

**Shiawassee County, Michigan**

**FINANCIAL STATEMENTS**

**December 31, 2010**

Shiawassee County, Michigan

December 31, 2010

BOARD OF COMMISSIONERS

Dan Stewart	Commissioner
John Pajtas	Commissioner
Bruce Robb	Commissioner
Jon Michael Fuja	Commissioner
Gerald W. Cole	Commissioner
Henrietta Sparkes	Commissioner
Jaime F. Pavlica	Commissioner

ADMINISTRATION AND OTHER OFFICIALS

Margaret A. McAvoy	County Administrator
Thomas W. Dwyer	Treasurer
Lauri L. Braid	Clerk
Lori Kimble	Register of Deeds
Anthony Newman	Drain Commissioner
Randy O. Colbry	Prosecuting Attorney
George Braidwood	Sheriff
Norman Caldwell	Surveyor

Shiawassee County, Michigan

TABLE OF CONTENTS

December 31, 2010

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iii-ix
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6-7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Statement of Assets and Liabilities - Fiduciary Funds	12
Component Unit Financial Statements	
Combining Statement of Net Assets	13-14
Statement of Activities	15
Notes to Financial Statements	16-52
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule - Revenues and Other Financing Sources	53-55
Budgetary Comparison Schedule - Expenditures and Other Financing Uses by Activity	56-58
HEALTH DEPARTMENT FUND	
Budgetary Comparison Schedule	59
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	60-67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	68-75
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	76-77

Shiawassee County, Michigan

TABLE OF CONTENTS - CONTINUED

December 31, 2010

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION - CONTINUED	
COMPONENT UNIT FUNDS	
DRAINAGE DISTRICTS	
Combining Balance Sheet	78-79
Reconciliation of the Combining Balance Sheet to the Statement of Net Assets	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81-82
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	83
COUNTY AIRPORT	
Balance Sheet	84
Reconciliation of the Balance Sheet to the Statement of Net Assets	85
Statement of Revenues, Expenditures and Changes in Fund Balance	86
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	87
COUNCIL ON AGING	
Balance Sheet	88
Reconciliation of the Balance Sheet to the Statement of Net Assets	89
Statement of Revenues, Expenditures and Changes in Fund Balance	90
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	91

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA



**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of Shiawassee County  
Corunna, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shiawassee County, Michigan as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Shiawassee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, 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 Shiawassee County, Michigan as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2011 on our consideration of Shiawassee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shiawassee County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 25, 2011

# Shiawassee County

## Management's Discussion and Analysis

---

### Management's Discussion and Analysis

As management of Shiawassee County, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2010. For more detailed information, the Road Commission's separately issued financial statements may be obtained from their administrative offices.

#### Financial Highlights

- The assets of the County primary government exceeded its liabilities at the close of the fiscal year by approximately \$40.3 million (*net assets*). Of this amount, approximately \$24.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations.
- The primary government's total net assets increased by approximately \$1.4 million, or 4 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$4.7 million, a decrease of approximately \$46 thousand or 1 percent. Of this total, approximately \$4.1 million or 86 percent is *available for spending (unreserved and undesignated fund balance)*, however, the major portion of this amount (approximately \$2.4 million) is available only for the special revenue fund purposes from which these funds are derived.
- At the end of the fiscal year, unreserved and undesignated fund balance for the General Fund was approximately \$1.7 million, an amount equal to 10.3 percent of total General Fund expenditures and transfers.
- The County's total long-term debt, including that of the component units, increased by a net of \$4,643,149 or 80 percent during the current fiscal year.

#### Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets indicate whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Shiawassee County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and 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 governmental activities of the County include general government, public safety, public works, health and welfare, community and economic development, recreation and cultural and other functions. The business-type activities primarily represent the administration of the delinquent property tax system and the Medical Care Facility.

# Shiawassee County

## Management's Discussion and Analysis

---

The government-wide financial statements include not only the County itself (known as the *primary government*), but also four (4) legally separate entities: the Shiawassee County Road Commission, the Shiawassee County Airport, the Drainage Districts, and the Shiawassee Council on Aging. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of 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. 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 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Department, and Mental Health Debt Service, each of which is considered to be a major fund. Data from the nonmajor 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 this report.

The County adopts an annual appropriated budget for its General and certain special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with the County General and Health Department funds budgets.

**Proprietary funds.** The County maintains one type of proprietary fund: enterprise funds. *Enterprise funds* report the same functions as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Tax Payment Fund and the Medical Care Facility which are considered to be major funds. Data from the nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for 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 those funds are *not* available to support the County's own programs.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information, including combining statements of the nonmajor governmental and enterprise funds.

# Shiawassee County Management's Discussion and Analysis

## Government-wide Financial Analysis

### Statement of Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 10,448,221	\$ 6,188,140	\$ 28,641,186	\$ 27,017,129	\$ 39,089,407	\$ 33,205,269
Capital assets	7,363,094	6,621,676	2,918,184	2,800,864	10,281,278	9,422,540
<b>Total Assets</b>	<b>17,811,315</b>	<b>12,809,816</b>	<b>31,559,370</b>	<b>29,817,993</b>	<b>49,370,685</b>	<b>42,627,809</b>
Current liabilities	1,629,481	1,225,883	1,316,573	1,107,200	2,946,054	2,333,083
Noncurrent liabilities	6,067,302	1,413,334	25,755	-	6,093,057	1,413,334
<b>Total Liabilities</b>	<b>7,696,783</b>	<b>2,639,217</b>	<b>1,342,328</b>	<b>1,107,200</b>	<b>9,039,111</b>	<b>3,746,417</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	5,637,078	5,611,182	2,918,184	2,800,864	8,555,262	8,412,046
Restricted	2,137,940	2,629,485	5,313,340	4,841,203	7,451,280	7,470,688
Unrestricted	2,339,514	1,929,932	21,985,518	21,068,726	24,325,032	22,998,658
	<b>\$ 10,114,532</b>	<b>\$ 10,170,599</b>	<b>\$ 30,217,042</b>	<b>\$ 28,710,793</b>	<b>\$ 40,331,574</b>	<b>\$ 38,881,392</b>

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of Shiawassee County, assets exceeded liabilities by approximately \$40.3 million at the close of the year. This amount compares favorably with the prior year where net assets totaled \$38.9 million.

The primary government's net assets include approximately \$8.5 million in capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately \$7.5 million. The remaining balance of unrestricted net assets (\$24.3 million or 60 percent) may be used to meet the government's ongoing obligations.

# Shiawassee County Management's Discussion and Analysis

## Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,565,969	\$ 4,259,668	\$ 12,796,339	\$ 13,198,264	\$ 17,362,308	\$ 17,457,932
Operating grants and contributions	5,102,987	4,635,432	-	-	5,102,987	4,635,432
Capital grants and contributions	323,525	129,734	-	-	323,525	129,734
General revenues						
Property taxes	9,045,556	9,530,315	3,492,500	3,643,756	12,538,056	13,174,071
State shared revenue	1,099,512	-	-	-	1,099,512	-
Investment earnings	15,030	23,113	40,433	94,882	55,463	117,995
Miscellaneous	385,481	129,114	-	-	385,481	129,114
Transfers	400,000	900,000	(400,000)	(900,000)	-	-
<b>Total revenues</b>	<b>20,938,060</b>	<b>19,607,376</b>	<b>15,929,272</b>	<b>16,036,902</b>	<b>36,867,332</b>	<b>35,644,278</b>
<b>Expenses</b>						
General government	8,588,713	9,053,183	-	-	8,588,713	9,053,183
Public safety	7,385,975	7,314,769	-	-	7,385,975	7,314,769
Public works	86,155	89,492	-	-	86,155	89,492
Health & welfare	3,942,852	3,874,372	-	-	3,942,852	3,874,372
Community & Economic development	321,185	411,667	-	-	321,185	411,667
Recreation & culture	7,797	35,192	-	-	7,797	35,192
Other and interest	661,450	523,385	14,423,023	14,046,252	15,084,473	14,569,637
<b>Total expenses</b>	<b>20,994,127</b>	<b>21,302,060</b>	<b>14,423,023</b>	<b>14,046,252</b>	<b>35,417,150</b>	<b>35,348,312</b>
<b>Change in net assets</b>	<b>(56,067)</b>	<b>(1,694,684)</b>	<b>1,506,249</b>	<b>1,990,650</b>	<b>1,450,182</b>	<b>295,966</b>
Net assets - beginning	10,170,599	11,865,283	28,710,793	26,720,143	38,881,392	38,585,426
Net assets - ending	<u>\$ 10,114,532</u>	<u>\$ 10,170,599</u>	<u>\$ 30,217,042</u>	<u>\$ 28,710,793</u>	<u>\$ 40,331,574</u>	<u>\$ 38,881,392</u>

The preceding table shows that the net assets of governmental activities decreased by approximately \$56,067 or .5 percent during 2010 as compared to a decrease of approximately \$1.7 million in the prior year.

### Business-type Activities

Net assets of the County's business-type activities increased by approximately \$1.5 million. Net assets of the Delinquent Tax Revolving fund increased by approximately \$163,470 while net assets of the Medical Care Facility and the nonmajor enterprise funds increased by approximately \$1.34 million.

# Shiawassee County

## Management's Discussion and Analysis

---

### Financial Analysis of the Government's Funds

As noted earlier, the 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. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$4.7 million. This represents a decrease of approximately \$46 thousand in comparison with the prior year, a majority of which is explained by the use of the Revenue Sharing Reserve, which provides an alternative to the elimination of State Revenue Sharing.

Approximately \$4.1 million or 86.0 percent of total fund balance constitutes *unreserved and undesignated fund balance*, which is available for spending. However, approximately \$2.4 million of this amount may only be used for special revenue fund purposes. The remainder of fund balance is either *reserved* to indicate that it is not available for new spending (approximately \$0.3 million), or is *designated* to support capital and other projects (approximately \$.4 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$1.9 million, while the unreserved/undesignated fund balance of the General Fund was approximately \$1.7 million, an amount equal to 10.3 percent of total General Fund expenditures. This level of General Fund unreserved/undesignated fund balance is low compared with recognized benchmarks that governments should strive to maintain.

The fund balance of the County's General Fund increased by approximately \$.2 million during the current fiscal year, and compares favorably with the approximately \$0.5 million decrease in the General Fund balance reported during the prior year. This increase is largely due to various revenue sources generating funds above expected amounts. The County has continued to maintain control of County expenditures.

The Health Department Fund, which is used to report activities related to various personal and environmental health services provided to County residents, has a total fund balance of approximately \$.5 million. This is an increase of approximately \$161,156 from the fund balance reported during the prior year.

The Mental Health Debt Service Fund, which is used to account for the financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Mental Health Authority, has no fund balance as it reports and receivable from the Mental Health Authority equal to the current accrued interest and outstanding principal on these bonds.

### General Fund Budgetary Highlights

The original General Fund expenditure and other financing uses budget of \$16.4 million was approximately \$16.5 million after revisions; however, actual expenditures and other financing uses totaled \$16.2 million. Expenditure savings came from several departments.

