u>	<u>34,451.37</u>
Noncurrent liabilities		
Bond and installment lease payable - long-term	300,000.00	0.00
Accrued sick and vacation and post employment benefits	<u>0.00</u>	<u>0.00</u>
	<u>300,000.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>382,434.40</u>	<u>34,451.37</u>
Deferred inflows of resources		
Unavailable revenues	<u>835,553.17</u>	<u>19,326.03</u>
NET POSITION		
Net investment in capital assets	1,731,267.72	183,770.43
Fund balances		
Restricted for		
Primary/Local Roads	0.00	0.00
Unreserved		
Undesignated	<u>174,108.49</u>	<u>43,467.21</u>
TOTAL NET POSITION	<u>1,905,376.21</u>	<u>227,237.64</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 3,123,363.78</u>	<u>\$ 281,015.04</u>

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

DRAIN REVOLVING	ROAD COMMISSION	LAKE IMPROVEMENT	TOTAL
\$ 134,848.63	\$ 1,340,594.00	\$ 292,136.41	\$ 2,030,773.90
0.00	115,186.00	0.00	116,367.97
0.00	0.00	214,163.57	1,069,042.77
0.00	0.00	0.00	16.80
0.00	856,394.00	0.00	856,394.00
0.00	52,069.00	0.00	82,136.84
34,451.37	0.00	0.00	34,451.37
0.00	557,759.00	0.00	557,759.00
0.00	34,352,528.00	0.00	36,607,566.15
<u>\$ 169,300.00</u>	<u>\$ 37,274,530.00</u>	<u>\$ 506,299.98</u>	<u>\$ 41,354,508.80</u>
\$ 0.00	\$ 87,632.00	\$ 0.00	\$ 111,344.06
0.00	16,661.00	0.00	35,383.34
0.00	321,579.00	0.00	321,579.00
0.00	0.00	0.00	34,451.37
0.00	25,963.00	7,500.00	73,463.00
<u>0.00</u>	<u>451,835.00</u>	<u>7,500.00</u>	<u>576,220.77</u>
0.00	391,994.00	0.00	691,994.00
0.00	372,039.00	0.00	372,039.00
0.00	764,033.00	0.00	1,064,033.00
0.00	1,215,868.00	7,500.00	1,640,253.77
	<u>160,740.00</u>	<u>214,163.57</u>	<u>1,229,782.77</u>
0.00	33,934,571.00	0.00	35,849,609.15
0.00	1,963,351.00	0.00	1,963,351.00
169,300.00	0.00	284,636.41	671,512.11
<u>169,300.00</u>	<u>35,897,922.00</u>	<u>284,636.41</u>	<u>38,484,472.26</u>
<u>\$ 169,300.00</u>	<u>\$ 37,274,530.00</u>	<u>\$ 506,299.98</u>	<u>\$ 41,354,508.80</u>

**MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>PROGRAM REVENUES</u>	
	CHARGES FOR SERVICES	EXPENSES
REVENUES		
Drainage districts	\$ 0.00	\$ 56,189.77
Lake Improvement district	0.00	167,865.37
District Library	7,290.10	896,605.60
Road Commission	<u>756,265.00</u>	<u>6,612,654.00</u>
TOTAL REVENUES	\$ <u>763,555.10</u>	\$ <u>7,733,314.74</u>

General revenues
Special assessments
Fines and forfeits
Property taxes
Gain on sale of capital assets
Miscellaneous
Unrestricted investment earnings

Total general revenues

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 POSITION			
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	LAKE IMPROVEMENT & DRAINAGE DISTRICTS	ROAD COMMISSION	DISTRICT LIBRARY	TOTAL
\$ 0.00	\$ 0.00	\$ (56,189.77)	\$ 0.00	\$ 0.00	\$ (56,189.77)
0.00	0.00	(167,865.37)	0.00	0.00	(167,865.37)
0.00	67,530.61	0.00	0.00	(821,784.89)	(821,784.89)
<u>4,200,465.00</u>	<u>2,017,365.00</u>	<u>0.00</u>	<u>361,441.00</u>	<u>0.00</u>	<u>361,441.00</u>
<u>\$ 4,200,465.00</u>	<u>\$ 2,084,895.61</u>	<u>(224,055.14)</u>	<u>361,441.00</u>	<u>(821,784.89)</u>	<u>(684,399.03)</u>
		251,903.15	0.00	0.00	251,903.15
		0.00	0.00	142,020.92	142,020.92
		0.00	0.00	822,575.30	822,575.30
		0.00	122,645.00	0.00	122,645.00
		159.00	0.00	0.00	159.00
		649.06	17,538.00	615.10	18,802.16
		<u>252,711.21</u>	<u>140,183.00</u>	<u>965,211.32</u>	<u>1,358,105.53</u>
		28,656.07	501,624.00	143,426.43	673,706.50
		652,517.98	35,613,177.00	1,762,546.94	38,028,241.92
		0.00	(216,879.00)	(597.16)	(217,476.16)
		<u>\$ 681,174.05</u>	<u>\$ 35,897,922.00</u>	<u>\$ 1,905,376.21</u>	<u>\$ 38,484,472.26</u>

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**MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

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.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities 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 position. 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 Position – 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 Position. The net position of the County is 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Continued

Government-Wide Financial Statements - Concluded

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 Position 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.

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, and claims and judgments, which are recorded when payment is due.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

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

GOVERNMENTAL FUNDS - Concluded

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, and 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.

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 position. 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

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

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.

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

ASSET	DEPRECIABLE LIFE
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 position.

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 sheet. The straight-line depreciation method is applied over the estimated useful lives of fixed assets held by Proprietary Funds. Estimated useful lives are:

ASSET	DEPRECIABLE LIFE
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 the 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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.

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, 2014 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – Concluded

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, 2014, the total accumulated vacation and sick pay liability was \$531,893.33 for governmental fund types and \$402,516.59 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, 2014 amounted to \$71,184.00. 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, 2014 amounted to \$0.00. 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.

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, 2014, 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)
Equalization Department	\$ 413,600.00	\$ 414,237.39	\$ (637.39)
Employee Benefits	3,600.00	3,680.57	(80.57)

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS - Concluded

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, 2014, 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	\$912,954.00	\$1,259,594.00	\$(346,640.00)
Local Road: Maintenance	1,048,838.00	1,742,890.00	(694,052.00)
State Trunkline: Non-Maintenance	0.00	1,380.00	(1,380.00)
Administrative Expense – Net	237,000.00	309,251.00	(72,251.00)
Equipment Expense – Net	87,028.00	674,555.00	(587,527.00)
Debt Service – Net	212,060.00	340,709.00	(128,649.00)

The budget was exceeded in total by \$942,170.00.

NOTE 5: PROPERTY TAXES

The 2014 property tax revenue includes property taxes levied principally on July 1, 2014 and substantially collected in 2014. The “2014 property taxes” became a lien on July 1, 2014, and were collected by March 1, 2014, 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, 2014 in the General Fund.

The total 2014 levy for the County was \$11,457,794.91, which was based upon the taxable value as of March 1, 2014 of \$1,660,261,243.00 at a millage rate of 7.0612. The component unit District Library received \$821,331.22 based on the same taxable value at a millage rate of .4947 mills.

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, 2014. These taxes, which are recorded in an Enterprise Fund at December 31, 2014, 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.

The County Board of Commissioners levied the following millage rates in 2014:

General Operating	5.0967
Oakview Medical Care Facility	0.9715
Mason County Jail Operating	0.5800
Senior Citizen	0.2700
Mason/Oceana 911 Operating	0.1400
Soldier and Sailor Relief	<u>0.0030</u>
Total	<u>7.0612</u>

Component unit Mason County District Library Board levied 0.4947 mills in 2014.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 6: LITIGATION

There is no pending litigation against the County as of December 31, 2014.

NOTE 7: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains six enterprise funds: Medical Care Facility, 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, 2014 was as follows:

	MEDICAL CARE FACILITY	DELIN- QUENT TAX FORE- CLOSURE	PUBLIC WORKS OPERATIONS AND MAIN- TENANCE	PARK OPERATIONS	AIRPORT	DELINQUENT TAXES	TOTAL
Total assets	\$13,853,696.45	\$807,998.13	\$4,125,755.70	\$ 536,210.58	\$2,866,043.32	\$7,884,163.76	\$30,073,867.94
Total liabilities	3,603,497.79	1,360.00	2,108,019.09	2,685.76	400,725.78	1,238.36	6,117,526.78
Net Position	10,250,198.66	806,638.13	2,017,736.61	533,524.82	2,465,317.54	7,882,925.40	23,956,341.16
Operating revenue	11,066,039.48	222,924.56	319,985.22	126,878.06	431,738.04	577,563.39	12,745,128.75
Operating expenses	11,520,131.10	116,203.38	305,873.11	100,918.86	421,872.66	18,213.98	12,483,213.09
Operating income (loss)	(454,091.62)	106,721.18	14,112.11	25,959.20	9,865.38	559,349.41	261,915.66
Nonoperating revenue	1,668,463.72	1,648.64	10,692.67	716.02	1,012.02	18,618.87	1,701,151.94
Transfers in (out)	0.00	(65,594.09)	0.00	0.00	202,500.00	110,000.00	246,905.91
Change in net position	1,214,372.10	42,775.73	24,804.78	26,675.22	213,377.40	687,968.28	2,209,973.51
Net Position							
January 1, 2014	9,034,768.80	763,862.40	1,992,931.83	506,849.60	2,265,300.94	7,194,957.12	21,758,670.69
Prior period adjustment	1,057.76	0.00	0.00	0.00	(13,360.80)	0.00	(12,303.04)
Net Position							
December 31, 2014	10,250,198.66	806,638.13	2,017,736.61	533,524.82	2,465,317.54	7,882,925.40	23,956,341.16
Net cash provided by							
Operating activities	(94,813.15)	102,411.18	38,316.18	50,336.56	168,127.66	601,621.29	865,999.72
Noncapital financing activities	0.00	(65,594.09)	0.00	0.00	202,500.00	110,000.00	246,905.91
Capital and related financing activities	1,100,857.00	0.00	0.00	(8,000.00)	(369,510.69)	0.00	723,346.31
Investing activities	373,157.56	1,648.64	102,779.26	320.97	60,920.20	(789,819.62)	(250,992.99)
Net increase (decrease) in cash and cash equivalents	1,379,201.41	38,465.73	141,095.44	42,657.53	62,037.17	(78,198.33)	1,585,258.95
Cash and cash equivalents – January 1	2,513,631.33	769,516.40	55,262.84	200,872.04	106,935.21	3,875,907.77	7,522,125.59
Cash and cash equivalents – December 31	3,892,832.74	807,982.13	196,358.28	243,529.57	168,972.38	3,797,709.44	9,107,384.54

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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 payments 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, 2014:

YEAR ENDING	AMOUNT
December 31, 2015	\$ 36,957.00
December 31, 2016	<u>36,957.00</u>
Total	<u>\$73,914.00</u>

NOTE 9: LONG-TERM ADVANCES

The following are the interfund advances at December 31, 2014:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
General	\$ 883,134.12	Sewer maintenance and operations	\$ 2,057,021.86
Landfill post closure	500,000.00		
Insurance			
Property and liability	78,151.59		
Health and life	117,736.15		
Workers Compensation	<u>478,000.00</u>		
Subtotal	<u>2,057,021.86</u>		<u>2,057,021.86</u>
Insurance - Health and life	<u>377,910.53</u>	Airport operations	<u>377,910.53</u>
Insurance - Health and life	<u>350,000.00</u>	Insurance - Liability & Property	<u>350,000.00</u>
TOTAL	<u>\$ 2,784,932.39</u>	TOTAL	<u>\$ 2,784,932.39</u>

The advances were made for cash flow purposes.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 10: CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for the year ending December 31, 2014:

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2014</u>
GOVERNMENTAL ACTIVITIES				
Internal Service Funds				
Equipment and vehicles	\$ 83,076.78	\$ 26,499.81	\$ 0.00	\$ 109,576.59
Less: accumulated depreciation	<u>(59,151.78)</u>	<u>(2,974.99)</u>	<u>0.00</u>	<u>(62,126.77)</u>
Subtotal	<u>23,925.00</u>	<u>23,524.82</u>	<u>0.00</u>	<u>47,449.82</u>
Other governmental funds				
Land	\$ 238,682.00	\$ 0.00	\$ 0.00	\$ 238,682.00
Land improvements	782,210.59	0.00	0.00	782,210.59
Buildings and improvements	16,600,628.48	579,414.00	0.00	17,180,042.48
Equipment and vehicles	<u>1,944,084.87</u>	<u>401,284.88</u>	<u>(421,202.44)</u>	<u>1,924,167.31</u>
Subtotal	19,565,605.94	980,698.88	(421,202.44)	20,125,102.38
Less: accumulated depreciation	<u>(7,246,762.13)</u>	<u>(696,972.19)</u>	<u>421,202.44</u>	<u>(7,522,531.88)</u>
	<u>12,318,843.81</u>	<u>283,726.69</u>	<u>0.00</u>	<u>12,602,570.50</u>
Total	<u>\$ 12,342,768.81</u>	<u>\$ 307,251.51</u>	<u>\$ 0.00</u>	<u>\$ 12,650,020.32</u>
BUSINESS-TYPE ACTIVITIES				
Land	\$ 603,456.75	\$ 0.00	\$ 0.00	\$ 603,456.75
Land improvements	2,368,770.20	0.00	0.00	2,368,770.20
Buildings and improvements	8,646,004.37	579,988.65	(5,500.00)	9,220,493.02
Sewer system	708,719.27	0.00	0.00	708,719.27
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>2,156,104.41</u>	<u>0.00</u>	<u>(531,838.28)</u>	<u>1,624,266.13</u>
Subtotal	14,967,986.78	579,988.65	(537,338.28)	15,010,637.15
Less: Accumulated Depreciation	<u>(6,971,162.80)</u>	<u>(442,747.02)</u>	<u>533,075.78</u>	<u>(6,880,834.04)</u>
Total	<u>\$ 7,996,823.98</u>	<u>\$ 137,241.63</u>	<u>\$(4,262.50)</u>	<u>\$ 8,129,803.11</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 10: CAPITAL ASSETS – Continued

	<u>Balance</u> <u>January 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2014</u>
<u>Component Unit – District Library:</u>				
Land	\$ 16,800.00	\$ 0.00	\$ 0.00	\$ 16,800.00
Books	0.00	100,713.48	0.00	100,713.48
Building	<u>2,097,208.89</u>	<u>0.00</u>	<u>0.00</u>	<u>2,097,208.89</u>
Subtotal	2,114,008.89	100,713.48	0.00	2,214,722.37
Less: accumulated depreciation	<u>(80,029.98)</u>	<u>(63,424.67)</u>	<u>0.00</u>	<u>(143,454.65)</u>
Subtotal	<u>2,033,978.91</u>	<u>37,288.81</u>	<u>0.00</u>	<u>2,071,267.72</u>
<u>Component Unit – Drainage Districts:</u>				
Land	\$ 9,800.00	\$ 0.00	\$ 0.00	\$ 9,800.00
Infrastructure	<u>2,042,768.15</u>	<u>0.00</u>	<u>0.00</u>	<u>2,042,768.15</u>
Subtotal	2,052,568.15	0.00	0.00	2,052,568.15
Less: accumulated depreciation	<u>(1,821,780.62)</u>	<u>(47,017.10)</u>	<u>0.00</u>	<u>(1,868,797.72)</u>
Subtotal	<u>230,787.53</u>	<u>(47,017.10)</u>	<u>0.00</u>	<u>183,770.43</u>
<u>Component Unit – Road Commission:</u>				
Land and improvements	\$ 110,375.00	\$ 0.00	\$ 0.00	\$ 110,375.00
Infrastructure land improvements	16,567,909.00	247,501.00	0.00	16,815,410.00
Buildings	1,315,559.00	0.00	0.00	1,315,559.00
Equipment – Road	5,471,270.00	357,810.00	605,446.00	5,223,634.00
Equipment – Shop	70,778.00	0.00	0.00	70,778.00
Equipment – Office	66,470.00	0.00	0.00	66,470.00
Equipment – Engineering	39,458.00	0.00	0.00	39,458.00
Equipment – Yard and storage	150,730.00	0.00	0.00	150,730.00
Infrastructure – Roads and bridges	<u>44,584,904.00</u>	<u>2,225,800.00</u>	<u>14,399,376.00</u>	<u>32,411,328.00</u>
Subtotal	68,377,453.00	2,831,111.00	15,004,822.00	56,203,742.00
Less: accumulated depreciation	<u>(34,443,628.00)</u>	<u>(2,246,809.00)</u>	<u>(14,839,223.00)</u>	<u>(21,851,214.00)</u>
Subtotal	<u>33,933,825.00</u>	<u>584,302.00</u>	<u>165,599.00</u>	<u>34,352,528.00</u>
Total Component Units	<u>\$ 36,198,591.44</u>	<u>\$ 574,573.71</u>	<u>\$ 165,599.00</u>	<u>\$ 36,607,566.15</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 10: CAPITAL ASSETS – Concluded

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

<u>Internal Service Funds</u>	\$ <u>2,974.99</u>
<u>Other Governmental Funds</u>	
Parks, recreation and cultural	123,033.32
Legislative	3,042.24
Judicial	30,791.99
General governmental administration	57,365.10
Public safety	397,414.65
Public works	8,341.02
Health and social services	<u>76,983.87</u>
	<u>696,972.19</u>
TOTAL	\$ <u>699,947.18</u>

NOTE 11: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures no more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

As of December 31, 2014, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash deposits	\$ 21,332,478.40	\$ 21,869,183.98	\$ 2,028,650.65
Investments	17,642,956.25	17,656,594.18	1,684,241.27
Imprest cash	<u>2,745.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 38,978,179.65</u>	<u>\$ 39,525,778.16</u>	<u>\$ 3,712,891.92</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 11: CASH AND INVESTMENTS - Continued

Financial Statement Presentation:

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	INVESTMENTS (MARKETABLE SECURITIES)	TOTAL
Governmental funds	\$ 9,539,179.80	\$ 9,297,034.04	\$ 2,189,094.69	\$ 21,025,308.53
Proprietary funds	9,107,384.54	4,790,643.77	1,366,183.75	15,264,212.06
Fiduciary funds	657,885.16	0.00	0.00	657,885.16
Component units	<u>2,030,773.90</u>	<u>0.00</u>	<u>0.00</u>	<u>2,030,773.90</u>
	<u>\$ 21,335,223.40</u>	<u>\$ 14,087,677.81</u>	<u>\$ 3,555,278.44</u>	<u>\$ 38,978,179.65</u>

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2014, the carrying amount of the County's deposits were \$38,975,434.65 and the bank balance was \$39,525,778.16, of which \$3,712,891.92 was covered by federal depository insurance. The remaining balance of \$35,262,542.73 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2014, the carrying amounts and market values for the investments were as follows:

INVESTMENT TYPE	CARRYING AMOUNT	WEIGHTED AVERAGE MATURITY	RATING	PERCENTAGE
Insured or registered for which the securities are held by the County's agent in the County's name:				
Federal Home Loan Mortgage Corporation	\$ 3,151,364.26	5.0166 Years	AAA	88.6%
Corporate Bonds	<u>403,121.30</u>	0.58 Years	A1	11.3%
	3,554,485.56			
Uncatergorized Pooled Investment Funds	<u>792.88</u>	N/A	N/A	0.1%
	<u>\$ 3,555,278.44</u>			

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 11: CASH AND INVESTMENTS – Concluded

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2014, the County's investments were rated by Moody's as noted above.

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Custodial Credit Risk

The County will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

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, 2014:

	BALANCE JANUARY 1, 2014	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2014	DUE WITHIN ONE YEAR
BUSINESS TYPE ACTIVITIES				
\$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%.	<u>\$1,150,000.00</u>	<u>\$(275,000.00)</u>	<u>\$ 875,000.00</u>	<u>\$ 275,000.00</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 1,150,000.00</u>	<u>\$(275,000.00)</u>	<u>\$ 875,000.00</u>	<u>\$ 275,000.00</u>
Less: amount payable within one year			<u>(275,000.00)</u>	
LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			<u>\$ 600,000.00</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2014	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2014	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
Accrued post closure landfill costs	\$1,179,970.00	\$(368,870.00)	\$ 811,100.00	\$ 0.00
Accrued vacation and sick pay	<u>527,994.77</u>	<u>3,898.56</u>	<u>531,893.33</u>	<u>0.00</u>
TOTAL PRIMARY GOVERNMENT	<u>\$1,707,964.77</u>	<u>\$(364,971.44)</u>	\$1,342,993.33	<u>\$ 0.00</u>
Less: amount payable within one year			(<u>0.00</u>)	
LONG-TERM DEBT PRIMARY GOVERNMENT			<u>\$ 1,342,993.33</u>	
COMPONENT UNITS				
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>\$ 370,000.00</u>	<u>\$(30,000.00)</u>	\$ 340,000.00	<u>\$ 40,000.00</u>
Less: amount payable within one year			(<u>40,000.00</u>)	
LONG-TERM DEBT DISTRICT LIBRARY			<u>\$ 300,000.00</u>	
Lake Improvement \$7,500.00 2014 Ford Lake Improvement Board, due in one installment of \$7,500.00, due on October 7, 2015, interest at 4.50%.	<u>\$</u>	<u>\$(7,500.00)</u>	\$ 7,500.00	<u>\$ 7,500.00</u>
Less: amount payable within one year			(<u>7,500.00</u>)	
LONG-TERM DEBT LAKE IMPROVEMENT			<u>\$ 0.00</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE, JANUARY 1	ADDITIONS (DEDUCTIONS)	BALANCE, DECEMBER 31	DUE WITHIN ONE YEAR
Road Commission				
Caterpillar Financial				
Service Corp.	\$ 252,754.00	\$(17,676.00)	\$ 235,078.00	\$ 16,510.00
John Deere	49,829.00	(9,032.00)	40,797.00	9,453.00
Caterpillar Financial				
Service Corp.	74,762.00	(74,762.00)	0.00	0.00
Mercedes Benz Financial	226,652.00	(226,652.00)	0.00	0.00
Caterpillar Financial				
Service Corp.	138,798.00	3,284.00	142,082.00	0.00
Post employment benefits	270,847.00	30,008.00	300,855.00	0.00
Compensated absences	<u>75,766.00</u>	<u>(4,582.00)</u>	<u>71,184.00</u>	<u>0.00</u>
TOTAL	<u>\$ 1,089,408.00</u>	<u>\$(299,412.00)</u>	<u>\$ 789,996.00</u>	<u>\$ 25,963.00</u>

The annual requirements to amortize all debt outstanding as of December 31, 2014, including interest payments are as follows:

BUSINESS TYPE ACTIVITIES

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2015	\$275,000.00	\$ 33,250.00	\$ 308,250.00
2016	300,000.00	22,800.00	322,800.00
2017	<u>300,000.00</u>	<u>11,400.00</u>	<u>311,400.00</u>
TOTAL	<u>\$875,000.00</u>	<u>\$67,450.00</u>	<u>\$942,450.00</u>

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

Undetermined	<u>\$1,342,993.33</u>	<u>\$ 0.00</u>	<u>\$1,342,993.33</u>
TOTAL	<u>\$1,342,993.33</u>	<u>\$ 0.00</u>	<u>\$1,342,993.33</u>

COMPONENT UNITS

Road Commission

2015	\$ 25,963.00	\$ 11,690.00	\$ 37,653.00
2016	249,912.00	9,057.00	258,969.00
2017	142,082.00	1,003.00	143,085.00
Undetermined	<u>372,039.00</u>	<u>0.00</u>	<u>372,039.00</u>
TOTAL	<u>\$ 789,996.00</u>	<u>\$ 21,750.00</u>	<u>\$ 811,746.00</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 12: LONG-TERM OBLIGATIONS – Concluded

District Library

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2015	\$ 40,000.00	\$ 16,000.00	\$ 56,000.00
2016	40,000.00	14,000.00	54,000.00
2017	40,000.00	12,000.00	52,000.00
2018	40,000.00	10,000.00	50,000.00
2019	40,000.00	8,000.00	48,000.00
2020	40,000.00	6,000.00	46,000.00
2021	50,000.00	4,000.00	54,000.00
2022	<u>50,000.00</u>	<u>1,250.00</u>	<u>51,250.00</u>
TOTAL	<u>\$ 340,000.00</u>	<u>\$ 71,250.00</u>	<u>\$ 411,250.00</u>

Lake Improvement

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2015	<u>\$ 7,500.00</u>	<u>\$ 337.50</u>	<u>\$ 7,837.50</u>

NOTE 13: PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2014, the following prior period adjustments have resulted in Fund Balance/Retained Earnings restatements:

GENERAL FUND

Record various expenditure corrections	\$ 27,067.07
Record various revenue corrections	(23,067.00)
Record tax receivable corrections	(7,801.96)

SPECIAL REVENUE FUNDS

Record tax receivable corrections	
Jail Operations	(696.29)
Record various revenue corrections	
Emergency Management Grants	542.47
Child Care	59,955.85

ENTERPRISE FUNDS

Record tax receivable corrections	
Oakview Medical Care Facility	(1,173.49)
Record various expenditure corrections	
Oakview Medical Care Facility	2,231.25
Record the reclassification of employee liabilities	
Airport	(13,360.80)

COMPONENT UNITS

Record tax receivable corrections	
District Library	(597.16)
Adjust accumulated depreciation	
Road Commission	(216,879.00)

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 14: TRANSFERS

The following are the transfers for the year ended December 31, 2014:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Friend of the Court	\$ 378,000.00	General	\$ 3,865,742.00
Landfill Post Closure	40,000.00		
Junk Ordinance Administration	8,000.00		
Jail Operations	1,392,000.00		
Law Library	15,000.00		
Emergency Management Grant	1,000.00		
Social Welfare	28,000.00		
Child Care	388,000.00		
Equipment Replacement	310,800.00		
Public Improvement	367,442.00		
Airport	202,500.00		
Delinquent Tax Revolving	110,000.00		
Network Operation & Main.	65,000.00		
Self-Insurance Liability	160,000.00		
Workers' Comp Insurance	10,000.00		
Health and Life Insurance	<u>390,000.00</u>		
Subtotal	<u>3,865,742.00</u>	Subtotal	<u>3,865,742.00</u>
Equipment Replacement	61,900.00	Jail Operations	126,425.00
Jail Construction	59,125.00		
Self-Insurance. – Workers Comp.	<u>5,400.00</u>		
Subtotal	<u>126,425.00</u>	Subtotal	<u>126,425.00</u>
General	684,123.09	State Revenue Sharing	618,529.00
		Delinquent Tax Foreclosure	<u>65,594.09</u>
Subtotal	<u>684,123.09</u>	Subtotal	<u>684,123.09</u>
TOTAL	<u>\$ 4,676,290.09</u>		<u>\$ 4,676,290.09</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, 2014:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
Revolving Drain	\$ <u>34,451.37</u>	Drain	\$ <u>34,451.37</u>
General	15,537.78	Emergency Management Grant	9,376.53
		Public Works Operation & Maintenance	<u>6,161.25</u>
Subtotal	<u>15,537.78</u>	Subtotal	<u>15,537.78</u>
TOTAL	<u>\$ 49,989.15</u>		<u>\$ 49,989.15</u>

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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, County management believes it is more economical to manage its risks internally and set aside assets for claim settlements 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 \$1,276,828.98 at December 31, 2014, and is reported as a designation of the Worker's Compensation Insurance Fund fund balance. The claims liability of \$684.00 reported in the Worker's Compensation Insurance Fund at December 31, 2014 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 Worker's Compensation Insurance Fund' claims liability amount in calendar year 2014 were:

Liability Balance January 1, 2014	\$	27,164.00
Claim payments		(43,281.84)
Changes in estimates		<u>16,801.84</u>
 Liability Balance December 31, 2014	 \$	 <u>684.00</u>

The claims liability of \$48,204.00 reported in the Self-Insurance Liability Fund at December 31, 2014, 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 2014 were:

Liability Balance January 1, 2014	\$	42,525.00
Claim payments (net of reimbursements)		(2,439.42)
Changes in estimates		<u>8,118.42</u>
 Liability Balance December 31, 2014	 \$	 <u>48,204.00</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 16: RISK FINANCING ACTIVITIES - Concluded

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.