Actual revenues and other financing sources came in at approximately \$16.5 million.

### Capital Asset and Debt Administration

Capital Assets - At the end of 2010, the County had invested \$10,281,278 in primary government capital assets and \$9,118,226 for the component units (excluding the Road Commission, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$9,411,515 for the primary government. Depreciation charges for the fiscal year totaled \$979,070 for the primary government and \$291,031 for the component units (excluding the Road Commission, see separately issued financial statements).

## Shiawassee County Management's Discussion and Analysis

	Governmental Activities	Buisness-type Activities	Component Units	Total
Land and improvements, net	\$ 669,616	\$ 62,661	\$ 1,646,668	\$ 2,378,945
Buildings, net	4,311,414	2,061,143	82,316	6,454,873
Equipment, net	2,092,691	659,573	24,797	2,777,061
Vehicles, net	289,373	-	51,012	340,385
Drains, net	-	-	7,192,034	7,192,034
Construction in progress	-	134,807	121,399	256,206
Capital assets, net	<b>\$ 7,363,094</b>	<b>\$ 2,918,184</b>	<b>\$ 9,118,226</b>	<b>\$ 19,399,504</b>

Long-term Debt - As of December 31, 2010, the County had \$5,706,016 in long-term obligations outstanding for the primary government. This level of net obligation is \$4,695,522 more than the obligation recorded as of December 31, 2009. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Drainage District component unit debt. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government. The following table excludes the County Road Commission.

### Outstanding Debt as of December 31, 2010:

	<u>Jan. 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2010</u>
<b>Primary Government</b>				
Governmental Activities				
Long-term obligations payable	\$ 1,442,890	\$ 5,389,712	\$ 761,176	\$ 6,071,426
<b>Component Units</b>				
Drainage Districts	<u>3,537,272</u>	<u>385,000</u>	<u>312,802</u>	<u>3,609,470</u>
<b>Total Reporting Entity</b>	<b><u>\$ 4,980,162</u></b>	<b><u>\$ 5,774,712</u></b>	<b><u>\$ 1,073,978</u></b>	<b><u>\$ 9,680,896</u></b>
<b>Debt Limit (10% of SEV)</b>				<b><u>\$178,425,013</u></b>
<b>Available Statutory Debt Limit</b>				<b><u>\$168,744,117</u></b>

A more detailed discussion of the County's long-term debt obligations is presented in Note I to the financial statements.

### Limitations on Debt:

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2010 was \$1.784 billion; therefore, the County's debt limitation was over \$178 million. The county remains well below its legal debt limit by over \$168 million.

# **Shiawassee County Management's Discussion and Analysis**

---

## **SHIAWASSEE COUNTY GOVERNMENT ECONOMIC OUTLOOK:**

- Projected Revenue Sharing reductions from the State are a tremendous concern.
- The continued uncertainty over the State's budget situation may lead to decreases in other areas of State funding.
- Health, dental, and optical insurance premiums are an uncertain cost and continue to rise much faster than the rate of inflation.
- Retirement costs are increasing due to poor stock market performance over the last several years and changes in funding policies.
- Projections of property tax revenue for future years are stagnant at best and the recovery from the recent large decreases appears to be very slow.

These factors were considered in adopting the Budget for 2011. The 2011 budget calls for some usage of the County's fund balance to balance the General Fund Budget. The County continues to look for ways to increase efficiencies and reduce the cost of doing business.

## **CONTACTING THE COUNTY**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Shiawassee County Administrator's Office at (989) 743-2458 or via email at [mmcavoy@shiawassee.net](mailto:mmcavoy@shiawassee.net).

## **BASIC FINANCIAL STATEMENTS**

Shiawassee County, Michigan

STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,449,482	\$ 20,314,145	\$ 23,763,627	\$ 5,780,470
Receivables	456,344	8,351,256	8,807,600	2,663,440
Internal balances	1,026,245	(1,026,245)	-0-	-
Due from other governmental units	1,400,892	-	1,400,892	1,261,404
Prepays	21,321	-	21,321	-
Inventories	63,937	-	63,937	415,643
<b>Total current assets</b>	<b>6,418,221</b>	<b>27,639,156</b>	<b>34,057,377</b>	<b>10,120,957</b>
Noncurrent assets				
Investments	-	1,002,030	1,002,030	166,975
Noncurrent portion of due from other governmental units	3,860,000	-	3,860,000	824,470
Advance to other governmental units	170,000	-	170,000	-
Capital assets not being depreciated	615,000	134,807	749,807	5,410,029
Capital assets, net of accumulated depreciation	6,748,094	2,783,377	9,531,471	50,953,818
<b>Total noncurrent assets</b>	<b>11,393,094</b>	<b>3,920,214</b>	<b>15,313,308</b>	<b>57,355,292</b>
<b>TOTAL ASSETS</b>	<b>17,811,315</b>	<b>31,559,370</b>	<b>49,370,685</b>	<b>67,476,249</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	456,722	536,064	992,786	204,478
Accrued liabilities	636,859	780,509	1,417,368	54,236
Accrued interest payable	71,908	-	71,908	18,508
Unearned revenue	146,887	-	146,887	422,450
Current portion of compensated absences	36,541	-	36,541	97,254
Current portion of long-term debt	280,564	-	280,564	849,569
<b>Total current liabilities</b>	<b>1,629,481</b>	<b>1,316,573</b>	<b>2,946,054</b>	<b>1,646,495</b>
Noncurrent liabilities				
Advances from other governmental units	-	-	-0-	369,930
Noncurrent portion of compensated absences	328,869	-	328,869	145,881
Net other post-employment benefits obligation	312,981	25,755	338,736	865,141
Noncurrent portion of long-term debt	5,425,452	-	5,425,452	3,279,470
<b>Total noncurrent liabilities</b>	<b>6,067,302</b>	<b>25,755</b>	<b>6,093,057</b>	<b>4,660,422</b>
<b>TOTAL LIABILITIES</b>	<b>7,696,783</b>	<b>1,342,328</b>	<b>9,039,111</b>	<b>6,306,917</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,637,078	2,918,184	8,555,262	53,159,278
Restricted for				
Public safety	1,243,211	-	1,243,211	-
Employee benefits	-	5,313,340	5,313,340	-
Capital improvement	132,648	-	132,648	3,582,653
County roads	-	-	-0-	3,163,137
Debt service	-	-	-0-	840,539
Other purposes	762,081	-	762,081	-
Unrestricted	2,339,514	21,985,518	24,325,032	423,725
<b>TOTAL NET ASSETS</b>	<b>\$ 10,114,532</b>	<b>\$ 30,217,042</b>	<b>\$ 40,331,574</b>	<b>\$ 61,169,332</b>

See accompanying notes to financial statements.

Shiawassee County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government					
				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units	
<b>Primary government</b>									
Governmental activities									
General government	\$ 8,588,713	\$ 2,293,158	\$ 1,778,532	\$ 300,816	\$ (4,216,207)	\$ -	\$ (4,216,207)	\$ -	
Public safety	7,385,975	1,815,338	669,652	22,709	(4,878,276)	-	(4,878,276)	-	
Public works	86,155	36,000	-	-	(50,155)	-	(50,155)	-	
Health and welfare	3,942,852	417,393	2,654,803	-	(870,656)	-	(870,656)	-	
Community and economic development	321,185	-	-	-	(321,185)	-	(321,185)	-	
Recreation and culture	7,797	4,080	-	-	(3,717)	-	(3,717)	-	
Other	559,638	-	-	-	(559,638)	-	(559,638)	-	
Interest on long-term debt	101,812	-	-	-	(101,812)	-	(101,812)	-	
<b>Total governmental activities</b>	<b>20,994,127</b>	<b>4,565,969</b>	<b>5,102,987</b>	<b>323,525</b>	<b>(11,001,646)</b>	<b>-0-</b>	<b>(11,001,646)</b>	<b>-0-</b>	
<b>Business-type activities</b>									
Delinquent tax	-	543,810	-	-	-	543,810	543,810	-	
Medical Care Facility	14,305,872	12,189,253	-	-	-	(2,116,619)	(2,116,619)	-	
Other	117,151	63,276	-	-	-	(53,875)	(53,875)	-	
<b>Total business-type activities</b>	<b>14,423,023</b>	<b>12,796,339</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(1,626,684)</b>	<b>(1,626,684)</b>	<b>-0-</b>	
<b>Total primary government</b>	<b>\$ 35,417,150</b>	<b>\$ 17,362,308</b>	<b>\$ 5,102,987</b>	<b>\$ 323,525</b>	<b>(11,001,646)</b>	<b>(1,626,684)</b>	<b>(12,628,330)</b>	<b>-0-</b>	
<b>Component units</b>									
Road Commission	\$ 9,795,798	\$ 911,646	\$ 7,274,073	\$ 1,522,652	-	-	-0-	(87,427)	
Drainage Districts	580,884	-	-	607,150	-	-	-0-	26,266	
County Airport	225,479	132,184	21,146	310,238	-	-	-0-	238,089	
Council on Aging	832,198	88,318	399,696	-	-	-	-0-	(344,184)	
<b>Total component units</b>	<b>\$ 11,434,359</b>	<b>\$ 1,132,148</b>	<b>\$ 7,694,915</b>	<b>\$ 2,440,040</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(167,256)</b>	
<b>General revenues</b>									
Property taxes					9,045,556	3,492,500	12,538,056	305,753	
State shared revenue					1,099,512	-	1,099,512	-	
Investment earnings					15,030	40,433	55,463	23,033	
Miscellaneous					385,481	-	385,481	46,353	
Transfers					400,000	(400,000)	-0-	-	
<b>Total general revenues and transfers</b>					<b>10,945,579</b>	<b>3,132,933</b>	<b>14,078,512</b>	<b>375,139</b>	
Change in net assets					(56,067)	1,506,249	1,450,182	207,883	
Net assets, beginning of the year					10,170,599	28,710,793	38,881,392	60,961,449	
Net assets, end of the year					<b>\$ 10,114,532</b>	<b>\$ 30,217,042</b>	<b>\$ 40,331,574</b>	<b>\$ 61,169,332</b>	

See accompanying notes to financial statements.