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, 2014 is as follows:

Member Retention Deposit	<u>\$ 1,587,053.06</u>
--------------------------	------------------------

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 coverage, auto liability coverage, property insurance coverage, 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, 2014 was \$190,100.00. These amounts are based on estimates of the cost to perform all post closure care in 2014. 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, 2014 was \$621,000.00. These amounts are based on estimates of the cost to perform all the post closure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 17: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - Concluded

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, 2014, a balance of \$99,385.66 was held for this purpose. The County has earmarked an additional \$2,367,349.71 in the Post Closure Care Trust Fund to finance post closure care costs.

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, 2014 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 \$181,033.00.

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, 2014 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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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 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 liabilities 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 expenditures when the fund liability is incurred. The benefit amounts incurred totaled \$340,813.00 during the year ended December 31, 2014. The total number of eligible retirees amounted to twenty-two at December 31, 2014. The County pays 100% of these costs. There are no provisions for employee contributions. The County has recorded a OPEB liability of \$5,029,244.00 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 \$2,998,248.07 at December 31, 2014. The County of Mason met its Annual Required Contribution (ARC) requirements in 2014.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 21: POST-EMPLOYMENT BENEFITS - Concluded

The Road Commission provides post retirement health care benefits to employees who retire from the Road Commission after January 1, 1989; 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 an OPEB liability of \$331,345.00 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 \$35,839.00. During 2014, the Road Commission did not fund any post employment health care benefits for retired employees. The difference of \$300,854.00 is recorded as a liability in long-term debt. There are presently thirty-seven active plan members and no retirees 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 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, 2014, the County's annual pension cost of \$1,542,313.49 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, 2011, 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, and 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED - Continued

Three year trend information

	PLAN YEAR ENDED DECEMBER 31:		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual Pension Cost	\$ 1,152,708.00	\$ 1,306,068.00	\$ 1,390,176.00
Percentage of Annual Pension Cost Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	-0-	-0-	-0-
Actuarial Value of Assets	35,864,310.00	36,721,277.00	38,144,333.00
Actuarial Accrued Liability	42,847,191.00	45,410,774.00	47,699,443.00
Unfunded (Overfunded) Actuarial Accrued Liability	6,982,881.00	8,689,497.00	9,555,110.00
Funded Ratio	83.70%	80.90%	80.00%
Covered Payroll	5,942,042.00	5,656,128.00	5,833,397.00
UAAL (OAAL) as a Percentage of Covered Payroll	118.00%	154.00%	164.00%

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 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 Commission 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.

Funding Policy - The obligation to contribute and maintain the system for these employees was established by negotiation with the Mason County Road Commission's competitive bargaining units. Participating County Road Commission employees are required to contribute 2.0 percent of annual compensation. The County Road Commission is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED – Concluded

Annual Pension Costs – For year ended 2014, the Mason County Road Commission's annual pension cost of \$260,172.00 for the plan was equal to the required and actual contributions. The annual required contribution was determined as part of an actuarial valuation as of 2011, using the age normal cost method. 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. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization is 26 years.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2013 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 27 INFORMATION (as of 12/31/13)

Fiscal year beginning January 1, 2014

Annual required contribution (ARC) \$ 260,172.00

Three year trend information

PLAN YEAR ENDED DECEMBER 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual Pension Cost	\$ 249,761.00	\$ 243,271.00	\$ 234,141.00
Percentage of Annual Pension Cost Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	-0-	-0-	-0-

PLAN YEAR ENDED DECEMBER 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 4,013,788.00	\$ 4,316,358.00	\$ 4,621,185.00
Actuarial Accrued Liability	5,854,009.00	6,183,451.00	6,678,682.00
Unfunded (Overfunded) Actuarial Accrued Liability	1,840,221.00	1,867,093.00	2,057,497.00
Funded Ratio	68.00%	69.80%	69.20%
Covered Payroll	1,389,201.00	1,485,733.00	1,491,852.00
UAAL (OAAL) as a Percentage of Covered Payroll	132.00%	126.00%	138.00%

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 23: FEDERAL REVENUES/EXPENDITURES

ROAD COMMISSION

All of the Federal dollars recorded by the Mason County Road Commission as expenditures in 2014 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 for the Road Commission during the year ended December 31, 2014, which are auditable locally, were \$74,389 and did not exceed the \$500,000.00 level.

<u>Expenditure</u>	<u>Amount</u>	
<u>Revenues Received/Recorded</u>		
MDOT Project (STP 1453 (004) 122095)	\$ 541,968.00	MDOT Audit
MDOT Project (EBSL 1453 (008) 110319A)	459,679.00	MDOT Audit
MDOT Project (STP 1453 (007) 119749A)	<u>32,647.00</u>	MDOT Audit
Total Revenues Received/Recorded	\$ <u>1,034,294.00</u>	

AIRPORT

<u>Expenditure</u>	<u>Amount</u>	
<u>Revenues Received/Recorded</u>		
MDOT (Project #B-26-0057-1813)	<u>\$ 236,831.99</u>	MDOT Audit

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 year 2014 amounted to \$218,850.00. The State has also advanced \$72,152.00 on the highway maintenance agreement.

NOTE 25: FUND BALANCE DEFICIT

At December 31, 2014, the County did not have any funds with a deficit fund balance.

NOTE 26: DEFERRED INFLOWS

The Deferred Inflows recorded by the County of Mason reflects property taxes that were levied in December, 2014, and recorded as property tax receivable and deferred revenue at December 31, 2014 in various Special Revenue Funds.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 27: FUND BALANCES – GOVERNMENTAL FUNDS

In February, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved have been replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable – assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact, such as the corpus of a permanent fund or foundation.

Restricted – amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed – amounts constrained on use imposed by formal action of the government’s highest level of decision making authority (i.e., Board, Council, etc.)

Assigned – amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee, or a delegated municipality official.

Unassigned – all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classifications and Procedures

For committed fund balance, Mason County’s highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the County Commissioners are authorized to assign amounts to a specific purpose. The authorization has been delegated by the County Commissioners to the County Administrator.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 27: FUND BALANCES – GOVERNMENTAL FUNDS - Concluded

	GENERAL FUND	PUBLIC IMPROVEMENT	JAIL OPERATIONS	NON-MAJOR FUNDS	INTERNAL SERVICE FUNDS
Nonspendable					
Prepays	\$107,225.17	\$ 0.00	\$35,061.34	\$17,746.88	\$ 0.00
Long-term advance to enterprise fund	883,134.12	0.00	0.00	500,000.00	1,051,798.27
Committed for					
Loss of revenue sharing	1,895,771.52	0.00	0.00	0.00	0.00
Budget stabilization	1,707,214.07	0.00	0.00	0.00	0.00
Assigned for					
Other	0.00	0.00	0.00	1,168,494.16	4,399,448.48
Animal control	9,267.72	0.00	0.00	0.00	0.00
Employee benefits	576,002.18	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	1,966,735.37	0.00
Senior citizens	0.00	0.00	0.00	58,145.05	0.00
Jail operations	0.00	0.00	308,782.56	0.00	0.00
Revenue sharing	0.00	0.00	0.00	954,006.52	0.00
Public improvement	0.00	4,342,350.03	0.00	0.00	0.00
Equipment replacement	0.00	0.00	0.00	1,996,224.77	0.00
Jail construction	0.00	0.00	0.00	201,368.13	
Unassigned	2,290,803.30	0.00	0.00	0.00	0.00

NOTE 28: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the County's fiscal year ending December 31, 2015.

NOTE 29: LAND CONTRACT

The County of Mason has a land contract receivable from the West Michigan Community Mental Health System. Principal payments of \$9,000.00 plus interest at 2.42% are due monthly. The current portion is \$108,000.00.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2014

NOTE 29: LAND CONTRACT - Concluded

Maturities of long-term land contract receivables are as follows:

YEAR ENDED	AMOUNT
December 31, 2015	\$ 108,000.00
December 31, 2016	108,000.00
December 31, 2017	108,000.00
December 31, 2018	108,000.00
December 31, 2019	<u>99,000.00</u>
Total	\$ <u>531,000.00</u>

NOTE 30: SELF-INSURANCE - HEALTH

The County has a self-insured medical reimbursement plan for eligible elected officials and employees. In general, the County is liable for benefits up to \$50,000 per contract; a family unit is considered one contract. Additionally, the County has stop-loss coverage if claims in the aggregate exceed \$661,470 per contract year. Benefit payments in excess of \$50,000 per contract or \$661,470 in aggregate are payable by an insurance company.

The County utilizes Blue Cross Blue Shield of Michigan (BCBSM) to administer benefits payable under this plan. Medical claim reimbursement payments to BCBSM including administrative fees and stop-loss insurance premiums totaled \$988,579 for the year ended December 31, 2014.

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>General Fund</u>				
REVENUES				
Taxes	\$ 8,515,500.00	\$ 8,656,150.00	\$ 8,673,251.36	\$ 17,101.36
Permits and regulatory licenses	108,900.00	119,150.00	119,955.33	805.33
Intergovernmental				
Federal/State	1,299,975.00	1,416,275.00	1,421,845.69	5,570.69
Charges for services	676,400.00	689,725.00	710,898.57	21,173.57
Fines and forfeitures	4,000.00	1,950.00	2,100.00	150.00
Interest and rents	133,825.00	127,025.00	180,525.50	53,500.50
Miscellaneous	189,300.00	377,500.00	418,600.78	41,100.78
	<u>10,927,900.00</u>	<u>11,387,775.00</u>	<u>11,527,177.23</u>	<u>139,402.23</u>
EXPENDITURES				
Current				
Legislative	372,800.00	376,800.00	367,402.35	9,397.65
Judicial	1,639,175.00	1,685,250.00	1,594,941.45	90,308.55
General government administration	2,796,600.00	2,816,025.00	2,721,035.46	94,989.54
Public safety	2,421,850.00	2,579,850.00	2,470,281.46	109,568.54
Public works	42,150.00	42,150.00	40,395.31	1,754.69
Health and social services	557,383.00	642,383.00	587,031.55	55,351.45
Parks, recreation, and cultural	1,000.00	450.00	0.00	450.00
Miscellaneous	167,800.00	38,350.00	37,035.78	1,314.22
	<u>7,998,758.00</u>	<u>8,181,258.00</u>	<u>7,818,123.36</u>	<u>363,134.64</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,929,142.00</u>	<u>3,206,517.00</u>	<u>3,709,053.87</u>	<u>502,536.87</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	619,100.00	684,075.00	684,123.09	48.09
Transfers out	(3,494,242.00)	(3,865,742.00)	(3,865,742.00)	0.00
	<u>(2,875,142.00)</u>	<u>(3,181,667.00)</u>	<u>(3,181,618.91)</u>	<u>48.09</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	54,000.00	24,850.00	527,434.96	502,584.96
FUND BALANCE, JANUARY 1	6,945,785.01	6,945,785.01	6,945,785.01	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(3,801.89)</u>	<u>(3,801.89)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 6,999,785.01</u>	<u>\$ 6,970,635.01</u>	<u>\$ 7,469,418.08</u>	<u>\$ 498,783.07</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Senior Citizens</u>				
REVENUES				
Property taxes	\$ 407,650.00	\$ 409,650.00	\$ 414,853.99	\$ 5,203.99
TOTAL REVENUES	<u>407,650.00</u>	<u>409,650.00</u>	<u>414,853.99</u>	<u>5,203.99</u>
EXPENDITURES				
Health and Welfare	<u>407,650.00</u>	<u>409,650.00</u>	<u>408,863.82</u>	<u>786.18</u>
TOTAL EXPENDITURES	<u>407,650.00</u>	<u>409,650.00</u>	<u>408,863.82</u>	<u>786.18</u>
EXCESS OF REVENUES OVER EXPENDITURES	0.00	0.00	5,990.17	5,990.17
FUND BALANCE, JANUARY 1	<u>53,285.88</u>	<u>53,285.88</u>	<u>53,285.88</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 53,285.88</u>	<u>\$ 53,285.88</u>	<u>\$ 59,276.05</u>	<u>\$ 5,990.17</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Jail Operations</u>				
REVENUES				
Property taxes	\$ 946,000.00	\$ 963,075.00	\$ 963,312.06	\$ 237.06
Charges for services	271,250.00	189,150.00	220,903.47	31,753.47
Interest and rental	450.00	1,750.00	1,754.13	4.13
Other	<u>15,000.00</u>	<u>11,275.00</u>	<u>1,640.35</u>	<u>(9,634.65)</u>
TOTAL REVENUES	<u>1,232,700.00</u>	<u>1,165,250.00</u>	<u>1,187,610.01</u>	<u>22,360.01</u>
EXPENDITURES				
Public Safety	<u>2,498,275.00</u>	<u>2,500,575.00</u>	<u>2,449,021.09</u>	<u>51,553.91</u>
TOTAL EXPENDITURES	<u>2,498,275.00</u>	<u>2,500,575.00</u>	<u>2,449,021.09</u>	<u>51,553.91</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,265,575.00)</u>	<u>(1,335,325.00)</u>	<u>(1,261,411.08)</u>	<u>73,913.92</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,392,000.00	1,392,000.00	1,392,000.00	0.00
Operating transfers out	<u>(126,425.00)</u>	<u>(126,425.00)</u>	<u>(126,425.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,265,575.00</u>	<u>1,265,575.00</u>	<u>1,265,575.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0.00	(69,750.00)	4,163.92	73,913.92
FUND BALANCE, JANUARY 1	340,376.27	340,376.27	340,376.27	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(696.29)</u>	<u>(696.29)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 340,376.27</u>	<u>\$ 270,626.27</u>	<u>\$ 343,843.90</u>	<u>\$ 73,217.63</u>

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Landfill Perpetual Care</u>				
REVENUES				
Interest and rental	\$ 38,000.00	\$ 40,150.00	\$ 72,579.85	\$ 32,429.85
Other	12,000.00	9,650.00	9,442.20	(207.80)
	<u>50,000.00</u>	<u>49,800.00</u>	<u>82,022.05</u>	<u>32,222.05</u>
TOTAL REVENUES				
EXPENDITURES				
Landfill perpetual care	<u>73,000.00</u>	<u>73,000.00</u>	<u>59,553.53</u>	<u>13,446.47</u>
TOTAL EXPENDITURES	<u>73,000.00</u>	<u>73,000.00</u>	<u>59,553.53</u>	<u>13,446.47</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,000.00)	(23,200.00)	22,468.52	45,668.52
OTHER FINANCING SOURCES				
Operating transfers in	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	17,000.00	16,800.00	62,468.52	45,668.52
FUND BALANCE, JANUARY 1	<u>2,404,266.85</u>	<u>2,404,266.85</u>	<u>2,404,266.85</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,421,266.85</u>	<u>\$ 2,421,066.85</u>	<u>\$ 2,466,735.37</u>	<u>\$ 45,668.52</u>

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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, 2014**

ASSETS

Cash and cash equivalents	\$ 3,151,817.69
Investments - net	3,269,416.17
Accounts receivable	29,263.53
Interest receivable	4,046.99
Prepaid items	107,225.17
Advances to other funds	883,134.12
Due from other funds	15,537.78
Due from other units	36,565.25
Due from employees	4,924.04
Land contract	531,000.00
Due from federal and state governments	<u>416,539.12</u>
TOTAL ASSETS	\$ <u><u>8,449,469.86</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 309,850.11
Unearned revenue	545,730.00
Due to individuals	29,925.01
Accrued wages	<u>94,546.66</u>
TOTAL LIABILITIES	<u>980,051.78</u>

FUND BALANCE

Nonspendable	990,359.29
Committed	3,602,985.59
Assigned	585,269.90
Undesignated and unreserved	<u>2,290,803.30</u>
TOTAL FUND BALANCE	<u>7,469,418.08</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>8,449,469.86</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES	
Taxes	\$ 8,673,251.36
Licenses and permits	119,955.33
Intergovernmental	
Federal	372,152.27
State	1,049,693.42
Charges for services	710,898.57
Interest and rents	180,525.50
Fines and forfeits	2,100.00
Other revenue	<u>418,600.78</u>
TOTAL REVENUES	<u><u>11,527,177.23</u></u>
EXPENDITURES	
Legislative	367,402.35
Judicial	1,594,941.45
General government	2,721,035.46
Public safety	2,470,281.46
Public works	40,395.31
Health and welfare	587,031.55
Other	<u>37,035.78</u>
TOTAL EXPENDITURES	<u><u>7,818,123.36</u></u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>3,709,053.87</u></u>
OTHER FINANCING SOURCES (USES)	
Transfers in	684,123.09
Transfers out	<u>(3,865,742.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u><u>(3,181,618.91)</u></u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	527,434.96
FUND BALANCE, JANUARY 1	6,945,785.01
PRIOR PERIOD ADJUSTMENTS	<u>(3,801.89)</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 7,469,418.08</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District Court	\$ 313,600.00	\$ 307,800.00	\$ 310,400.22	\$ 2,600.22
Friend of the Court	16,100.00	27,275.00	36,911.96	9,636.96
Probate Court	12,325.00	11,000.00	12,217.48	1,217.48
Juvenile Court	32,200.00	30,075.00	30,071.67	(3.33)
Family counseling service	3,250.00	3,425.00	3,335.00	(90.00)
Equalization Department	22,000.00	18,700.00	18,259.51	(440.49)
Prosecutor	17,400.00	6,425.00	18,632.32	12,207.32
County Clerk	68,875.00	81,775.00	84,492.02	2,717.02
Register of Deeds	180,625.00	201,450.00	205,374.56	3,924.56
Property tax collections	8,406,000.00	8,483,550.00	8,499,710.36	16,160.36
Delinquent personal tax	6,000.00	2,700.00	2,714.44	14.44
Other taxes	48,100.00	62,250.00	63,162.56	912.56
Payment in lieu of tax	55,400.00	107,650.00	107,664.00	14.00
Probate Judge supplement	103,350.00	103,425.00	103,441.75	16.75
Judicial salary standardization	128,025.00	128,475.00	128,484.44	9.44
Court financing reimbursements	141,000.00	132,000.00	136,854.63	4,854.63
Emergency management	19,000.00	18,700.00	21,425.39	2,725.39
Sheriff Road Patrol	51,600.00	51,600.00	53,096.36	1,496.36
Marine Patrol	30,000.00	23,500.00	23,500.00	0.00
911 Center	152,000.00	155,000.00	154,642.00	(358.00)
Drunk driving case flow	8,950.00	9,750.00	9,760.28	10.28
C.R.P. reimbursement	300,000.00	299,500.00	310,510.88	11,010.88
Victims' rights	16,200.00	16,200.00	18,218.25	2,018.25
Convention facility tax	230,000.00	334,700.00	310,832.00	(23,868.00)
Township liquor license	13,800.00	14,475.00	14,477.65	2.65
State survey/remonumentation	33,100.00	49,100.00	49,088.00	(12.00)
Drug case information management	600.00	425.00	447.66	22.66
Investment income	76,825.00	69,825.00	123,314.86	53,489.86
Rents and leases	57,000.00	57,200.00	57,210.64	10.64
Reimbursements - refunds	182,250.00	270,650.00	302,748.11	32,098.11
Friend of the Court - incentive programs	30,000.00	29,575.00	29,596.00	21.00
Other Treasurer's fees	9,625.00	12,550.00	12,657.25	107.25
Sheriff's Department	5,900.00	20,300.00	20,334.00	34.00
S.S.C.E.N.T. program	15,050.00	12,650.00	10,620.00	(2,030.00)
Sale of fixed assets	7,000.00	106,250.00	115,250.00	9,000.00
Drain Commissioner	27,100.00	31,225.00	31,471.98	246.98
Animal control	83,000.00	74,400.00	73,822.00	(578.00)
Zoning department	24,650.00	22,225.00	22,427.00	202.00
TOTAL REVENUES	\$ 10,927,900.00	\$ 11,387,775.00	\$ 11,527,177.23	\$ 139,402.23

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 190,375.00	\$ 190,375.00	\$ 180,078.13	\$ 10,296.87
Audit	15,000.00	15,900.00	15,855.18	44.82
Board of Commissioners	154,000.00	158,000.00	154,431.42	3,568.58
Circuit Court	351,425.00	351,425.00	330,863.18	20,561.82
Circuit Court appointed attorney	116,000.00	135,500.00	127,651.70	7,848.30
Contingency	42,450.00	0.00	0.00	0.00
County Administrator	207,925.00	207,925.00	202,098.25	5,826.75
County maintenance	119,200.00	103,000.00	94,993.79	8,006.21
Copy machine	17,600.00	16,600.00	15,622.20	977.80
County Clerk's Office	391,225.00	388,725.00	375,718.60	13,006.40
County Plat Board	300.00	300.00	0.00	300.00
Courthouse maintenance	147,875.00	155,875.00	145,410.49	10,464.51
Department of Public Works	33,150.00	33,150.00	31,974.28	1,175.72
District Court	534,725.00	515,000.00	488,944.84	26,055.16
District Court appointed attorney	51,650.00	97,650.00	84,793.80	12,856.20
District Health Dept. #10	181,033.00	181,033.00	181,033.00	0.00
Department of Corrections	8,650.00	7,650.00	6,462.27	1,187.73
Drain Commissioner	254,300.00	254,950.00	252,266.92	2,683.08
Drains at large	9,000.00	9,000.00	8,421.03	578.97
Emergency planning	79,750.00	79,750.00	77,494.81	2,255.19
Employee benefits	31,400.00	48,400.00	41,331.36	7,068.64
Extension office	120,300.00	120,300.00	101,411.82	18,888.18
Election and Board of Canvassers	104,850.00	97,000.00	91,135.44	5,864.56
Equalization Department	371,475.00	413,600.00	414,237.39	(637.39)
Family counseling service	4,000.00	3,000.00	3,000.00	0.00
Health Department	58,000.00	55,000.00	51,532.55	3,467.45
Household hazardous waste prog.	6,000.00	6,000.00	6,000.00	0.00
Insurance and surety	3,600.00	3,600.00	3,680.57	(80.57)
Interest expense	2,000.00	325.00	317.91	7.09
Jail annex maintenance	29,000.00	22,200.00	19,876.54	2,323.46
Jury Commission	10,200.00	11,000.00	10,306.94	693.06
Juvenile Court	53,425.00	59,425.00	56,131.25	3,293.75
Mason County Growth Alliance	95,000.00	0.00	0.00	0.00
Mason - Lake soil conservation	17,350.00	17,350.00	17,350.00	0.00
Mason - Oceana 911	152,000.00	155,000.00	154,699.52	300.48
Medical Examiner	35,000.00	40,000.00	40,000.00	0.00
Mental Health Authority	139,750.00	139,750.00	139,750.00	0.00
Michigan Association of Counties	10,875.00	10,875.00	10,872.68	2.32
Northern Michigan Substance Abuse	115,000.00	202,100.00	155,416.00	46,684.00
Parks and recreation	1,000.00	450.00	0.00	450.00
Planning commission and zoning	148,275.00	285,275.00	249,677.43	35,597.57

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Probate Court	\$ 509,100.00	\$ 504,600.00	\$ 486,787.47	\$ 17,812.53
Prosecutor's Office	575,000.00	575,000.00	566,952.38	8,047.62
Regional planning	7,650.00	7,650.00	7,633.98	16.02
Register of Deeds	212,375.00	212,375.00	211,524.22	850.78
Remonumentation	33,100.00	49,200.00	49,059.57	140.43
Scottville office maintenance	27,600.00	27,000.00	23,822.13	3,177.87
Service building	6,600.00	6,100.00	3,912.09	2,187.91
Sheriff Emergency Response Team	11,500.00	11,500.00	10,972.28	527.72
Sheriff Road Patrol	1,520,000.00	1,615,000.00	1,566,542.45	48,457.55
Sheriff - marine safety	63,000.00	67,000.00	65,848.24	1,151.76
Sheriff's Secondary Road Patrol	155,000.00	85,000.00	76,775.44	8,224.56
Sheriff - S.S.C.E.N.T. program	94,000.00	83,000.00	80,559.18	2,440.82
Tax allocation boards	1,400.00	1,175.00	1,147.95	27.05
Treasurer's Office	339,700.00	319,700.00	306,444.69	13,255.31
United Way 211 service	2,500.00	2,500.00	2,500.00	0.00
Veterans' burial	26,100.00	22,000.00	16,800.00	5,200.00
TOTAL EXPENDITURES	\$ 7,998,758.00	\$ 8,181,258.00	\$ 7,818,123.36	\$ 363,134.64