Shiawassee County, Michigan

Governmental Funds

BALANCE SHEET

December 31, 2010

	General	Health Department	Mental Health Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 696,418	\$ 664,610	\$ -
Receivables	18,769	128,029	-
Inventories	-	63,937	-
Prepays	21,321	-	-
Due from other funds	1,039,919	-	-
Due from other governmental units			
Federal/State	553,569	332,507	-
Local	-	-	4,027,291
Advances to other governmental units	170,000	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,499,996</u></b>	<b><u>\$ 1,189,083</u></b>	<b><u>\$ 4,027,291</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 149,561	\$ 86,167	\$ -
Accrued liabilities	493,822	84,981	-
Due to other funds	-	13,674	-
Deferred revenue	-	515,006	4,027,291
<b>TOTAL LIABILITIES</b>	<b>643,383</b>	<b>699,828</b>	<b>4,027,291</b>
<b>FUND BALANCES</b>			
<b>Reserved for</b>			
Advances to other governmental units	170,000	-	-
Inventories	-	63,937	-
Prepays	21,321	-	-
<b>Unreserved</b>			
Designated for capital improvement	-	-	-
<b>Undesignated, reported in</b>			
General fund	1,665,292	-	-
Special revenue funds	-	425,318	-
<b>TOTAL FUND BALANCES</b>	<b><u>1,856,613</u></b>	<b><u>489,255</u></b>	<b><u>-0-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,499,996</u></b>	<b><u>\$ 1,189,083</u></b>	<b><u>\$ 4,027,291</u></b>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,088,454	\$ 3,449,482
309,546	456,344
-	63,937
-	21,321
31,608	1,071,527
347,525	1,233,601
-	4,027,291
-	170,000
\$ 2,777,133	\$ 10,493,503

\$ 220,994	\$ 456,722
58,056	636,859
31,608	45,282
82,950	4,625,247
393,608	5,764,110
-	170,000
-	63,937
-	21,321
408,774	408,774
-	1,665,292
1,974,751	2,400,069
2,383,525	4,729,393
\$ 2,777,133	\$ 10,493,503

Shiawassee County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

December 31, 2010

**Total fund balance - governmental funds** \$ 4,729,393

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 11,992,991	
Accumulated depreciation is	(4,629,897)	
Capital assets, net		7,363,094

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred portion of due from other governmental units	4,027,291	
Other deferred revenue	451,069	
		4,478,360

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Direct County obligations	5,706,016	
Accrued interest payable	71,908	
Net other post-employment benefits obligation	312,981	
Compensated absences	365,410	
		(6,456,315)

**Net assets of governmental activities** \$ 10,114,532

Shiawassee County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2010

	General	Health Department	Mental Health Debt Service
<b>REVENUES</b>			
Taxes	\$ 8,954,263	\$ -	\$ -
Licenses and permits	169,805	258,733	-
Intergovernmental			
Federal/State	3,247,082	1,871,127	-
Local	36,000	-	62,623
Charges for services	2,294,441	57,686	-
Fines and forfeits	198,732	-	-
Interest and rents	14,226	145	-
Other	486,614	-	-
<b>TOTAL REVENUES</b>	<b>15,401,163</b>	<b>2,187,691</b>	<b>62,623</b>
<b>EXPENDITURES</b>			
Current			
General government	8,006,682	-	-
Public safety	5,891,374	-	-
Public works	86,454	-	-
Health and welfare	555,455	2,298,848	-
Community and economic development	156,707	-	-
Recreation and culture	3,493	-	-
Other	559,638	-	-
Capital outlay	56,359	-	-
Debt service	147,534	18,288	62,623
<b>TOTAL EXPENDITURES</b>	<b>15,463,696</b>	<b>2,317,136</b>	<b>62,623</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(62,533)</b>	<b>(129,445)</b>	<b>-0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,067,260	290,601	-
Transfers out	(757,451)	-	-
Payments to other governmental units	-	-	-
Debt proceeds	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>309,809</b>	<b>290,601</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>247,276</b>	<b>161,156</b>	<b>-0-</b>
Fund balances, beginning of year	1,609,337	328,099	-
Fund balances, end of year	<u>\$ 1,856,613</u>	<u>\$ 489,255</u>	<u>\$ -0-</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 91,574	\$ 9,045,837
-	428,538
1,051,746	6,169,955
-	98,623
1,564,331	3,916,458
13,400	212,132
3,590	17,961
91,767	578,381
<u>2,816,408</u>	<u>20,467,885</u>
206,028	8,212,710
1,224,803	7,116,177
-	86,454
1,092,359	3,946,662
164,478	321,185
-	3,493
-	559,638
1,263,222	1,319,581
-	228,445
<u>3,950,890</u>	<u>21,794,345</u>
(1,134,482)	(1,326,460)
594,777	1,952,638
(795,187)	(1,552,638)
(4,000,000)	(4,000,000)
4,880,000	4,880,000
<u>679,590</u>	<u>1,280,000</u>
(454,892)	(46,460)
<u>2,838,417</u>	<u>4,775,853</u>
<u>\$ 2,383,525</u>	<u>\$ 4,729,393</u>

Shiawassee County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

**Net change in fund balances - total governmental funds** **\$ (46,460)**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,354,456	
Depreciation expense	<u>(613,038)</u>	
Excess of capital outlay over depreciation expense		741,418

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in other deferred revenue	42,884	
Increase in deferred portion of due from other governmental units	<u>27,291</u>	
		70,175

Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable assets or liabilities in the statement of net assets. In the current year, these amounts consist of:

Debt proceeds	(4,880,000)	
Payments to other governmental units	4,000,000	
Debt principal retirements	<u>184,478</u>	
		(695,522)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable	(57,845)	
(Increase) in other post-employment benefits obligation	(134,819)	
Decrease in compensated absences	<u>66,986</u>	
		<u>(125,678)</u>

**Change in net assets of governmental activities** **\$ (56,067)**

Shiawassee County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2010

	Business-type Activities			Total
	Delinquent Tax Revolving	Medical Care Facility	Nonmajor Enterprise Fund (Jail Commissary)	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,814,696	\$ 16,260,558	\$ 238,891	\$ 20,314,145
Accounts receivable	1,492	1,218,253	-	1,219,745
Taxes receivable	-	3,221,561	-	3,221,561
Delinquent taxes receivable	3,909,950	-	-	3,909,950
Total current assets	7,726,138	20,700,372	238,891	28,665,401
Noncurrent assets				
Investments	1,002,030	-	-	1,002,030
Capital assets, not being depreciated	-	134,807	-	134,807
Capital assets being depreciated, net	-	2,783,377	-	2,783,377
Total noncurrent assets	1,002,030	2,918,184	-0-	3,920,214
<b>TOTAL ASSETS</b>	<b>8,728,168</b>	<b>23,618,556</b>	<b>238,891</b>	<b>32,585,615</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	33,427	502,328	309	536,064
Accrued liabilities	-	780,509	-	780,509
Due to other funds	1,026,245	-	-	1,026,245
Total current liabilities	1,059,672	1,282,837	309	2,342,818
Noncurrent liabilities				
Net other post-employment benefits obligation	-	25,755	-	25,755
<b>TOTAL LIABILITIES</b>	<b>1,059,672</b>	<b>1,308,592</b>	<b>309</b>	<b>2,368,573</b>
<b>NET ASSETS</b>				
Invested in capital assets	-	2,918,184	-	2,918,184
Restricted for employee benefits	-	5,313,340	-	5,313,340
Unrestricted	7,668,496	14,078,440	238,582	21,985,518
<b>TOTAL NET ASSETS</b>	<b>\$ 7,668,496</b>	<b>\$ 22,309,964</b>	<b>\$ 238,582</b>	<b>\$ 30,217,042</b>

See accompanying notes to financial statements.

Shiawassee County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2010

	Business-type Activities			Total
	Delinquent Tax Revolving	Medical Care Facility	Nonmajor Enterprise Fund (Jail Commissary)	
<b>OPERATING REVENUES</b>				
Interest and penalties on delinquent taxes	\$ 543,810	\$ -	\$ -	\$ 543,810
Charges for services	-	12,189,253	63,276	12,252,529
<b>TOTAL OPERATING REVENUES</b>	<b>543,810</b>	<b>12,189,253</b>	<b>63,276</b>	<b>12,796,339</b>
<b>OPERATING EXPENSES</b>				
Personal services and fringes	-	10,610,665	-	10,610,665
Operating supplies	-	558,439	117,076	675,515
Contracted services	-	751,943	-	751,943
Depreciation	-	365,977	75	366,052
Other operating expenses	-	1,169,548	-	1,169,548
<b>TOTAL OPERATING EXPENSES</b>	<b>-0-</b>	<b>13,456,572</b>	<b>117,151</b>	<b>13,573,723</b>
<b>OPERATING INCOME (LOSS)</b>	<b>543,810</b>	<b>(1,267,319)</b>	<b>(53,875)</b>	<b>(777,384)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Quality assurance assessment	-	(849,100)	-	(849,100)
Net loss on disposal of assets	-	(200)	-	(200)
Interest revenue	19,660	20,773	-	40,433
Property taxes	-	3,492,500	-	3,492,500
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>19,660</b>	<b>2,663,973</b>	<b>-0-</b>	<b>2,683,633</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>563,470</b>	<b>1,396,654</b>	<b>(53,875)</b>	<b>1,906,249</b>
<b>TRANSFERS (OUT)</b>				
Transfers out	(400,000)	-	-	(400,000)
<b>CHANGE IN NET ASSETS</b>	<b>163,470</b>	<b>1,396,654</b>	<b>(53,875)</b>	<b>1,506,249</b>
Net assets, beginning of year	7,505,026	20,913,310	292,457	28,710,793
Net assets, end of year	<u>\$ 7,668,496</u>	<u>\$ 22,309,964</u>	<u>\$ 238,582</u>	<u>\$ 30,217,042</u>

See accompanying notes to financial statements.

Shiawassee County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

	Business-type Activities			Total
	Delinquent Tax Revolving	Medical Care Facility	Nonmajor Enterprise Fund (Jail Commissary)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 274,900	\$ 12,432,846	\$ 63,276	\$ 12,771,022
Cash received from other funds	24,313	-	-	24,313
Cash paid to suppliers and others	-	(2,271,802)	(118,172)	(2,389,974)
Cash paid for employees	-	(10,593,701)	-	(10,593,701)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>299,213</b>	<b>(432,657)</b>	<b>(54,896)</b>	<b>(188,340)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Capital purchases	-	(483,572)	-	(483,572)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes collected	-	3,670,345	-	3,670,345
Quality assurance assessment paid	-	(849,100)	-	(849,100)
Transfers out	(400,000)	-	-	(400,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(400,000)</b>	<b>2,821,245</b>	<b>-0-</b>	<b>2,421,245</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(502,030)	-	-	(502,030)
Interest revenue	19,660	20,773	-	40,433
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(482,370)</b>	<b>20,773</b>	<b>-0-</b>	<b>(461,597)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(583,157)</b>	<b>1,925,789</b>	<b>(54,896)</b>	<b>1,287,736</b>
Cash and cash equivalents, beginning of year	4,397,853	14,334,769	293,787	19,026,409
Cash and cash equivalents, end of year	<u>\$ 3,814,696</u>	<u>\$ 16,260,558</u>	<u>\$ 238,891</u>	<u>\$ 20,314,145</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 543,810	\$ (1,267,319)	\$ (53,875)	\$ (777,384)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	365,977	75	366,052
(Increase) decrease in receivables	(280,042)	243,593	-	(36,449)
Increase in due to other funds	24,313	-	-	24,313
Increase (decrease) in accounts payable	11,132	208,128	(1,096)	218,164
Increase in net OPEB obligations	-	25,755	-	25,755
Increase in accrued liabilities	-	(8,791)	-	(8,791)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 299,213</b>	<b>\$ (432,657)</b>	<b>\$ (54,896)</b>	<b>\$ (188,340)</b>

See accompanying notes to financial statements.

Shiawassee County, Michigan

Fiduciary Funds

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,475,916</u>
LIABILITIES	
Undistributed collections payable	\$ 295,825
Due to other governmental units	
Federal/State	235,084
Local	502,645
Due to individuals and agencies	<u>442,362</u>
TOTAL LIABILITIES	<u>\$ 1,475,916</u>

See accompanying notes to financial statements.

Shiawassee County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2010

	Road Commission	Drainage Districts	County Airport
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 3,159,504	\$ 2,342,791	\$ 38,226
Receivables			
Accounts	-	-	16,865
Taxes	-	-	-
Special assessments	-	2,265,298	-
Due from other governmental units	1,156,219	105,185	-
Inventories	407,412	-	8,231
<b>Total current assets</b>	<b>4,723,135</b>	<b>4,713,274</b>	<b>63,322</b>
Noncurrent assets			
Investments	-	-	-
Noncurrent portion of due from other governments	-	824,470	-
Capital assets not being depreciated	5,288,630	121,399	-
Capital assets, net of accumulated depreciation	41,956,991	7,192,034	1,773,980
<b>Total noncurrent assets</b>	<b>47,245,621</b>	<b>8,137,903</b>	<b>1,773,980</b>
<b>TOTAL ASSETS</b>	<b>51,968,756</b>	<b>12,851,177</b>	<b>1,837,302</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	201,236	2,280	962
Accrued liabilities	42,418	2,497	1,534
Accrued interest payable	3,203	15,305	-
Unearned revenue	-	-	7,700
Other current liabilities	4,935	-	-
Current portion of compensated absences	97,254	-	-
Current portion of long-term debt	519,569	330,000	-
<b>Total current liabilities</b>	<b>868,615</b>	<b>350,082</b>	<b>10,196</b>
Noncurrent liabilities			
Advances from other governmental units	199,930	170,000	-
Noncurrent portion of compensated absences	145,881	-	-
Net other post-employment benefits obligation	865,141	-	-
Noncurrent portion of long-term debt	-	3,279,470	-
<b>Total noncurrent liabilities</b>	<b>1,210,952</b>	<b>3,449,470</b>	<b>-0-</b>
<b>TOTAL LIABILITIES</b>	<b>2,079,567</b>	<b>3,799,552</b>	<b>10,196</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	46,726,052	4,628,433	1,773,980
Restricted for County roads	3,163,137	-	-
Restricted for debt service	-	840,539	-
Restricted for capital improvement	-	3,582,653	-
Unrestricted	-	-	53,126
<b>TOTAL NET ASSETS</b>	<b>\$ 49,889,189</b>	<b>\$ 9,051,625</b>	<b>\$ 1,827,106</b>

See accompanying notes to financial statements.

<u>Council on Aging</u>	<u>Total Component Units</u>
\$ 239,949	\$ 5,780,470
-	16,865
381,277	381,277
-	2,265,298
-	1,261,404
-	415,643
<u>621,226</u>	<u>10,120,957</u>
166,975	166,975
-	824,470
-	5,410,029
<u>30,813</u>	<u>50,953,818</u>
<u>197,788</u>	<u>57,355,292</u>
819,014	67,476,249
-	204,478
2,852	49,301
-	18,508
414,750	422,450
-	4,935
-	97,254
-	849,569
<u>417,602</u>	<u>1,646,495</u>
-	369,930
-	145,881
-	865,141
-	3,279,470
<u>-0-</u>	<u>4,660,422</u>
<u>417,602</u>	<u>6,306,917</u>
30,813	53,159,278
-	3,163,137
-	840,539
-	3,582,653
<u>370,599</u>	<u>423,725</u>
<u>\$ 401,412</u>	<u>\$ 61,169,332</u>

Shiawassee County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Road Commission	\$ 9,795,798	\$ 911,646	\$ 7,274,073	\$ 1,522,652	\$ (87,427)
Drainage Districts	580,884	-	-	607,150	26,266
County Airport	225,479	132,184	21,146	310,238	238,089
Council on Aging	832,198	88,318	399,696	-	(344,184)
<b>TOTALS</b>	<b>\$ 11,434,359</b>	<b>\$ 1,132,148</b>	<b>\$ 7,694,915</b>	<b>\$ 2,440,040</b>	<b>(167,256)</b>
General revenues					
Investment earnings					23,033
Property taxes					305,753
Miscellaneous					46,353
Total general revenues					375,139
CHANGE IN NET ASSETS					207,883
Net assets, beginning of year					60,961,449
Net assets, end of year					\$ 61,169,332

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Shiawassee, Michigan was incorporated in 1822 and covers an area of approximately 551 square miles with the County seat located in the City of Corunna. The County operates under an elected Board of Commissioners and provides services to its more than 70,500 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 4*, these financial statements present the financial activities of Shiawassee County (primary government) and its component units. The component units described in Sections 2 and 3 are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities are in substance, part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

2. Blended Component Units

The Shiawassee County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported in the Debt Service fund category. The Shiawassee County Building Authority currently does not have any active projects in the County.

The Shiawassee County Economic Development Corporation (EDC) was established to provide community and economic development services. The EDC administered a significant amount of economic development grant money that was received by the County in the past. Currently the EDC does not have any active projects in the County.

The Shiawassee County Medical Care Facility is a long-term medical care unit owned and operated by Shiawassee County. It is governed by the Shiawassee County Department of Human Services Board. This Board consists of three (3) members, two (2) of whom are appointed by the Shiawassee County Board of Commissioners, and one (1) appointed by the Michigan Governor.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Shiawassee County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Shiawassee County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Shiawassee County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are elected. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Shiawassee County Council on Aging is a non-profit corporation responsible for planning and coordinating services for senior citizens solely within Shiawassee County. The Board is composed of thirteen (13) members, of which two (2) are County Commissioners.

The Shiawassee County Drainage Districts come under the jurisdiction of the Shiawassee County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$5,000 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.

The County Airport is classified as a joint venture with another governmental unit. The details related to this joint venture agreement are disclosed below.

4. Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Airport Board - Shiawassee County, along with the Cities of Owosso and Corunna and Owosso and Caledonia Townships have entered into an agreement which created the Shiawassee Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The Airport is expected to be self-sufficient but based on a "10 Year Funding Model" approved by the Board each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, Owosso and Caledonia Townships 13%, and the City of Corunna 8%.

The financial activities of the Airport Board are reported in the County's audited financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Board's funds.

5. Jointly Governed Organizations

The County participates in the following activities which are considered to be jointly governed organizations in relation to the County due to there being no on-going financial interest or responsibility.

Genesee-Lapeer-Shiawassee Planning Commission - Shiawassee County, in conjunction with two (2) other Counties, has entered into an agreement which created the Genesee-Lapeer-Shiawassee Planning Commission. This organization's Board is composed of 16 members, of which one (1) is appointed by Shiawassee County. The County has no ongoing financial responsibility.

Genesee-Shiawassee Workforce Development Board - Shiawassee County, in conjunction with two (2) other Counties, has entered into an agreement which created the Genesee-Shiawassee Workforce Development Board. This organization's Board is composed of 35 members, of which five (5) are appointed by Shiawassee County. The County has no ongoing financial responsibility other than the potential liability related to inappropriate use of funds.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Jointly Governed Organizations - continued

Valley Area Agency on Aging - Shiawassee County, in conjunction with the counties of Lapeer and Genesee and the City of Flint, which administers grant revenue for the Shiawassee Council on Aging, created the Valley Area Agency on Aging. The Board is composed of 21 members of which five (5) are appointed by Shiawassee County. The County has no ongoing financial responsibility. The Organization provides comprehensive services to senior citizens residing in the member counties.

6. Related Organizations

The Shiawassee County Community Mental Health Authority - The Shiawassee County Community Mental Health Authority operates under the provisions of PA 258 of 1974, as amended. The Authority provides funding for services in the area of mental illness, development disabilities, and other related mental health needs for the residents of the County of Shiawassee. For the year ended December 31, 2010, the County's contribution to Mental Health Services was \$200,000. In the current year, the County issued bonds on behalf of the Mental Health Authority. These bonds are general obligation limited tax bonds of the County but there is a contractual agreement between the Authority and the County obligating the Authority to pay the County the amounts of the annual bond principal and interest obligations as they come due until the bonds are paid off.

7. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Health Department Fund is used to report activities related to various personal and environmental health services provided to County residents. These activities are financed primarily by Federal and State grants, user charges, and other local revenues.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

- c. The Mental Health Debt Service Fund is used to account for the financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Mental Health Authority.

The County reports the following major enterprise funds:

- a. The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.
- b. The Medical Care Facility Fund is used to report activities related to providing long-term care services to the County residents. These activities are financed primarily through user charges (Medicaid, Medicare, private, etc.).

The County also reports agency funds to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The County's agency funds are the Trust and Agency, SATA Fare Subsidy, Economic Development, Library Penal Fine, and Renovation Fiduciary Funds.

8. Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for fiduciary funds since assets equal liabilities.

9. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

9. Basis of Accounting - continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

10. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in uncategorized pooled investment accounts, certificates of deposit, money market accounts, mutual funds, and U.S. Government Securities with a maturity from date of purchase of 90 days or less.

11. Investments

Investments during the year consisted of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

12. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and accounts receivable related to charges for services.

13. Inventories

Inventories are stated at cost on a first in/first out basis. Inventory consists of vaccines received from the State of Michigan. Donated vaccine inventory is stated at fair value as of the date of donation. Vaccine inventories on hand at year-end have been reported as unearned or deferred revenue.

Inventories of road material and equipment parts are recognized using the consumption method (inventories are recorded as expenditures when they are used). Inventories are stated at average cost.

14. Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

The Statement of Net Assets reports unearned revenue for resources that have been received, but not yet earned.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15 - 20 years
Buildings and improvements	30 - 50 years
Office and computer equipment	3 - 7 years
Vehicles	3 - 5 years
Drain infrastructure	60 years

ROAD COMMISSION - COMPONENT UNIT

Capital assets are reported in the road commission (component unit) operating fund in the government-wide financial statements. Capital assets are defined by Shiawassee County Road Commission as assets with an initial individual cost of more than \$200 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 required major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road equipment	5 - 8 years
Shop equipment	10 years
Engineering equipment	4 - 10 years
Office equipment	4 - 10 years
Infrastructure - roads	5 - 30 years
Infrastructure - bridges	12 - 50 years

16. Advances to Other Funds/Component Units (i.e. Other Governmental Units)

Long-term advances from certain funds to other funds or other governmental units (i.e. component units) are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reserved for the amount of advances made to reflect the fund balance not currently available for expenditure.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

17. Interfund Transactions

During the course of normal operations the County has numerous transactions between funds and component units including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers or operating expenditures. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

19. Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2010, including related payroll taxes, are recorded in the government-wide financial statements.