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, Friend of the Court, Solid Waste Management Plan, Brownfield Redevelopment Authority/Economic Development, Building Department, Courthouse Preservation, Register of Deeds Automation, Community Corrections, DARE Program, Victims' Assistance, Drug Law Enforcement, Jail Operations, County Law Library, Community Development Block Grant, Emergency Management Grant, Justice Training, Social Welfare, Child Care, Soldiers' and Sailors' Relief, Veterans' Trust, Building Authority Operations, Junk Ordinance Administration, Landfill Perpetual Care, Principle Residence Exemption, Corrections Officers Training, and Revenue Sharing Reserve.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2014**

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN
ASSETS			
Cash and cash equivalents	\$ 63,238.21	\$ 160,404.76	\$ 1,774.75
Investments	0.00	0.00	24,154.08
Taxes receivable	456,032.66	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	0.00	0.00	0.00
Long-term advances	0.00	0.00	0.00
Prepaid items	1,131.00	2,044.58	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
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 520,401.87	\$ 162,449.34	\$ 25,928.83
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 5,093.16	\$ 826.17	\$ 0.00
Due to individuals	0.00	0.00	0.00
Accrued expenses	0.00	6,680.51	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	5,093.16	7,506.68	0.00
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS	456,032.66	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable for prepaid items	1,131.00	2,044.58	0.00
Nonspendable for advances	0.00	0.00	0.00
Assigned	58,145.05	152,898.08	25,928.83
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	59,276.05	154,942.66	25,928.83
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 520,401.87	\$ 162,449.34	\$ 25,928.83
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**BROWNFIELD
REDEVELOPMENT
AUTHORITY/
ECONOMIC
DEVELOPMENT**

**BUILDING
DEPARTMENT**

**COURTHOUSE
PRESERVATION**

**REGISTER
OF DEEDS
AUTOMATION**

\$ 90,453.07	\$ 147,791.91	\$ 134,284.49	\$ 77,571.00
7,641.04	0.00	61,155.10	8,746.64
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	772.48	0.00	10,550.83
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>98,094.11</u>	<u>148,564.39</u>	<u>195,439.59</u>	<u>96,868.47</u>
\$ 0.00	\$ 40,647.41	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
0.00	1,369.89	0.00	266.80
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>42,017.30</u>	<u>0.00</u>	<u>266.80</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	772.48	0.00	10,550.53
0.00	0.00	0.00	0.00
<u>98,094.11</u>	<u>105,774.61</u>	<u>195,439.59</u>	<u>86,051.14</u>
<u>98,094.11</u>	<u>106,547.09</u>	<u>195,439.59</u>	<u>96,601.67</u>
<u>\$ 98,094.11</u>	<u>\$ 148,564.39</u>	<u>\$ 195,439.59</u>	<u>\$ 96,868.47</u>

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2014**

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE
ASSETS			
Cash and cash equivalents	\$ 4,349.51	\$ 1,395.93	\$ 15,799.58
Investments	0.00	0.00	0.00
Taxes receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	0.00	0.00	0.00
Long-term advances	0.00	0.00	0.00
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
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,349.51	\$ 1,395.93	\$ 15,799.58
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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 other funds	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable for prepaid items	0.00	0.00	0.00
Nonspendable for advances	0.00	0.00	0.00
Assigned	4,349.51	1,395.93	15,799.58
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	4,349.51	1,395.93	15,799.58
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 4,349.51	\$ 1,395.93	\$ 15,799.58
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DRUG LAW ENFORCEMENT	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 5,726.49	\$ 149,448.74	\$ 14,748.64	\$ 11,377.26
0.00	254,709.30	0.00	0.00
0.00	979,625.71	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	35,061.34	0.00	0.00
0.00	1,085.00	0.00	0.00
0.00	800.00	0.00	0.00
0.00	27,388.37	0.00	8,326.00
<u>\$ 5,726.49</u>	<u>\$ 1,448,118.46</u>	<u>\$ 14,748.64</u>	<u>\$ 19,703.26</u>
\$ 0.00	\$ 69,252.67	\$ 201.71	\$ 920.00
0.00	19,899.56	0.00	0.00
0.00	35,496.62	0.00	24.66
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>124,648.85</u>	<u>201.71</u>	<u>944.66</u>
<u>0.00</u>	<u>979,625.71</u>	<u>0.00</u>	<u>0.00</u>
0.00	35,061.34	0.00	0.00
0.00	0.00	0.00	0.00
<u>5,726.49</u>	<u>308,782.56</u>	<u>14,546.93</u>	<u>18,758.60</u>
<u>5,726.49</u>	<u>343,843.90</u>	<u>14,546.93</u>	<u>18,758.60</u>
<u>\$ 5,726.49</u>	<u>\$ 1,448,118.46</u>	<u>\$ 14,748.64</u>	<u>\$ 19,703.26</u>

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2014**

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE
ASSETS			
Cash and cash equivalents	\$ 459.54	\$ 10,664.67	\$ 18,762.83
Investments	49,115.54	0.00	0.00
Taxes receivable	0.00	0.00	0.00
Accounts receivable	9,821.92	0.00	0.00
Interest receivable	0.00	0.00	0.00
Long-term advances	0.00	0.00	0.00
Prepaid items	0.00	0.00	1,007.93
Due from other units	0.00	0.00	13,654.76
Due from federal government	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 59,397.00	\$ 10,664.67	\$ 33,425.52
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 67.99	\$ 0.00	\$ 720.90
Due to individuals	0.00	0.00	0.00
Accrued expenses	297.81	0.00	150.00
Due to other units	0.00	0.00	0.00
Due to other funds	9,376.53	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	9,742.33	0.00	870.90
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable for prepaid items	0.00	0.00	1,007.93
Nonspendable for advances	0.00	0.00	0.00
Assigned	49,654.67	10,664.67	31,546.69
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	49,654.67	10,664.67	32,554.62
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 59,397.00	\$ 10,664.67	\$ 33,425.52
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CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 172,940.91	\$ 16,181.60	\$ 1,716.37	\$ 25,595.25
0.00	0.00	0.00	0.00
0.00	5,067.03	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
1,006.53	0.00	0.00	0.00
51,000.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
60,021.62	0.00	0.00	11,767.91
<u>\$ 284,969.06</u>	<u>\$ 21,248.63</u>	<u>\$ 1,716.37</u>	<u>\$ 37,363.16</u>
\$ 77,082.61	\$ 1.00	\$ 0.00	\$ 354.00
0.00	0.00	0.00	0.00
3,457.33	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>80,539.94</u>	<u>1.00</u>	<u>0.00</u>	<u>354.00</u>
0.00	5,067.03	0.00	0.00
1,006.53	0.00	0.00	0.00
0.00	0.00	0.00	0.00
203,422.59	16,180.60	1,716.37	37,009.16
<u>204,429.12</u>	<u>16,180.60</u>	<u>1,716.37</u>	<u>37,009.16</u>
<u>\$ 284,969.06</u>	<u>\$ 21,248.63</u>	<u>\$ 1,716.37</u>	<u>\$ 37,363.16</u>

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2014**

	JUNK ORDINANCE ADMINISTRATION	LANDFILL PERPETUAL CARE
ASSETS		
Cash and cash equivalents	\$ 75,786.46	\$ 79,247.79
Investments	0.00	1,886,146.06
Taxes receivable	0.00	0.00
Accounts receivable	0.00	0.00
Interest receivable	0.00	1,911.52
Long-term advances	0.00	500,000.00
Prepaid items	1,233.83	0.00
Due from other units	0.00	0.00
Due from federal government	0.00	0.00
Due from state	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	\$ 77,020.29	\$ 2,467,305.37
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 0.00	\$ 570.00
Due to individuals	0.00	0.00
Accrued expenses	0.00	0.00
Due to other units	0.00	0.00
Due to other funds	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	0.00	570.00
DEFERRED INFLOWS	0.00	0.00
FUND BALANCE		
Nonspendable for prepaid items	1,233.83	0.00
Nonspendable for advances	0.00	500,000.00
Assigned	75,786.46	1,966,735.37
	<u>77,020.29</u>	<u>2,466,735.37</u>
TOTAL FUND BALANCE	77,020.29	2,466,735.37
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 77,020.29	\$ 2,467,305.37

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	TOTAL
\$ 20,580.36	\$ 7,943.48	\$ 754,876.43	\$ 2,063,120.03
0.00	0.00	199,130.09	2,490,797.85
27,869.18	0.00	0.00	1,468,594.58
0.00	0.00	0.00	9,821.92
0.00	0.00	0.00	1,911.52
0.00	0.00	0.00	500,000.00
0.00	0.00	0.00	52,808.52
0.00	0.00	0.00	65,739.76
0.00	0.00	0.00	800.00
0.00	175.25	0.00	107,679.15
<u>\$ 48,449.54</u>	<u>\$ 8,118.73</u>	<u>\$ 954,006.52</u>	<u>\$ 6,761,273.33</u>
\$ 0.00	\$ 760.37	\$ 0.00	\$ 196,497.99
0.00	0.00	0.00	19,899.56
0.00	0.00	0.00	47,743.62
38,058.35	0.00	0.00	38,058.35
0.00	0.00	0.00	9,376.53
<u>38,058.35</u>	<u>760.37</u>	<u>0.00</u>	<u>311,576.05</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,440,725.40</u>
0.00	0.00	0.00	52,808.22
0.00	0.00	0.00	500,000.00
10,391.19	7,358.36	954,006.52	4,456,163.66
<u>10,391.19</u>	<u>7,358.36</u>	<u>954,006.52</u>	<u>5,008,971.88</u>
<u>\$ 48,449.54</u>	<u>\$ 8,118.73</u>	<u>\$ 954,006.52</u>	<u>\$ 6,761,273.33</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN
REVENUES			
Taxes	\$ 414,853.99	\$ 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	9,120.00	0.00
Unrealized gain on investments	0.00	0.00	0.00
Interest and rents	0.00	0.00	197.83
Fines and forfeits	0.00	0.00	0.00
Other	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	414,853.99	9,120.00	197.83
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	0.00	0.00	0.00
Health and welfare	408,863.82	0.00	0.00
Judicial	0.00	381,380.11	0.00
Landfill perpetual care	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	408,863.82	381,380.11	0.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,990.17	(372,260.11)	197.83
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	378,000.00	0.00
Transfers out	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	0.00	378,000.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,990.17	5,739.89	197.83
FUND BALANCE, JANUARY 1	53,285.88	149,202.77	25,731.00
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 59,276.05	\$ 154,942.66	\$ 25,928.83
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**BROWNFIELD
REDEVELOPMENT
AUTHORITY/
ECONOMIC
DEVELOPMENT**