20. Budgets and Budgetary Accounting

Budgets are to be adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are to be adopted for all required governmental fund types.

The County employs the following procedures in establishing budgets:

- a. Prior to September 7, the County departments, in conjunction with the Administrator's office, prepare and submit their proposed operating budgets to the finance committee for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is held to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the General fund and the fund level for the Special Revenue funds. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level. The Administrator is authorized to transfer budget amounts between accounts.
- e. The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

20. Budgets and Budgetary Accounting - continued

f. Applicable budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

21. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

22. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit Reports and financial data will be issued under separate cover as supplementary information to the financial statements.

**NOTE B: POOLING OF CASH AND CASH EQUIVALENTS**

The County utilizes pooled cash accounts for approximately thirty-five (35) funds. The County's pooled cash accounts consist of a common checking and money market account. The County's balance sheet reflects cash and cash equivalents with a negative balance in certain funds. These amounts do not represent actual bank overdrafts; rather, they merely reflect that specific funds have disbursed amounts from the County's common cash accounts in excess of the amount recorded as an asset. In total, the bank accounts have positive balances.

Cash disbursed in excess of amounts recorded as assets as of December 31, 2010, are as follows:

<u>Fund</u>	<u>Negative Pooled Cash</u>	<u>Nonpooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
PRIMARY GOVERNMENT			
Delinquent Tax Revolving	<u>\$ (696,421)</u>	<u>\$ 4,511,117</u>	<u>\$ 3,814,696</u>

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County utilizes various pooled cash accounts and investments for approximately thirty-five (35) funds. The County's pooled cash accounts consist of a common checking and money market accounts.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Enterprise Funds, Trust and Agency Funds, and the Component Unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, uncategorized pooled investments, and U.S. Government Securities are held separately by several of the County's funds.

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

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

- b. 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 this 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 6 of 1855 PA 105, MCL 21.146.
- c. 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 not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured up to \$250,000 for interest-bearing savings deposits in an insured bank and up to \$250,000 for interest-bearing demand deposits at participating FDIC-insured institutions. FDIC insurance coverage through its Transaction Account Guarantee (TAG) Program provides unlimited insurance on non-interest bearing transaction accounts and low-interest bearing (i.e., no higher than 0.25 percent) NOW accounts. Beginning December 31, 2010 through December 31, 2012, deposits held in noninterest-bearing transaction accounts will have unlimited coverage at all FDIC-insured institutions. Furthermore, if specific deposits are regulated by statute or bond indenture, these deposits are to be separately insured up to \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.

As of December 31, 2010, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>PRIMARY GOVERNMENT</b>		
Checking	\$ 14,970,553	\$ 15,208,647
Savings accounts	8,780,758	8,806,901
Certificates of deposit	1,002,030	1,002,030
	<hr/>	<hr/>
Total primary government	24,753,341	25,017,578
<b>COMPONENT UNITS</b>		
Checking	2,709,126	2,982,749
Savings accounts	3,070,211	3,070,211
	<hr/>	<hr/>
Total component units	5,779,337	6,052,960
<b>FIDUCIARY FUNDS</b>		
Checking	868,872	873,986
Savings accounts	607,044	607,044
	<hr/>	<hr/>
Total fiduciary funds	1,475,916	1,481,030
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$ 32,008,594</u></b>	<b><u>\$ 32,551,568</u></b>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2010, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$3,923,465 and the amount of \$28,628,103 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.

As of December 31, 2010, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's/ S&amp;P Rating</u>	<u>Weighted Average Maturity</u>
<b>PRIMARY GOVERNMENT</b>				
Insured or registered for which the securities are held by the County's agent in the County's name -				
Public Funds Investment Trust	\$ 2,704	\$ 2,704	N/A	N/A
Governmental Cash Investment	3,257	3,257	N/A	N/A
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>5,961</b>	<b>5,961</b>		
<b>COMPONENT UNITS</b>				
Insured or registered for which the securities are held by the County's agent in the County's name -				
Edward Jones - Money Market Fund	13,661	13,661	AAA	N/A
General Motors Acceptance Corp - Money Market Fund	10,289	10,289	B	N/A
Washington Mutual Mortgage - bonds	8,080	8,080	AAA	22 years
Countrywide Home Loan Mortgage Association - bonds	12,303	12,303	AAA	26 years
Federal National Mortgage Association - bonds	5,236	5,236	AAA	27 years
Federal Home Loan Mortgage - bonds	106,359	106,359	AAA	22-26 years
PIMCO Total Return Fund - mutual fund	11,047	11,047	AAA	N/A
<b>TOTAL COMPONENT UNITS</b>	<b>166,975</b>	<b>166,975</b>		
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 172,936</b>	<b>\$ 172,936</b>		

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, 2010, rating information on the County's investments is presented 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 designing its portfolio with the objective of obtaining a rate of return through the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Concentration of Credit Risk

The County will minimize a concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2010:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 23,763,627	\$ 5,780,470	\$ 1,475,916	\$ 31,020,013
Investments - noncurrent	<u>1,002,030</u>	<u>166,975</u>	<u>-</u>	<u>1,169,005</u>
	<u>\$ 24,765,657</u>	<u>\$ 5,947,445</u>	<u>\$ 1,475,916</u>	<u>\$ 32,189,018</u>

The primary government cash and cash equivalents caption on the combined balance sheet include \$6,355 in imprest cash. The component unit cash and cash equivalents caption include \$1,133.

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental and internal service funds, enterprise funds, and component units have been eliminated.

Transfers to General Fund from:		
Nonmajor governmental funds		\$ 667,260
Delinquent Tax Revolving Fund		<u>400,000</u>
		<u>\$ 1,067,260</u>
Transfer to Health Department Fund from:		
General Fund		<u>\$ 290,601</u>
Transfers to nonmajor governmental funds from:		
General Fund		\$ 466,850
Nonmajor governmental funds		<u>127,927</u>
		<u>\$ 594,777</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE E: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables related to the primary government at December 31, 2010:

Due to General Fund from:	
Delinquent Tax Revolving	\$ 1,026,245
Health Department Fund	<u>13,674</u>
	<u>\$ 1,039,919</u>
Due to nonmajor governmental funds from:	
Nonmajor governmental funds	<u>\$ 31,608</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE F: ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between the primary government and other governmental units (i.e. the Drainage District component unit) at December 31, 2010:

Advance from General Fund to:	
Component Unit - Drainage District	<u>\$ 170,000</u>

The advances from the General Fund to Drainage Districts were made for working capital and are reflected in the financial statements as Advances To/From Other Governmental Units in accordance with GASB 34.

**NOTE G: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 was as follows:

**PRIMARY GOVERNMENT**

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 615,000	\$ -	\$ -	\$ 615,000
Capital assets being depreciated				
Land improvements	131,038	-	-	131,038
Building and improvements	5,461,545	1,172,288	-	6,633,833
Office and computer equipment	3,675,754	133,670	-	3,809,424
Vehicles	803,745	48,498	(48,547)	803,696
Subtotal	10,072,082	1,354,456	(48,547)	11,377,991

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE G: CAPITAL ASSETS - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
<b>Governmental Activities - Continued</b>				
Less accumulated depreciation				
Land improvements	\$ (70,841)	\$ (5,581)	\$ -	\$ (76,422)
Building and improvements	(2,171,854)	(150,565)	-	(2,322,419)
Office and computer equipment	(1,349,318)	(367,415)	-	(1,716,733)
Vehicles	(473,393)	(84,034)	43,104	(514,323)
Subtotal	(4,065,406)	(607,595)	43,104	(4,629,897)
Net capital assets being depreciated	6,006,676	746,861	(5,443)	6,748,094
Capital assets, net	<u>\$ 6,621,676</u>	<u>\$ 746,861</u>	<u>\$ (5,443)</u>	<u>\$ 7,363,094</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 134,807	\$ -	\$ 134,807
Capital assets being depreciated				
Land improvements	137,218	26,259	-	163,477
Building and improvements	4,968,317	205,946	-	5,174,263
Office and computer equipment	2,122,925	116,560	(12,230)	2,227,255
Subtotal	7,228,460	348,765	(12,230)	7,564,995
Less accumulated depreciation				
Land improvements	(93,824)	(6,992)	-	(100,816)
Building and improvements	(2,884,356)	(228,764)	-	(3,113,120)
Office and computer equipment	(1,449,416)	(130,296)	12,030	(1,567,682)
Subtotal	(4,427,596)	(366,052)	12,030	(4,781,618)
Net capital assets being depreciated	2,800,864	(17,287)	(200)	2,783,377
Capital assets, net	<u>\$ 2,800,864</u>	<u>\$ 117,520</u>	<u>\$ (200)</u>	<u>\$ 2,918,184</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE G: CAPITAL ASSETS - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

Depreciation expense was charged to activities of the primary government as follows:

Governmental Activities		
General government	\$	269,597
Public safety		329,293
Health and welfare		9,844
Recreation and culture		4,304
		<u>613,038</u>
Business-type Activities		
Medical Care Facility		365,977
Jail Commissary		75
		<u>366,052</u>
	\$	<u>979,090</u>

The current year depreciation expense in the Governmental Activities of \$607,596 has been adjusted by \$5,443 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

**COMPONENT UNITS**

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
<b>Component Unit - Road Commission</b>				
Capital assets not being depreciated				
Land and land improvements	\$ 595,381	\$ -	\$ -	\$ 595,381
Infrastructure and improvements	4,420,271	399,573	(126,595)	4,693,249
Subtotal	5,015,652	399,573	(126,595)	5,288,630
Capital assets being depreciated/depleted				
Buildings and improvements	2,967,323	11,325	-	2,978,648
Machinery and equipment	6,423,041	221,456	(22,093)	6,622,404
Office and computer equipment	124,925	8,075	(7,800)	125,200
Infrastructure - roads	53,991,701	2,801,527	(2,033,654)	54,759,574
Infrastructure - bridges	17,778,544	1,358,172	-	19,136,716
Depletable assets	153,402	-	-	153,402
Subtotal	81,438,936	4,400,555	(2,063,547)	83,775,944

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE G: CAPITAL ASSETS - CONTINUED**