**BUILDING
DEPARTMENT**

**COURTHOUSE
PRESERVATION**

**REGISTER
OF DEEDS
AUTOMATION**

\$ 137,049.79	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	277,474.60	0.00	32,655.00
0.00	0.00	0.00	0.00
56.57	0.00	59.55	167.49
0.00	0.00	23,027.63	0.00
0.00	0.00	0.00	0.00
<u>137,106.36</u>	<u>277,474.60</u>	<u>23,087.18</u>	<u>32,822.49</u>
157,316.45	288,275.32	0.00	22,846.43
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>157,316.45</u>	<u>288,275.32</u>	<u>0.00</u>	<u>22,846.43</u>
(20,210.09)	(10,800.72)	23,087.18	9,976.06
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(20,210.09)	(10,800.72)	23,087.18	9,976.06
118,304.20	117,347.81	172,352.41	86,625.61
0.00	0.00	0.00	0.00
<u>\$ 98,094.11</u>	<u>\$ 106,547.09</u>	<u>\$ 195,439.59</u>	<u>\$ 96,601.67</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE
REVENUES			
Taxes	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	1,479.50
Charges for services	0.00	0.00	0.00
Unrealized gain on investments	0.00	0.00	0.00
Interest and rents	0.00	0.00	0.00
Fines and forfeits	0.00	0.00	0.00
Other	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	0.00	0.00	1,479.50
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	0.00	0.00	0.00
Health and welfare	0.00	0.00	2,127.60
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	0.00	0.00	2,127.60
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0.00	0.00	(648.10)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0.00	0.00	(648.10)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	4,349.51	1,395.93	16,447.68
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 4,349.51	\$ 1,395.93	\$ 15,799.58
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DRUG LAW ENFORCEMENT	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
\$ 0.00	\$ 963,312.06	\$ 0.00	\$ 0.00
0.00	0.00	0.00	36,137.00
0.00	0.00	0.00	0.00
0.00	220,903.47	0.00	0.00
0.00	0.00	0.00	0.00
0.00	1,754.13	0.00	0.00
0.00	0.00	3,500.00	0.00
0.00	1,640.35	0.00	1,610.00
<u>0.00</u>	<u>1,187,610.01</u>	<u>3,500.00</u>	<u>37,747.00</u>
0.00	0.00	0.00	0.00
0.00	2,449,021.09	0.00	0.00
0.00	0.00	0.00	38,113.89
0.00	0.00	10,437.12	0.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>2,449,021.09</u>	<u>10,437.12</u>	<u>38,113.89</u>
<u>0.00</u>	<u>(1,261,411.08)</u>	<u>(6,937.12)</u>	<u>(366.89)</u>
0.00	1,392,000.00	15,000.00	0.00
0.00	(126,425.00)	0.00	0.00
<u>0.00</u>	<u>1,265,575.00</u>	<u>15,000.00</u>	<u>0.00</u>
0.00	4,163.92	8,062.88	(366.89)
5,726.49	340,376.27	6,484.05	19,125.49
0.00	(696.29)	0.00	0.00
<u>\$ 5,726.49</u>	<u>\$ 343,843.90</u>	<u>\$ 14,546.93</u>	<u>\$ 18,758.60</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE
REVENUES			
Taxes	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	33,809.72	0.00	0.00
State grants	0.00	3,641.92	0.00
Charges for services	0.00	0.00	0.00
Unrealized gain on investments	0.00	0.00	0.00
Interest and rents	949.06	0.00	0.00
Fines and forfeits	0.00	0.00	0.00
Other	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	34,758.78	3,641.92	0.00
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	39,655.35	655.22	26,660.57
Health and welfare	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	39,655.35	655.22	26,660.57
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,896.57)	2,986.70	(26,660.57)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000.00	0.00	28,000.00
Transfers out	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	1,000.00	0.00	28,000.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,896.57)	2,986.70	1,339.43
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	53,008.77	7,677.97	31,215.19
PRIOR PERIOD ADJUSTMENTS	542.47	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 49,654.67	\$ 10,664.67	\$ 32,554.62
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 0.00	\$ 4,862.59	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
224,438.04	0.00	1,216.00	0.00
20,158.43	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	48,744.32
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>244,596.47</u>	<u>4,862.59</u>	<u>1,216.00</u>	<u>48,744.32</u>
0.00	0.00	0.00	33,139.37
0.00	0.00	0.00	0.00
674,359.20	6,387.88	1,968.34	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>674,359.20</u>	<u>6,387.88</u>	<u>1,968.34</u>	<u>33,139.37</u>
<u>(429,762.73)</u>	<u>(1,525.29)</u>	<u>(752.34)</u>	<u>15,604.95</u>
388,000.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>388,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(41,762.73)	(1,525.29)	(752.34)	15,604.95
186,236.00	17,705.89	2,468.71	21,404.21
59,955.85	0.00	0.00	0.00
<u>\$ 204,429.12</u>	<u>\$ 16,180.60</u>	<u>\$ 1,716.37</u>	<u>\$ 37,009.16</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	JUNK ORDINANCE ADMINISTRATION	LANDFILL PERPETUAL CARE
REVENUES		
Taxes	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00
State grants	0.00	0.00
Charges for services	0.00	0.00
Unrealized gain on investments	0.00	30,114.30
Interest and rents	0.00	42,465.55
Fines and forfeits	125.00	0.00
Other	6,128.63	9,442.20
	<hr/>	<hr/>
TOTAL REVENUES	6,253.63	82,022.05
	<hr/>	<hr/>
EXPENDITURES		
General government	0.00	0.00
Public safety	0.00	0.00
Health and welfare	1,803.67	0.00
Judicial	0.00	0.00
Landfill perpetual care	0.00	59,553.53
	<hr/>	<hr/>
TOTAL EXPENDITURES	1,803.67	59,553.53
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,449.96	22,468.52
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	8,000.00	40,000.00
Transfers out	0.00	0.00
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	8,000.00	40,000.00
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	12,449.96	62,468.52
	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	64,570.33	2,404,266.85
PRIOR PERIOD ADJUSTMENTS	0.00	0.00
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 77,020.29	\$ 2,466,735.37
	<hr/> <hr/>	<hr/> <hr/>

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	TOTAL
\$ 1,997.61	\$ 0.00	\$ 0.00	\$ 1,522,076.04
0.00	0.00	0.00	69,946.72
0.00	0.00	0.00	230,775.46
0.00	10,179.27	0.00	570,490.77
0.00	0.00	0.00	30,114.30
0.00	0.00	2,591.89	96,986.39
0.00	0.00	0.00	26,652.63
0.00	0.00	0.00	18,821.18
<u>1,997.61</u>	<u>10,179.27</u>	<u>2,591.89</u>	<u>2,565,863.49</u>
823.26	0.00	0.00	502,400.83
0.00	18,975.28	0.00	2,534,967.51
0.00	0.00	0.00	1,133,624.40
0.00	0.00	0.00	391,817.23
0.00	0.00	0.00	59,553.53
<u>823.26</u>	<u>18,975.28</u>	<u>0.00</u>	<u>4,622,363.50</u>
<u>1,174.35</u>	<u>(8,796.01)</u>	<u>2,591.89</u>	<u>(2,056,500.01)</u>
0.00	0.00	0.00	2,250,000.00
0.00	0.00	(618,529.00)	(744,954.00)
<u>0.00</u>	<u>0.00</u>	<u>(618,529.00)</u>	<u>1,505,046.00</u>
1,174.35	(8,796.01)	(615,937.11)	(551,454.01)
9,216.84	16,154.37	1,569,943.63	5,500,623.86
0.00	0.00	0.00	59,802.03
<u>\$ 10,391.19</u>	<u>\$ 7,358.36</u>	<u>\$ 954,006.52</u>	<u>\$ 5,008,971.88</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 Equipment Replacement Fund, Building Authority – Jail Construction Fund, and Public Improvement Fund.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2014**

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
ASSETS				
Cash and cash equivalents	\$ 505,661.38	\$ 79,492.82	\$ 1,469,679.68	\$ 2,054,833.88
Investments	1,540,056.87	121,875.31	2,901,688.46	4,563,620.64
Interest receivable	<u>1,193.79</u>	<u>0.00</u>	<u>2,904.89</u>	<u>4,098.68</u>
TOTAL ASSETS	<u>\$ 2,046,912.04</u>	<u>\$ 201,368.13</u>	<u>\$ 4,374,273.03</u>	<u>\$ 6,622,553.20</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ <u>50,687.27</u>	\$ <u>0.00</u>	\$ <u>31,923.00</u>	\$ <u>82,610.27</u>
TOTAL LIABILITIES	<u>50,687.27</u>	<u>0.00</u>	<u>31,923.00</u>	<u>82,610.27</u>
FUND BALANCE				
Assigned	<u>1,996,224.77</u>	<u>201,368.13</u>	<u>4,342,350.03</u>	<u>6,539,942.93</u>
TOTAL FUND BALANCE	<u>1,996,224.77</u>	<u>201,368.13</u>	<u>4,342,350.03</u>	<u>6,539,942.93</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,046,912.04</u>	<u>\$ 201,368.13</u>	<u>\$ 4,374,273.03</u>	<u>\$ 6,622,553.20</u>

**MASON COUNTY, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
REVENUES				
Interest	\$ 17,233.21	\$ 638.72	\$ 48,189.77	\$ 66,061.70
Other	<u>16,089.72</u>	<u>0.00</u>	<u>3,076.25</u>	<u>19,165.97</u>
TOTAL REVENUES	<u>33,322.93</u>	<u>638.72</u>	<u>51,266.02</u>	<u>85,227.67</u>
EXPENDITURES				
Capital outlay	<u>571,781.07</u>	<u>3,705.00</u>	<u>636,930.00</u>	<u>1,212,416.07</u>
TOTAL EXPENDITURES	<u>571,781.07</u>	<u>3,705.00</u>	<u>636,930.00</u>	<u>1,212,416.07</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(538,458.14)</u>	<u>(3,066.28)</u>	<u>(585,663.98)</u>	<u>(1,127,188.40)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>372,700.00</u>	<u>59,125.00</u>	<u>367,442.00</u>	<u>799,267.00</u>
EXCESS (DEFICIENCY) OF OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(165,758.14)	56,058.72	(218,221.98)	(327,921.40)
FUND BALANCE, JANUARY 1	<u>2,161,982.91</u>	<u>145,309.41</u>	<u>4,560,572.01</u>	<u>6,867,864.33</u>
FUND BALANCE, DECEMBER 31	<u>\$ 1,996,224.77</u>	<u>\$ 201,368.13</u>	<u>\$ 4,342,350.03</u>	<u>\$ 6,539,942.93</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 Computer Network Fund, DPW Revolving Equipment Fund, Self-Insurance Liability Fund, Self-Insurance Workers' Compensation, and Self-Insurance Health Fund are operated as Internal Service Funds.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
ASSETS		
Cash	\$ 96,754.04	\$ 26,546.80
Investments	47,201.72	163,419.89
Prepaid items	4,555.88	0.00
Deferred expenses	0.00	0.00
Deposits	0.00	0.00
Accounts receivable	0.00	0.00
Long-term advances	0.00	0.00
Vehicles - net	0.00	47,449.82
	<hr/>	<hr/>
TOTAL ASSETS	\$ 148,511.64	\$ 237,416.51
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 615.16	\$ 341.38
Long-term advances	0.00	0.00
Unearned revenue	0.00	0.00
Accrued expenses	188.32	0.00
	<hr/>	<hr/>
TOTAL LIABILITIES	803.48	341.38
	<hr/>	<hr/>
FUND EQUITY		
Assigned for employee benefits	0.00	0.00
Retained earnings	147,708.16	237,075.13
	<hr/>	<hr/>
TOTAL FUND EQUITY	147,708.16	237,075.13
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 148,511.64	\$ 237,416.51
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ 51,521.26	\$ 250,297.29	\$ 1,844,288.81	\$ 2,269,408.20
68,652.56	532,647.65	350,372.25	1,162,294.07
0.00	16,224.74	0.00	20,780.62
1,587,053.06	0.00	0.00	1,587,053.06
0.00	0.00	27,282.00	27,282.00
2,150.00	0.00	20,503.41	22,653.41
78,151.59	478,000.00	845,646.68	1,401,798.27
0.00	0.00	0.00	47,449.82
<u>\$ 1,787,528.47</u>	<u>\$ 1,277,169.68</u>	<u>\$ 3,088,093.15</u>	<u>\$ 6,538,719.45</u>
\$ 2,150.00	\$ (343.30)	\$ 607.33	\$ 3,370.57
350,000.00	0.00	0.00	350,000.00
0.00	0.00	685,425.27	685,425.27
48,204.00	684.00	0.00	49,076.32
<u>400,354.00</u>	<u>340.70</u>	<u>686,032.60</u>	<u>1,087,872.16</u>
1,387,174.47	1,276,828.98	2,402,060.55	5,066,064.00
0.00	0.00	0.00	384,783.29
<u>1,387,174.47</u>	<u>1,276,828.98</u>	<u>2,402,060.55</u>	<u>5,450,847.29</u>
\$ <u>1,787,528.47</u>	\$ <u>1,277,169.68</u>	\$ <u>3,088,093.15</u>	\$ <u>6,538,719.45</u>

**MASON COUNTY, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
OPERATING REVENUES		
Charges for services	\$ 51,700.00	\$ 0.00
Equipment rental	0.00	16,854.85
Other	150.00	1,075.34
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	51,850.00	17,930.19
	<hr/>	<hr/>
EXPENSES		
Claims and benefits	0.00	0.00
Salaries and benefits	8,580.39	0.00
Contracted services	46,543.49	0.00
Utilities	28.71	0.00
Operating expense	5,506.83	8,754.76
Repairs and maintenance	2,883.61	2,885.42
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	63,543.03	11,640.18
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(11,693.03)	6,290.01
	<hr/>	<hr/>
NONOPERATING INCOME		
Interest	666.52	1,036.59
Unrealized gain on investments	0.00	0.00
	<hr/>	<hr/>
TOTAL NONOPERATING INCOME	666.52	1,036.59
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(11,026.51)	7,326.60
	<hr/>	<hr/>
OTHER FINANCING SOURCES		
Transfers in	65,000.00	0.00
	<hr/>	<hr/>
NET INCOME (LOSS)	53,973.49	7,326.60
	<hr/>	<hr/>
RETAINED EARNINGS, JANUARY 1	93,734.67	229,748.53
	<hr/>	<hr/>
RETAINED EARNINGS, DECEMBER 31	\$ 147,708.16	\$ 237,075.13
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ 12,607.00	\$ 0.00	\$ 0.00	\$ 64,307.00
0.00	0.00	0.00	16,854.85
<u>421,677.56</u>	<u>2,045.59</u>	<u>144,428.41</u>	<u>569,376.90</u>
<u>434,284.56</u>	<u>2,045.59</u>	<u>144,428.41</u>	<u>650,538.75</u>
419,629.27	22,955.86	332,302.00	774,887.13
0.00	0.00	0.00	8,580.39
72,413.86	5,893.05	10,800.00	135,650.40
0.00	0.00	0.00	28.71
67.41	5.75	426.03	14,760.78
<u>9,413.30</u>	<u>0.00</u>	<u>0.00</u>	<u>15,182.33</u>
<u>501,523.84</u>	<u>28,854.66</u>	<u>343,528.03</u>	<u>949,089.74</u>
<u>(67,239.28)</u>	<u>(26,809.07)</u>	<u>(199,099.62)</u>	<u>(298,550.99)</u>
49,979.24	25,281.43	45,723.03	122,686.81
<u>0.00</u>	<u>0.00</u>	<u>5,492.68</u>	<u>5,492.68</u>
<u>49,979.24</u>	<u>25,281.43</u>	<u>51,215.71</u>	<u>128,179.49</u>
<u>(17,260.04)</u>	<u>(1,527.64)</u>	<u>(147,883.91)</u>	<u>(170,371.50)</u>
<u>160,000.00</u>	<u>15,400.00</u>	<u>390,000.00</u>	<u>630,400.00</u>
142,739.96	13,872.36	242,116.09	460,028.50
<u>1,244,434.51</u>	<u>1,262,956.62</u>	<u>2,159,944.46</u>	<u>4,990,818.79</u>
\$ <u><u>1,387,174.47</u></u>	\$ <u><u>1,276,828.98</u></u>	\$ <u><u>2,402,060.55</u></u>	\$ <u><u>5,450,847.29</u></u>

**MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (11,693.03)	\$ 6,290.01
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	0.00	2,974.99
(Increase) decrease in current assets		
Interest receivable	10.11	94.59
Accounts receivable	0.00	0.00
Prepaid items	7,995.68	0.00
Deferred expenses	0.00	0.00
Due from employees	0.00	0.00
Deposits	0.00	0.00
Increase (decrease) in current liabilities		
Accounts payable	189.69	(329.21)
Deferred revenues	0.00	0.00
Accrued expenses	25.96	0.00
	<u>0.00</u>	<u>0.00</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,471.59)</u>	<u>9,030.38</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	0.00	(26,499.81)
Advances to other funds	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>0.00</u>	<u>(26,499.81)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	65,000.00	0.00
	<u>65,000.00</u>	<u>0.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	(618.11)	18,898.89
Interest received	666.52	1,036.59
	<u>48.41</u>	<u>19,935.48</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>48.41</u>	<u>19,935.48</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,576.82	2,466.05
CASH AND CASH EQUIVALENTS, JANUARY 1	35,177.22	24,080.75
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 96,754.04	\$ 26,546.80

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ (67,239.28)	\$ (26,809.07)	\$ (199,099.62)	\$ (298,550.99)
0.00	0.00	0.00	2,974.99
4.20	129.66	445.67	684.23
(2,150.00)	0.00	(685.50)	(2,835.50)
0.00	(2,793.73)	2,700.00	7,901.95
(500,372.20)	0.00	0.00	(500,372.20)
0.00	0.00	399.43	399.43
0.00	0.00	(8,227.00)	(8,227.00)
(2,162.15)	(2,667.03)	478.05	(4,490.65)
0.00	0.00	(32,088.19)	(32,088.19)
<u>5,679.00</u>	<u>(26,823.30)</u>	<u>0.00</u>	<u>(21,118.34)</u>
<u>(566,240.43)</u>	<u>(58,963.47)</u>	<u>(236,077.16)</u>	<u>(855,722.27)</u>
0.00	0.00	0.00	(26,499.81)
<u>389,811.33</u>	<u>0.00</u>	<u>(306,372.46)</u>	<u>83,438.87</u>
<u>389,811.33</u>	<u>0.00</u>	<u>(306,372.46)</u>	<u>56,939.06</u>
<u>160,000.00</u>	<u>15,400.00</u>	<u>390,000.00</u>	<u>630,400.00</u>
(512.48)	(103,446.70)	(2,489.07)	(88,167.47)
<u>49,979.24</u>	<u>25,281.43</u>	<u>45,723.03</u>	<u>122,686.81</u>
<u>49,466.76</u>	<u>(78,165.27)</u>	<u>43,233.96</u>	<u>34,519.34</u>
33,037.66	(121,728.74)	(109,215.66)	(133,863.87)
<u>18,483.60</u>	<u>372,026.03</u>	<u>1,953,504.47</u>	<u>2,403,272.07</u>
<u>\$ 51,521.26</u>	<u>\$ 250,297.29</u>	<u>\$ 1,844,288.81</u>	<u>\$ 2,269,408.20</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, 2014**

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 2,403,272.07	\$ 0.00	\$ 2,403,272.07
NET DECREASE	<u>(133,863.87)</u>	<u>0.00</u>	<u>(133,863.87)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 2,269,408.20</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 2,269,408.20</u></u>

ENTERPRISE FUNDS

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

The County's Park Operations Fund, Public Works Operations and Maintenance Fund, Airport Fund, Delinquent Tax Revolving Fund, Medical Care Facility Fund, and Delinquent Tax Foreclosure Fund are operated as Enterprise Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2014

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
ASSETS			
Cash	\$ 243,529.57	\$ 196,358.28	\$ 168,972.38
Investments	26,583.66	1,255,264.19	119,792.86
Interest receivable	0.00	1,282.29	0.00
Accounts receivable	0.00	7,357.37	1,210.72
Taxes receivable	0.00	0.00	0.00
Delinquent taxes receivable	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
Due from federal	0.00	0.00	0.00
Due from other units	0.00	28,332.98	0.00
Special assessment receivable	0.00	10,972.07	0.00
Prepaid items	616.67	0.00	3,630.84
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	270,729.90	1,499,567.18	293,606.80
NONCURRENT ASSETS			
Lease receivable	0.00	2,057,076.59	0.00
Fixed assets - net	265,480.68	569,111.93	2,572,436.52
	<hr/>	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	265,480.68	2,626,188.52	2,572,436.52
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TOTAL ASSETS	\$ 536,210.58	\$ 4,125,755.70	\$ 2,866,043.32
<hr/>			
LIABILITIES, DEFERRED INFLOWS, AND RETAINED EARNINGS			
LIABILITIES			
Accounts payable	\$ 807.76	\$ 33,863.91	\$ 8,235.30
Due to other units	0.00	0.00	0.00
Due to individuals	150.00	0.00	0.00
Due to other funds	0.00	6,161.25	0.00
Compensated absences	0.00	0.00	13,360.80
Accrued expenses	0.00	0.00	1,219.15
Advances from other funds	0.00	2,057,021.86	377,910.53
Accrued interest payable	0.00	0.00	0.00
Bonds payable	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	957.76	2,097,047.02	400,725.78
<hr/>			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,728.00	10,972.07	
	<hr/>	<hr/>	
<hr/>			
RETAINED EARNINGS			
Unreserved	533,524.82	2,017,736.61	2,465,317.54
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND RETAINED EARNINGS	\$ 536,210.58	\$ 4,125,755.70	\$ 2,866,043.32
	<hr/>	<hr/>	<hr/>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 3,797,709.44	\$ 3,892,832.74	\$ 807,982.13	\$ 9,107,384.54
2,345,519.40	2,409,667.41	0.00	6,156,827.52
2,279.92	3,342.54	0.00	6,904.75
0.00	243,229.88	0.00	251,797.97
0.00	1,640,873.07	0.00	1,640,873.07
1,729,717.27	0.00	0.00	1,729,717.27
0.00	677,048.07	0.00	677,048.07
0.00	234,334.50	0.00	234,334.50
6,205.83	0.00	16.00	34,554.81
0.00	0.00	0.00	10,972.07
2,731.90	29,594.26	0.00	36,573.67
<u>7,884,163.76</u>	<u>9,130,922.47</u>	<u>807,998.13</u>	<u>19,886,988.24</u>
0.00	0.00	0.00	2,057,076.59
0.00	4,722,773.98	0.00	8,129,803.11
0.00	4,722,773.98	0.00	10,186,879.70
<u>\$ 7,884,163.76</u>	<u>\$ 13,853,696.45</u>	<u>\$ 807,998.13</u>	<u>\$ 30,073,867.94</u>
\$ 0.00	\$ 329,081.65	\$ 1,360.00	\$ 373,348.62
1,238.36	0.00	0.00	1,238.36
0.00	20,240.76	0.00	20,390.76
0.00	0.00	0.00	6,161.25
0.00	389,155.79	0.00	402,516.59
0.00	340,834.02	0.00	342,053.17
0.00	0.00	0.00	2,434,932.39
0.00	8,312.50	0.00	8,312.50
0.00	875,000.00	0.00	875,000.00
<u>1,238.36</u>	<u>1,962,624.72</u>	<u>1,360.00</u>	<u>4,463,953.64</u>
	1,640,873.07		1,653,573.14
<u>7,882,925.40</u>	<u>10,250,198.66</u>	<u>806,638.13</u>	<u>23,956,341.16</u>
<u>\$ 7,884,163.76</u>	<u>\$ 13,853,696.45</u>	<u>\$ 807,998.13</u>	<u>\$ 30,073,867.94</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
REVENUES			
Charges for services	\$ 113,114.03	\$ 111,202.80	\$ 19,562.60
Rentals	0.00	0.00	85,182.57
Reimbursements	0.00	188,174.44	16,807.05
State and federal grants	0.00	0.00	249,989.32
Administration fees and penalties	0.00	0.00	0.00
Other	13,764.03	20,607.98	60,196.50
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	126,878.06	319,985.22	431,738.04
EXPENSES			
Salary and benefits	42,955.03	0.00	65,798.08
Interest and fees	0.00	94,542.04	19,282.13
Contracted services	4,576.69	45,710.59	70,669.67
Repairs and maintenance	14,738.70	287.20	37,936.81
Utilities and telephone	13,134.60	13,462.37	33,281.46
Other operating expenses	25,513.84	151,870.91	194,904.51
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	100,918.86	305,873.11	421,872.66
OPERATING INCOME (LOSS)	<hr/> 25,959.20	<hr/> 14,112.11	<hr/> 9,865.38
NONOPERATING INCOME			
Investment interest	716.02	10,692.67	1,012.02
Unrealized gain (loss) on investments	0.00	0.00	0.00
Property taxes	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL NONOPERATING INCOME	716.02	10,692.67	1,012.02
INCOME BEFORE TRANSFERS	<hr/> 26,675.22	<hr/> 24,804.78	<hr/> 10,877.40
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	202,500.00
Transfers out	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	202,500.00
NET INCOME	<hr/> 26,675.22	<hr/> 24,804.78	<hr/> 213,377.40
RETAINED EARNINGS, JANUARY 1	506,849.60	1,992,931.83	2,265,300.94
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	(13,360.80)
	<hr/>	<hr/>	<hr/>
RETAINED EARNINGS, DECEMBER 31	\$ 533,524.82	\$ 2,017,736.61	\$ 2,465,317.54
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 451,080.51	\$ 11,045,154.98	\$ 221,814.56	\$ 11,961,929.48
0.00	0.00	0.00	85,182.57
0.00	0.00	0.00	204,981.49
0.00	0.00	0.00	249,989.32
126,482.88	0.00	0.00	126,482.88
0.00	20,884.50	1,110.00	116,563.01
<u>577,563.39</u>	<u>11,066,039.48</u>	<u>222,924.56</u>	<u>12,745,128.75</u>
0.00	7,713,088.85	0.00	7,821,841.96
0.00	42,087.50	0.00	155,911.67
4,683.25	375,226.45	49,403.30	550,269.95
0.00	113,853.94	0.00	166,816.65
0.00	306,339.01	0.00	366,217.44
13,530.73	2,969,535.35	66,800.08	3,422,155.42
<u>18,213.98</u>	<u>11,520,131.10</u>	<u>116,203.38</u>	<u>12,483,213.09</u>
<u>559,349.41</u>	<u>(454,091.62)</u>	<u>106,721.18</u>	<u>261,915.66</u>
19,323.25	34,158.77	1,648.64	67,551.37
(704.38)	20,734.95	0.00	20,030.57
0.00	1,613,570.00	0.00	1,613,570.00
<u>18,618.87</u>	<u>1,668,463.72</u>	<u>1,648.64</u>	<u>1,701,151.94</u>
<u>577,968.28</u>	<u>1,214,372.10</u>	<u>108,369.82</u>	<u>1,963,067.60</u>
110,000.00	0.00	0.00	312,500.00
0.00	0.00	(65,594.09)	(65,594.09)
<u>110,000.00</u>	<u>0.00</u>	<u>(65,594.09)</u>	<u>246,905.91</u>
687,968.28	1,214,372.10	42,775.73	2,209,973.51
7,194,957.12	9,034,768.80	763,862.40	21,758,670.69
0.00	1,057.76	0.00	(12,303.04)
<u>\$ 7,882,925.40</u>	<u>\$ 10,250,198.66</u>	<u>\$ 806,638.13</u>	<u>\$ 23,956,341.16</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 25,959.20	\$ 14,112.11	\$ 9,865.38
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	9,509.73	28,025.24	165,080.32
Prior period adjustment	0.00	0.00	0.00
(Increase) decrease in current assets			
Accounts receivable	0.00	(7,357.37)	92.77
Taxes receivable	0.00	0.00	0.00
Special assessment receivable	0.00	9,635.91	0.00
Interest receivable	3.23	521.68	192.92
Prepaid items	(616.67)	0.00	165.99
Due from individuals	0.00	0.00	0.00
Due from other units	14,983.86	(6,979.27)	0.00
Increase (decrease) in current liabilities			
Accrued payable interest	0.00	0.00	0.00
Due to individuals	(116.00)	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	2,724.51	0.00
Accrued expenses	0.00	0.00	167.17
Accounts payable	(24.79)	7,269.28	(7,436.89)
Deferred revenue	638.00	(9,635.91)	0.00
	<u>50,336.56</u>	<u>38,316.18</u>	<u>168,127.66</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease receivable	0.00	43,941.33	0.00
Property taxes	0.00	0.00	0.00
Advances from other funds	0.00	(43,941.33)	(39,497.54)
Capital purchases	(8,000.00)	0.00	(330,013.15)
Bond payment	0.00	0.00	0.00
	<u>(8,000.00)</u>	<u>0.00</u>	<u>(369,510.69)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	0.00	0.00	202,500.00
	<u>0.00</u>	<u>0.00</u>	<u>202,500.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	(395.05)	92,086.59	59,908.18
Interest received	716.02	10,692.67	1,012.02
	<u>320.97</u>	<u>102,779.26</u>	<u>60,920.20</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>42,657.53</u>	<u>141,095.44</u>	<u>62,037.17</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>200,872.04</u>	<u>55,262.84</u>	<u>106,935.21</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 243,529.57</u>	<u>\$ 196,358.28</u>	<u>\$ 168,972.38</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 559,349.41	\$ (454,091.62)	\$ 106,721.18	\$ 261,915.66
0.00	240,131.73	0.00	442,747.02
0.00	1,057.76	0.00	1,057.76
2,311.00	26,743.15	0.00	21,789.55
26,234.18	(27,930.48)	0.00	(1,696.30)
0.00	0.00	0.00	9,635.91
(695.16)	(649.00)	0.00	(626.33)
(42.73)	(789.27)	0.00	(1,282.68)
2,599.99	0.00	0.00	2,599.99
11,409.04	(50,693.61)	(16.00)	(31,295.98)
0.00	(2,612.50)	0.00	(2,612.50)
0.00	9,488.24	0.00	9,372.24
581.56	0.00	(10.00)	571.56
0.00	0.00	0.00	2,724.51
0.00	32,383.94	0.00	32,551.11
(126.00)	104,218.03	(4,284.00)	99,615.63
0.00	27,930.48	0.00	18,932.57
<u>601,621.29</u>	<u>(94,813.15)</u>	<u>102,411.18</u>	<u>865,999.72</u>
0.00	0.00	0.00	43,941.33
0.00	1,613,570.00	0.00	1,613,570.00
0.00	0.00	0.00	(83,438.87)
0.00	(237,713.00)	0.00	(575,726.15)
0.00	(275,000.00)	0.00	(275,000.00)
<u>0.00</u>	<u>1,100,857.00</u>	<u>0.00</u>	<u>723,346.31</u>
<u>110,000.00</u>	<u>0.00</u>	<u>(65,594.09)</u>	<u>246,905.91</u>
(809,142.87)	338,998.79	0.00	(318,544.36)
19,323.25	34,158.77	1,648.64	67,551.37
<u>(789,819.62)</u>	<u>373,157.56</u>	<u>1,648.64</u>	<u>(250,992.99)</u>
(78,198.33)	1,379,201.41	38,465.73	1,585,258.95
3,875,907.77	2,513,631.33	769,516.40	7,522,125.59
<u>\$ 3,797,709.44</u>	<u>\$ 3,892,832.74</u>	<u>\$ 807,982.13</u>	<u>\$ 9,107,384.54</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, 2014**