**COMPONENT UNITS - CONTINUED**

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
<b>Component Unit - Road Commission - Continued</b>				
Less accumulated depreciation				
Buildings and improvements	\$ (1,134,202)	\$ (97,222)	\$ -	\$ (1,231,424)
Machinery and equipment	(5,700,962)	(238,068)	22,093	(5,916,937)
Office and computer equipment	(118,507)	(2,430)	7,800	(113,137)
Infrastructure - roads	(27,904,896)	(3,053,231)	2,033,654	(28,924,473)
Infrastructure - bridges	(5,086,846)	(392,734)	-	(5,479,580)
Depletable assets	(153,402)	-	-	(153,402)
Subtotal	<u>(40,098,815)</u>	<u>(3,783,685)</u>	<u>2,063,547</u>	<u>(41,818,953)</u>
Net capital assets being depreciated/depleted	<u>41,340,121</u>	<u>616,870</u>	<u>-0-</u>	<u>41,956,991</u>
Capital assets, net	<u>\$ 46,355,773</u>	<u>\$ 1,016,443</u>	<u>\$ (126,595)</u>	<u>\$ 47,245,621</u>
<b>Component Unit - Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 121,399	\$ -	\$ 121,399
Capital assets being depreciated				
Infrastructure - drains	10,633,593	72,800	-	10,706,393
Less accumulated depreciation				
Infrastructure - drains	<u>(3,297,551)</u>	<u>(216,808)</u>	<u>-</u>	<u>(3,514,359)</u>
Net capital assets being depreciated	<u>7,336,042</u>	<u>(144,008)</u>	<u>-0-</u>	<u>7,192,034</u>
Capital assets, net	<u>\$ 7,336,042</u>	<u>\$ (22,609)</u>	<u>\$ -0-</u>	<u>\$ 7,313,433</u>
<b>Component Unit - County Airport</b>				
Capital assets being depreciated				
Land improvements	\$ 1,595,774	\$ 310,405	\$ -	\$ 1,906,179
Building and improvements	102,619	-	-	102,619
Office and computer equipment	22,259	8,799	-	31,058
Vehicles	63,764	-	-	63,764
Subtotal	1,784,416	319,204	-0-	2,103,620

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE G: CAPITAL ASSETS - CONTINUED**

**COMPONENT UNITS - CONTINUED**

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010
<b>Component Unit - County Airport - Continued</b>				
Less accumulated depreciation				
Land improvements	\$ (204,012)	\$ (55,499)	\$ -	\$ (259,511)
Building and improvements	(43,767)	(2,126)	-	(45,893)
Office and computer equipment	(7,949)	(3,535)	-	(11,484)
Vehicles	(6,376)	(6,376)	-	(12,752)
Subtotal	(262,104)	(67,536)	-0-	(329,640)
Capital assets, net	<u>\$ 1,522,312</u>	<u>\$ 251,668</u>	<u>\$ -0-</u>	<u>\$ 1,773,980</u>
<b>Component Unit - Council on Aging</b>				
Capital assets being depreciated				
Buildings	\$ 84,714	\$ -	\$ -	\$ 84,714
Equipment	17,548	-	-	17,548
Subtotal	102,262	-0-	-0-	102,262
Less accumulated depreciation				
Buildings	(56,211)	(2,913)	-	(59,124)
Equipment	(8,551)	(3,774)	-	(12,325)
Subtotal	(64,762)	(6,687)	-0-	(71,449)
Capital assets, net	<u>\$ 37,500</u>	<u>\$ (6,687)</u>	<u>\$ -0-</u>	<u>\$ 30,813</u>

**NOTE H: SHORT-TERM NOTE PAYABLE**

**COMPONENT UNITS - DRAINAGE DISTRICT**

On September 1, 2009, the Shiawassee County Drainage district entered into a short-term inter-county drain note in the amount of \$120,000. This short-term note was paid in full during the current year ended December 31, 2010.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE I: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2010:

	Balance Jan. 1, 2010	Additions	Deletions	Balance Dec. 31, 2010	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Installment Purchase Agreements	\$ 273,670	\$ -	\$ 52,451	\$ 221,219	\$ 53,567
Capital Leases	736,824	-	112,027	624,797	106,997
Capital Improvement Bonds	-	880,000	-	880,000	-
General Obligation Bonds	-	4,000,000	20,000	3,980,000	120,000
Compensated Absences	432,396	509,712	576,698	365,410	36,541
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>1,442,890</b>	<b>5,389,712</b>	<b>761,176</b>	<b>6,071,426</b>	<b>317,105</b>
<b>COMPONENT UNITS</b>					
Road Commission					
State Infrastructure Bank Loan	570,299	31,817	82,547	519,569	519,569
Compensated Absences	249,990	223,630	230,485	243,135	97,254
Subtotal	820,289	255,447	313,032	762,704	616,823
Drainage Districts					
Drain bonds and notes	3,537,272	385,000	312,802	3,609,470	330,000
<b>TOTAL COMPONENT UNITS</b>	<b>4,357,561</b>	<b>640,447</b>	<b>625,834</b>	<b>4,372,174</b>	<b>946,823</b>
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 5,800,451</b>	<b>\$ 6,030,159</b>	<b>\$ 1,387,010</b>	<b>\$ 10,443,600</b>	<b>\$ 1,263,928</b>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**PRIMARY GOVERNMENT**

**Installment Purchase Agreements**

\$420,000 Installment Purchase Agreement to refund the Griffin Land Contract, dated April 27, 2004, due in annual installments ranging from \$43,151 to 45,685 through May 1, 2014, with an interest rate of 3.84 percent, payable semi-annually.	\$ 177,638
\$100,000 Installment Purchase Agreement, dated April 27, 2004, due in annual installments ranging from \$10,416 to \$11,383 through May 1, 2014, with interest of 6.01 percent, payable semi-annually.	<u>43,581</u>
	<u>\$ 221,219</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE I: LONG-TERM DEBT - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

Capital Leases

\$867,080 City of Corunna lease for the James P. Capitan Center - Hoschner Building, dated March 1, 2007, due in annual installments ranging from \$50,000 to \$83,958 through March 1, 2016.	\$ 546,248
\$123,425 Copier Lease Agreement dated June 15, 2009, due in annual installments of \$38,293, through June 15, 2013.	71,072
\$49,220 Capital Lease for health department equipment dated June 10, 2008, due in monthly installments ranging from \$1,477 to \$1,514 through May 10, 2011.	<u>7,477</u>
	<u>\$ 624,797</u>

Capital Improvement Bonds

\$880,000 Capital Improvement Bonds dated September 23, 2010, due in annual installments ranging from \$30,000 to \$75,000 through November 1, 2027 with interest of 3.00 percent to 7.25 percent payable semi-annually.	<u>\$ 880,000</u>
--	-------------------

General Obligation Bonds

\$1,210,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010, due in annual installments from \$30,000 to \$100,000 through April 28, 2032 with interest of 6.0% payable semi-annually.	\$ 1,210,000
\$2,790,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010 due in annual installments from \$90,000 to \$185,000 through April 28, 2032 with interest of 4.0% payable annually.	<u>2,770,000</u>
	<u>\$ 3,980,000</u>

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

The dollar amount of these vested rights including related payroll taxes, amounted to \$199,252 and \$166,158 for vacation and sick, respectively, at December 31, 2010 for a total of \$365,410.

COMPONENT UNIT - ROAD COMMISSION

State Infrastructure Bank Loan

\$602,116 State Infrastructure Bank Loan dated March 5, 2009, due in an annual installment of \$519,569 on March 5, 2011, with interest of 3 percent, payable on March 5, 2011.	<u>\$ 519,569</u>
---	-------------------

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE I: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Compensated Absences

In accordance with Commission personnel policies and/or contracts negotiated with various employee groups of the Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$243,135 at December 31, 2010.

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Bonds and Notes

\$1,375,000 Spaulding Drain Bonds, Series 1996, dated March 1, 1996, due in annual installments ranging from \$75,000 to \$100,000 through June 1, 2016, with interest of 5.5 percent, payable semi-annually.	\$ 525,000
\$2,265,000 Owosso Drain Bonds, Series 2004, dated December 1, 2004, due in annual installments ranging from \$100,000 to \$125,000 through June 1, 2025, with interest ranging from 3.0 percent to 4.35 percent, payable semi-annually.	1,775,000
\$675,000 Corunna Water Supply System Bonds, Series 1992, dated September 2, 1992, due in annual installments of \$50,000 through May 1, 2011, with interest of 6.25 percent, payable semi-annually.	50,000
\$850,000 Byron Water Project Bonds, dated January 6, 2006, due in annual installments ranging from \$40,000 to \$50,000 through October 1, 2026, with interest of 2.125%, payable semi-annually.	699,470
\$270,000 Henderson Drain Bonds, Series 1996, dated April 1, 1996, due in annual installments ranging from \$10,000 to \$20,000 through June 1, 2021, with interest of 6.50 percent, payable semi-annually.	175,000
\$385,000 McCrea Drain Bonds, Series 2010, dated June 30, 2010, due in annual installments of \$55,000 through June 30, 2017, with interest of 2.83 percent.	<u>385,000</u>
	<u>\$ 3,609,470</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE I: LONG-TERM DEBT - CONTINUED**

The annual requirements to pay the debt principal and interest outstanding for the following long-term debt are as follows:

**PRIMARY GOVERNMENT**

Year Ending December 31,	Installment Purchase Agreements		Capital Leases	
	Principal	Interest	Principal	Interest
2011	\$ 53,567	\$ 8,299	\$ 106,997	\$ 20,374
2012	54,708	5,721	105,161	15,090
2013	55,876	3,631	112,266	8,485
2014	57,068	1,219	82,958	-
2015	-	-	83,458	-
2016-2017	-	-	133,957	-
	<u>\$ 221,219</u>	<u>\$ 18,870</u>	<u>\$ 624,797</u>	<u>\$ 43,949</u>

  

Year Ending December 31,	Capital Improvement Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ -	\$ 56,444	\$ 120,000	\$ 189,165
2012	30,000	51,055	120,000	185,715
2013	35,000	50,155	125,000	182,265
2014	40,000	48,965	130,000	178,540
2015	45,000	47,485	130,000	173,005
2016-2020	275,000	201,940	750,000	775,365
2021-2025	310,000	116,083	940,000	589,751
2026-2030	145,000	15,881	1,210,000	322,597
2031-2032	-	-	455,000	33,789
	<u>\$ 880,000</u>	<u>\$ 588,008</u>	<u>\$ 3,980,000</u>	<u>\$ 2,630,192</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE I: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNITS**

Year Ending December 31,	Road Commission Bank Loan		Drainage District Bonds and Notes	
	Principal	Interest	Principal	Interest
2011	\$ 519,569	\$ 34,217	\$ 330,000	\$ 134,409
2012	-	-	280,000	122,516
2013	-	-	285,000	111,796
2014	-	-	310,000	100,077
2015	-	-	335,000	87,083
2016-2020	-	-	1,145,000	269,491
2021-2025	-	-	885,000	87,494
2026	-	-	39,470	839
	<u>\$ 519,569</u>	<u>\$ 34,217</u>	<u>\$ 3,609,470</u>	<u>\$ 913,706</u>

**NOTE J: EMPLOYEE RETIREMENT SYSTEM**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND COUNCIL ON AGING)**

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. 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 the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission and Council on Aging employees. The Road Commission and Council on Aging employees are covered under a separate retirement plan.

**Normal Retirement:**

**Union:**

- Age 50 with 25 or more years of credited service
- Age 55 with 15 or more years of credited service
- Age 60 with 10 or more years of credited service
- Mandatory Retirement: None

**Deferred Retirement:**

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE J: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND COUNCIL ON AGING) - CONTINUED

Funding Policy

The County is required to contribute to the Retirement Plan at an actuarially determined rate. The current rate ranges from 0% to 33.04% as a percentage of annual covered payrolls and varies by the participating employee groups. These contributions are funded by the County on behalf of plan members. In addition, certain employee bargaining groups have negotiated benefits whereby the participating members are required to contribute to the Plan. These participation levels range from 0% to 10% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

Annual Pension Cost

For the year ended December 31, 2010 the County's annual pension cost of \$2,936,506 for the plan was equal to the County's required contribution. Of this amount, \$1,912,860 was County general employees and \$1,023,646 was medical care facility employees. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2008, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) year trend information

	Year ended December 31,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial value of assets	\$ 55,790,773	\$ 57,148,848	\$ 58,367,176
Actuarial accrued liability (AAL) (entry age)	81,876,498	86,459,988	87,997,618
Unfunded AAL	26,085,725	29,311,140	29,630,442
Funded Ratio	68%	66%	66%
Covered Payroll	15,679,760	15,912,101	16,300,618
UAAL as a percentage of covered payroll	166%	184%	182%

	Year ended December 31,		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual pension cost	\$ 2,694,260	\$ 2,811,751	\$ 2,936,506
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE J: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

Description of Plan and Plan Assets

The Commission participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. 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 the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time employees are covered by the retirement system.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

Age 55 with 25 or more years of credited service

Age 60 with 10 or more years of credited service (reduced to 8 or 6 years depending on benefits)

Mandatory Retirement: None

Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Funding Policy

Covered employees can contribute between 0% and 10% of their annual salary to the retirement system. Employees must contribute 5% of annual compensation. The Commission is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2010 the Commission's annual pension cost of \$403,539 for the plan was equal to the Commission's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2008, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases depending on age, merit, longevity, and promotional salary increases. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE J: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Three (3) year trend information

	Year ended December 31,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial value of assets	\$ 11,537,948	\$ 11,471,288	\$ 11,302,824
Actuarial accrued liability (AAL) (entry age)	15,751,471	16,608,501	16,847,166
Unfunded AAL	4,213,523	5,137,213	5,544,342
Funded Ratio	73%	69%	67%
Covered Payroll	2,097,861	2,131,809	2,127,185
UAAL as a percentage of covered payroll	201%	241%	261%

	Year ended December 31,		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual pension cost	\$ 332,386	\$ 335,560	\$ 403,539
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

COMPONENT UNIT - COUNCIL ON AGING

Description of Plan and Plan Assets

The Council participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. 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 the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time employees are covered by the retirement system.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

- Age 50 with 25 or more years of credited service
- Age 55 with 15 or more years of credited service
- Age 60 with 10 or more years of credited service
- Mandatory Retirement: None

Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE J: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

COMPONENT UNIT - COUNCIL ON AGING - CONTINUED

Description of Plan and Plan Assets - continued

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Funding Policy

Covered employees can contribute between 0% and 10% of their annual salary to the retirement system. Employees must contribute 5% of annual compensation. The Council is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2010 the Council's annual pension cost of \$9,965 for the plan was equal to the Council's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2008, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases of 0.0% to 8.4% depending on age, merit, longevity, and promotional salary increases. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) year trend information

	Year ended December 31,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial value of assets	\$ 486,116	\$ 515,597	\$ 547,436
Actuarial accrued liability (AAL) (entry age)	576,907	631,182	611,772
Unfunded AAL	90,791	115,585	64,336
Funded Ratio	84%	82%	89%
Covered Payroll	194,577	206,373	178,378
UAAL as a percentage of covered payroll	47%	56%	36%

  

	Year ended December 31,		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual pension cost	\$ 10,504	\$ 9,183	\$ 9,965
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE K: RISK MANAGEMENT**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County carries commercial insurance for the risk of loss due to workers' compensation claims.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Shiawassee County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 100,000
Motor vehicle physical damage	15,000
Property coverage	100,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expensed as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Shiawassee County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$204,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$204,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund is insufficient to fund Shiawassee County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE K: RISK MANAGEMENT - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

At December 31, 2010, the County had funds on deposit of \$403,094 with the Authority and reserves for reported claims of \$54,541.

The County is self-insured for workers' compensation up to \$400,000 for each loss up to an aggregate amount of \$1,000,000. The County is insured for the amount of claims in excess of such limitation to an aggregate maximum of \$5,000,000 for each occurrence. The County is insured for these aggregate claims in excess of the self-insurance amounts by commercial insurance that provides the excess workers' compensation coverage.

COMPONENT UNIT - ROAD COMMISSION

The Road Commission participates in a pool, the Michigan County Road Commission Self-Insurance Pool, with other municipalities, for claims relating to general liability, trunkline, excess liability, auto liability, directors' and officers' liability, errors and omissions and physical damage. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The Road Commission has not been informed of any special assessments being required.

The Road Commission participates in the County Road Association Self-Insurance Fund for workers' compensation insurance and has full statutory coverage for workers' disability compensation and employers' liability as granted by the State of Michigan under Chapter 6, Section 418.611 of the Workers' Disability Compensation Act. The Commission has no liability for additional assessments based on the claims filed against the fund nor do they have rights to dividends.

**NOTE L: CONTINGENT LIABILITIES**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The Single Audit of the Federal Programs and the periodic program compliance audits of many of the State programs have not yet been completed or final resolution has not been received. Accordingly, the County's compliance with applicable grant 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.

There are various legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability and that would not be covered by insurance and reserves, if any, could be material to the County.

COMPONENT UNIT - ROAD COMMISSION

The Commission participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The programs and the periodic program compliance audits of many of the programs have not yet been conducted, completed, or resolved. Accordingly, the Commission's compliance with applicable grant 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 Commission expects such amounts, if any, to be immaterial.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE L: CONTINGENT LIABILITIES - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

There are potential legal actions pending against the Commission. Due to the inconclusive nature of many of the actions, it is not possible for legal counsel to determine the probable outcome or a reasonable estimate of the Commission's potential liability, if any. Those actions for which a reasonable estimate can be determined of the Commission's potential liability and that would not be covered by insurance, if any, are considered by the Commission and legal counsel to be immaterial.

**NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE**

Certain County property taxes are levied either on December 1 or July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's Summer 2010 ad valorem taxes were levied and collectible on July 1, 2010. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Summer 2010 tax levy has been recognized as revenue in the current fiscal year. The 2010 adjusted taxable value of Shiawassee County amounted to \$1,746,250,131 on which ad valorem taxes levied for County general operating purposes consisted of 5.1146 mills and Medical Care Facility mills of 2.0000. The 2009 adjusted taxable value of Shiawassee County amounted to \$1,825,387,566 on which the Council on Aging Fund levied 0.1667 mills and the Veterans Affairs Fund levied .1 mills.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2010. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

**NOTE N: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund equity is used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the County has set aside for specific purposes. These reserves and designations are recorded at the fund level to indicate management's plans for these funds.

The following are the various fund balance reserves as of December 31, 2010:

PRIMARY GOVERNMENT

General Fund

Reserved for:

Advances for other governmental units

\$ 170,000

Prepays

21,321

\$ 191,321

Health Department

Reserved for inventories

\$ 63,937

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE N: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED**

The following is the fund balance designation as of December 31, 2010:

PRIMARY GOVERNMENT	
Nonmajor governmental funds	
Designated for capital improvement	<u>\$ 408,774</u>

**NOTE O: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2010:

PRIMARY GOVERNMENT	
Governmental Activities	
Public safety	
Central dispatch	\$ 1,018,461
Local correction training	64,516
Drug forfeiture	22,608
Drunk driving	99,766
Sheriff collection	37,364
Local law enforcement	<u>496</u>
	<u>\$ 1,243,211</u>
Capital improvement	<u>\$ 132,648</u>
Other purposes	
Friend of the Court	\$ 162,711
Register of Deeds automation	124,014
Budget Stabilization	97,844
Law library	929
Childcare	197,596
Veterans trust	1,006
Veterans relief	80,695
Housing rehabilitation	33,160
Family counseling	<u>64,126</u>
	<u>\$ 762,081</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE O: RESTRICTED NET ASSETS - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED	
Business-type activities	
Medical Care Facility	
Employee benefits	<u>\$ 5,313,340</u>
COMPONENT UNITS	
Drainage Districts	
Capital improvement	<u>\$ 3,582,653</u>
Debt service	<u>\$ 840,539</u>
Road Commission	
County roads	<u>\$ 3,163,137</u>

**NOTE P: FLEXIBLE BENEFITS PLAN**

In May 2002, the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. The plan is available to all employees who have completed 30 days of full-time employment with the County and normally work not less than 20 hours per week for the County and normally are scheduled to work at least five months during the plan year. The plan permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to dependent care benefits, medical expense reimbursement benefits or medical benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by the County.

COMPONENT UNIT - ROAD COMMISSION

In November 1993, the Commission implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Service Code. The plan is available to all employees following 30 days of employment. The plan permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to required premium payments. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by Shiawassee County Road Commission.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND MEDICAL CARE FACILITY)

In addition to providing pension benefits, the County provides certain health care benefits in accordance with union agreements and/or personnel policies to employees who have retired. The County has a self-insured health program which pays for claims (less deductible and co-pay) in accordance with the group that the employee retired from. For most retirees this is for the ages 60 to 65. Full cost retiree contribution is required. For some Sheriff Department retirees, the age is 55, and single subscriber health insurance is provided at full cost to the County with some stipulations. At age 65, all retirees must contribute to the program in order to continue coverage. The pay as you go system of funding is used for the county portion of expense paid through the general fund. Currently, sixteen (16) retirees meet the full cost eligibility requirements. Thirty-eight (38) retirees have continued on the county health plan at their own cost. Expenditures for post-employment health care benefits are recognized when claims are paid. During the year, expenditures of \$118,451 were recognized for post-employment health care for those eligible retirees for health insurance paid at the full cost by the County. The following are the Governmental Accounting Standards Board Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the County.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The County has no obligation to make contributions in advance of when the insurance premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the County.

Funding Progress

For the year ended December 31, 2010, the County has determined an estimated cost of providing retiree post-employment benefits through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

The County's computed contribution and actual funding is summarized as follows:

Annual required contribution/Annual OPEB cost (ARC)	\$ 401,196
Interest on net OPEB obligation	<u>8,017</u>
Annual OPEB cost (expense)	409,213
Amounts contributed:	
Payments of current premiums (Gross of employee reimbursement)	<u>274,394</u>
Increase in net OPEB obligation	134,819
OPEB obligation - Beginning of year	<u>178,162</u>
OPEB obligation - End of year	<u><u>\$ 312,981</u></u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND MEDICAL CARE FACILITY) - CONTINUED

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, were as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual OPEB cost	\$ 329,907	\$ 347,312	\$ 409,213
Percentage contributed	82.76%	65.08%	67.05%
Net OPEB obligation	56,872	178,162	312,981

The current funding progress of the plan as of the applicable December 31 year end is as follows:

	<u>2007</u>	<u>2009</u>
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	4,656,103	3,848,046
Unfunded AAL (UAAL)	4,656,103	3,848,046
Funded ratio	0%	0%

This trend information was obtained from the most recently issued actuarial reports.