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 7,522,125.59	\$ 0.00	\$ 7,522,125.59
NET INCREASE	<u>1,585,258.95</u>	<u>0.00</u>	<u>1,585,258.95</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 9,107,384.54</u>	<u>\$ 0.00</u>	<u>\$ 9,107,384.54</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, Current Tax Collection Fund, Library Penal Fund, and Probate Court Trust.

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**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2014**

	TRUST AND AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	PROBATE COURT TRUST	TOTAL
ASSETS					
Cash	\$ 657,818.52	\$ 0.00	\$ 66.64	\$ 0.00	\$ 657,885.16
TOTAL ASSETS	\$ 657,818.52	\$ 0.00	\$ 66.64	\$ 0.00	\$ 657,885.16
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to State					
of Michigan	\$ 125,572.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 125,572.54
Bonds payable	5,750.00	0.00	0.00	0.00	5,750.00
Restitution payable	14,960.18	0.00	0.00	0.00	14,960.18
Undistributed taxes	500,814.91	0.00	0.00	0.00	500,814.91
Due to other units	1,773.94	0.00	66.64	0.00	1,840.58
Other current liabilities	8,946.95	0.00	0.00	0.00	8,946.95
TOTAL LIABILITIES	657,818.52	0.00	66.64	0.00	657,885.16
FUND BALANCE					
Unreserved	0.00	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES AND FUND BALANCE	\$ 657,818.52	\$ 0.00	\$ 66.64	\$ 0.00	\$ 657,885.16

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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, 2014**

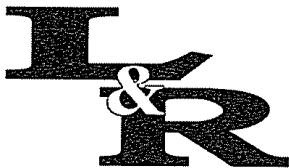
**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF GENERAL LONG-TERM DEBT**

Amount available for payment of general long-term debt	\$ 1,342,993.33
Amount to be provided by County and other units of government	<u>0.00</u>
TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED	<u>\$ 1,342,993.33</u>

GENERAL LONG-TERM DEBT PAYABLE

Accumulated compensated absences payable	\$ 531,893.33
Post Closure Care - Pere Marquette Landfill Site	190,100.00
Post Closure Care - Scottville Landfill Site	<u>621,000.00</u>
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$ 1,342,993.33</u>

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' 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, Michigan
Ludington, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise the County of Mason, Michigan's basic financial statements and have issued our report thereon dated June 2, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

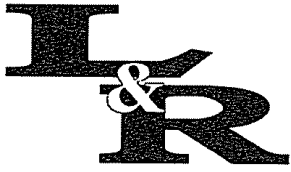
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Certified Public Accountants

East Lansing, Michigan
June 2, 2015

SINGLE AUDIT

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' 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, Michigan
Ludington, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Report on Compliance for Each Major Federal Program

We have audited the County of Mason, Michigan's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the County of Mason, Michigan's major federal programs for the year ended December 31, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The County of Mason, Michigan's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Mason, Michigan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County of Mason, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Mason, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Mason, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Certified Public Accountants

East Lansing, Michigan
June 2, 2015

**MASON COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 Program	93.563		01-01-14 12-31-14	\$ 67,704.27	\$ 67,704.27
FOC Reimbursement Program	93.563		01-01-14 12-31-14	242,806.61	242,806.61
Title IV-D Incentive Program	93.560		01-01-14 12-31-14	<u>29,596.00</u>	<u>29,596.00</u>
TOTAL PROGRAM				<u>340,106.88</u>	<u>340,106.88</u>
Federal Emergency Management Agency					
Passed through: Michigan Department of State Police					
Emergency Management Assistance Program:					
Civil Defense	97.042		01-01-14 12-31-14	19,043.33	19,043.33
Supplemental payment to Local Emergency Planning Committee					
	20.703		01-01-14 12-31-14	<u>2,382.06</u>	<u>2,382.06</u>
TOTAL PROGRAM				<u>21,425.39</u>	<u>21,425.39</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 # ODCP Project # 2012 -DJ-BX-0109	10-01-13 09-30-14	446.00	446.00
Police: State, Sheriff's, Chief's Enforcement of Narcotics Team					
	16.738	ODCP Project # 2013 -DJ-BX-0051	10-01-14 09-30-15	<u>10,174.00</u>	<u>10,174.00</u>
TOTAL PROGRAM				<u>10,620.00</u>	<u>10,620.00</u>

MASON COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
US Department of Housing & Urban Development Passed through the Michigan Department of Commerce Michigan State Development Block Grant	14.228	Project # MSC-2012-0760-HOA	08-15-13 08-14-15	\$ <u>36,137.00</u>	\$ <u>36,137.00</u>
U.S. Department of Agriculture, Forest Service, National Forest Revenue for schools and roads. Passed through the Michigan Department of State Natural Resources and Environment	10.665	Public Act 182 of 1990	01-01-14 12-31-14	<u>26,202.69</u>	<u>26,202.69</u>
U.S. Department of Agriculture, Forest Service, National Forest oil, gas, and mineral royalties for schools and roads. Passed through Resources and the Michigan Department of State Natural Environment	10.665	Public Act 182 of 1990	01-01-14 12-31-14	<u>3,038.69</u>	<u>3,038.69</u>
DCE/SP HEMP Overtime Reimbursement, Passed Through: Michigan Department of State Police	16.000 SSC-180-12	DCE/SP OT	2014	<u>631.80</u>	<u>631.80</u>
Homeland Security Grant Programs Passed through the Michigan Department of State Police: Passed through the West Michigan Shoreline Regional Development Commission	97.067		01-01-14 12-31-14	<u>64,550.44</u>	<u>64,550.44</u>
TOTAL FEDERAL REVENUES AND EXPENDITURES				\$ <u>502,712.89</u>	\$ <u>502,712.89</u>

**MASON COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section I – Summary of Auditors’ Results

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	__ Yes	<u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	__ Yes	<u>X</u> No
Noncompliance material to financial statements noted?	__ Yes	<u>X</u> No

Federal Awards

Internal control over major programs:

Material weakness identified?	__ Yes	<u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>X</u> Yes	__ No

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133? __ No

	<u>X</u> Yes	
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Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM OR CLUSTER
93.563	Child Support Enforcement

Dollar threshold for distinguish between Type A and Type B Programs?	\$300,000
Auditee qualified as low-risk auditee?	__ Yes <u>X</u> No

Section II – Findings and Questioned Costs

Findings – Financial Statement Audit: NONE

**MASON COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY/NON-COMPLIANCE

2014-1 Major Programs:

Child Support Enforcement 93.563

Condition: **Monthly billings are not filed within the required 30 day period after the end of the month.**

Criteria: **According to the grant agreements, monthly files are to be made no later than 30 days after the end of the month. Any billing submitted after 60 days may not be approved for payment at the discretion of the Department of Human Services.**

Cause: **The County contracts the report preparation out to a third party contractor. By time they get the information and submit it, it is beyond the 30 day period.**

Effect: **The County may not receive reimbursement for their filings if the grantor decides to withhold the payment for late filing of the monthly reports.**

***Auditor's
Recommendation:*** **We recommend that all monthly files be completed and submitted within 30 days from the end of the reporting period.**

***Views of
Responsible
Officials
and Planned
Corrective
Actions:*** **The County will speak with the contractor and ensure they are filing the reports within the required 30 day time period.**

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

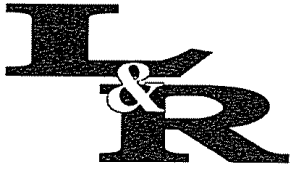
NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Mason County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE 2: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal/State revenue (per financial statements)	\$1,972,557.19
Less: Portions of grant funding considered "State" funding	1,219,854.98
Less: MDOT Airport funding not included on schedule	<u>249,989.32</u>
	<u>\$ 502,712.89</u>

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are listed below. This letter does not affect our report dated June 2, 2015, on the financial statements of the County of Mason, Michigan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS

CASH RECEIPTS

Animal Control

13-01 During our testing of cash receipts, we noted two instances where the Animal Control deposit was not made with the Treasurer's office in a timely manner. We recommend departments transmit monies received to the Treasurer's office in a timely manner. Current year status: This recommendation has been implemented.

Oakview

13-02 During our testing of transmittals of cash receipts, we noted 20% of our sample were not signed. Transmittals should be reviewed and reconciled, with appropriate signatures indicating these procedures have been performed. We recommend signatures be required on all transmittals. Current year status: This recommendation has been implemented.

CASH DISBURSEMENTS

13-03 Currently, checks are signed by authorized personnel from the Clerk and Treasurer's office prior to obtaining Finance Committee approval. We recommend checks and EFT's be signed after Finance Committee approval to decrease the likelihood of payment of unapproved expenditure items. Current year status: This recommendation has been implemented.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Concluded

CASH DISBURSEMENTS - Concluded

Sheriff's Department

13-04 We noted blank checks are pre-signed by two department personnel. Strong internal controls provide for checks to be signed after they are written, permitting signors the opportunity to review and compare supporting documentation to the check for accuracy. We recommend no checks be pre-signed, rather, they should be signed after they have been written. Current year status: Checks are generated by computer, but no review is done by a check signer.

PAYROLL

Oakview

13-05 Currently, one individual is responsible for input, review and submission of payroll data to the outside vendor for preparation of payroll checks. The detail payroll reports are reviewed by this same individual. Strong internal controls would provide for segregation of duties to help prevent and detect errors. We recommend procedures be reviewed and that a review by a second individual be added to the process to strengthen controls over payroll transactions. Current year status: This recommendation has not been implemented.

CAPITALIZATION POLICY

Library Board

13-06 Currently, the Library Board does not have a capitalization policy for books. We recommend the Library Board review the matter and adopt a capitalization policy for books. Current year status: No formal policy has been adopted. However, all books purchased throughout the year are being capitalized.

BUDGET

13-07 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, 2013, actual expenditures exceeded budgeted amounts in the General Fund, within the following departments; Equalization Department and Employee Benefits.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

CASH RECEIPTS

Treasurer's Department

14-01 During the audit, we noted there is no comparison of the deposit slip to the deposit receipt, ensuring all cash has been deposited. We recommend the individual who makes the deposit return the deposit slip and receipt to another employee to review. This person should document their review.

Equalization Department

14-02 During the audit, we noted there is no review of the receipt book by a second person in the Equalization Department. We recommend a second individual review the receipt book before it is sent to the Treasurer's office. This person should document their review.

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.

A handwritten signature in cursive script that reads "Layton & Richardson, P.C.".

Certified Public Accountants

**East Lansing, Michigan
June 2, 2015**



Layton & Richardson, P.C.

Certified Public Accountants

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mason, Michigan for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 24, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Mason, Michigan are described in Note Two to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The most sensitive estimates effecting the financial statements were:

Management's estimate of the allowance for accumulated depreciation is based on management's estimate of useful life. We evaluated the key factors and assumptions used to develop the allowance for accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation balances.

Management's estimate of the accrued OPEB obligation is based on the actuarial report.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of upcoming pronouncements in Note 28 to the financial statements, which describes the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.

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

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East Lansing, MI 48823

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 2, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of the Board of Commissions and management of the County of Mason, Michigan, 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

**June 2, 2015
East Lansing, Michigan**