Information related to funding progress with multiyear trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented since there currently are no plan assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the County and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009, actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions include a 4.5 percent a year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets, and a base payroll growth rate of 4.5 percent. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study the assumed rate ranges from 10 percent in the short-term to 4.5 percent in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

Plan Description

Shiawassee County Road Commission provides hospitalization and medical coverage on a complimentary basis for employees who retire after January 1, 1975 as other post-employment benefits (OPEB) to all applicable employees, in accordance with the union agreements and/or personnel policies. The following are the Governmental Accounting Standards Board Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the Commission.

- Employees retiring between January 1, 1975 and December 31, 1991 will receive employer paid coverage for the retiree only. Coverage will be what was in effect at the time of retirement.
- Employees retiring between January 1, 1992 and December 31, 1998 will receive employer paid coverage for the retiree and his or her spouse. Spouse shall be the person the employee was married to at the time of retirement. Coverage will be what was in effect at the time of retirement.
- Employees retiring on or after January 1, 1999 and who have a seniority date prior to December 31, 1998 will receive employer paid coverage for the retiree only, unless they have a minimum of 25 years of seniority and are at least 55 years of age, then the employer will also pay for spouse coverage. Spouse shall be the person the employee was married to at the time of retirement. Coverage will be what was in effect as of August 1, 1998.
- Employees hired after December 31, 1998 will not receive employer paid health care coverage upon retirement. They may continue their coverage by paying the monthly premium.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The Road Commission's annual other postemployment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*. The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Road Commission has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the Road Commission.

Funding Progress

For the year ended December 31, 2010, the Road Commission has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of December 31, 2008. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

The Road Commission's computed contribution and actual funding is summarized as follows:

Annual required contribution	\$ 959,225
Interest on net OPEB obligation	34,748
Adjustment to annual required contribution	<u>(24,528)</u>
Annual OPEB cost (expense)	969,445
Contributions made	<u>600,713</u>
Increase in net OPEB obligation	368,732
Net OPEB obligation - Beginning of year	<u>496,409</u>
Net OPEB obligation - End of year	<u><u>\$ 865,141</u></u>

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, were as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual OPEB costs	\$ 928,404	\$ 935,697	\$ 959,225
Percentage contributed	63.95%	82.72%	62.62%
Net OPEB obligation	\$ 334,736	\$ 496,409	\$ 865,141

The current funding progress of the plan as of December 31, 2008, the most recent valuation date, is as follows:

Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	14,736,962
Unfunded AAL (UAAL)	(14,736,962)
Funded ratio	0%
Annual covered payroll	\$ 1,200,784
Ratio of UAAL to covered payroll	1227%

The year ended December 31, 2008 was the first year that a valuation was done, so no information is available for years prior to that. Also, information related to funding progress with multiyear trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented since there currently are no plan assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the Commission are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are made about the future.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the Commission and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008, actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions include a 7.0 percent a year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets, and a base payroll growth rate of 3.3 percent. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study the assumed rate ranges from 7.3 percent in the short-term to 6.8 percent in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

COMPONENT UNIT - MEDICAL CARE FACILITY

Plan Description

Shiawassee County Medical Care Facility provides health and vision coverage for retirees as other post-employment benefits (OPEB) to all applicable employees, in accordance with the union agreements and/or personnel policies. Full cost retiree contribution is required. The following are the Governmental Accounting Standards Board Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the Facility.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The Medical Care Facility has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the Medical Care Facility.

Funding Progress

For the year ended December 31, 2010, the Medical Care Facility has determined an estimated cost of providing post-employment benefits through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - MEDICAL CARE FACILITY - CONTINUED

The Medical Care Facility's computed contribution and actual funding is summarized as follows:

Annual required contribution	\$ 46,722
Contributions made	<u>(37,186)</u>
Increase in net OPEB obligation	9,536
Net OPEB obligation - Beginning of year	<u>16,219</u>
Net OPEB obligation - End of year	<u><u>\$ 25,755</u></u>

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, were as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual OPEB cost	\$ 47,149	\$ 49,271	\$ 46,722
Percentage contributed	78.17%	87.97%	79.59%
Net OPEB obligation	\$ 10,290	\$ 16,219	\$ 25,755

The current funding progress of the plan as of December 31, 2009, the most recent valuation date, is as follows:

	<u>2009</u>
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	469,201
Unfunded AAL (UAAL)	(469,201)
Funded ratio	0%

Information related to funding progress with multiyear trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented since there currently are no plan assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the Commission are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the Commission and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE Q: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - MEDICAL CARE FACILITY - CONTINUED

In the December 31, 2009, actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions include a 4.5 percent a year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets, and a base payroll growth rate of 4.5 percent. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study the assumed rate ranges from 9.0 percent in the short-term to 4.5 percent in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 15 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

**NOTE R: UPCOMING GASB PRONOUNCEMENTS**

In March 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 will be replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The County will implement Statement No. 54 beginning with the fiscal year ending December 31, 2011.

**NOTE S: FEDERAL FINANCIAL ASSISTANCE**

COMPONENT UNIT - ROAD COMMISSION

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2010, the Federal aid received and expended by the Road Commission was \$1,642,011 for contracted projects and \$215,313 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (they are included in MDOT's single audit). Negotiated projects are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if it expended \$500,000 or more for negotiated projects.

**NOTE T: RELATED PARTY TRANSACTIONS**

COMPONENT UNIT - ROAD COMMISSION

The Road Commission engages in business transactions with four (4) vendors, Stechschulte Gas & Oil Co., D&D Truck & Trailer, The Town Tub, and Constine Gravel Company, which are owned and operated by various family members of one of the Road Commissioners. These transactions are made in the normal course of business and amounted to \$258,013 for the year ended December 31, 2010. The Road Commissioner related to the above parties abstained from voting on all contracts related to these parties.

**REQUIRED SUPPLEMENTARY INFORMATION**

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Current and delinquent property taxes	\$ 9,192,225	\$ 8,968,635	\$ 8,921,842	\$ (46,793)
Mobile home park taxes	12,000	12,000	11,308	(692)
Other tax revenue	20,300	20,300	21,113	813
<b>Total taxes</b>	<b>9,224,525</b>	<b>9,000,935</b>	<b>8,954,263</b>	<b>(46,672)</b>
<b>Licenses and permits</b>				
Dog and kennel licenses	136,000	136,000	133,622	(2,378)
Other licenses and permits	24,000	24,000	36,183	12,183
<b>Total licenses and permits</b>	<b>160,000</b>	<b>160,000</b>	<b>169,805</b>	<b>9,805</b>
<b>Intergovernmental - Federal/State</b>				
<b>Cooperative reimbursement</b>				
Prosecuting attorney	166,000	166,000	159,602	(6,398)
Friend of the court	539,893	539,893	588,182	48,289
Juvenile grant	27,317	27,317	27,317	-0-
ADC Maintenance incentive	112,708	112,708	113,198	490
Sheriff - justice	-	22,284	23,090	806
Sheriff - road patrol	98,449	98,449	98,477	28
Revenue Sharing	811,497	863,707	1,099,512	235,805
Liquor license	12,000	12,000	12,072	72
Convention facility liquor tax	109,213	109,213	106,774	(2,439)
Victims' rights	65,691	65,691	67,145	1,454
Drivers license restoration	20,000	23,400	23,412	12
Probate court judge	147,500	147,500	147,552	52
Circuit court judge	45,724	45,724	45,724	-0-
District court judge	91,448	91,448	90,998	(450)
Probate court guardianship	-	4,500	6,480	1,980
Diverted felons	65,000	65,000	16,785	(48,215)
Jury fee reimbursement	14,000	23,908	20,935	(2,973)
Community corrections	16,715	28,715	40,498	11,783
PA 345 - remonumentation	30,000	66,646	66,646	-0-
Court equity	385,000	385,000	330,474	(54,526)
Emergency management	114,109	168,928	162,209	(6,719)
<b>Total intergovernmental - Federal/State</b>	<b>2,872,264</b>	<b>3,068,031</b>	<b>3,247,082</b>	<b>179,051</b>
<b>Intergovernmental - Local</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>-0-</b>

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES - CONTINUED</b>				
Charges for services				
Sheriff	\$ 50,030	\$ 55,155	\$ 87,816	\$ 32,661
Treasurer fees	6,000	6,000	6,451	451
Equalization	62,500	62,500	57,098	(5,402)
Friend of the court service fees	70,000	70,000	63,350	(6,650)
District court	832,300	839,100	860,244	21,144
Circuit court	311,000	318,500	338,474	19,974
Probation - juvenile	34,500	34,500	18,196	(16,304)
Clerk	131,000	132,600	120,628	(11,972)
Register of deeds	322,665	322,665	325,465	2,800
Probate court	37,300	32,800	36,856	4,056
Community development	21,000	21,000	19,982	(1,018)
Landfill agreement	75,000	75,000	75,000	-0-
Care of prisoners	226,000	230,000	280,801	50,801
Other charges and services	1,200	2,770	4,080	1,310
Total charges for services	2,180,495	2,202,590	2,294,441	91,851
Fines and forfeits				
Bond forfeitures	5,000	7,500	8,820	1,320
Ordinance fines and costs	191,000	191,000	189,912	(1,088)
Total fines and forfeits	196,000	198,500	198,732	232
Interest and rents				
Interest	125,000	16,275	11,016	(5,259)
Rents	520	520	3,210	2,690
Total interest and rents	125,520	16,795	14,226	(2,569)
Other				
Contributions	31,100	27,350	22,750	(4,600)
Reimbursements - indirect costs	137,400	142,350	146,874	4,524
Reimbursements - other	45,000	53,995	54,129	134
Bond or insurance recoveries	-	24,584	24,584	-0-
Other	153,225	236,918	238,277	1,359
Total other	366,725	485,197	486,614	1,417
<b>TOTAL REVENUES</b>	15,161,529	15,168,048	15,401,163	233,115

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OTHER FINANCING SOURCES				
Transfers in				
Revenue Sharing Reserve Fund	\$ 545,870	\$ 545,870	\$ 522,268	\$ (23,602)
Housing Rehabilitation Fund	25,647	25,647	16,688	(8,959)
Delinquent Tax Revolving Fund	400,000	400,000	400,000	-0-
Budget Stabilization Fund	75,000	75,000	75,000	-0-
REACH Fund	5,000	5,000	5,000	-0-
Cigarette Tax Fund	22,000	22,000	22,000	-0-
Other funds	600	600	-	(600)
Local Correction Training Fund	24,000	26,304	26,304	-0-
Total other financing sources	<u>1,098,117</u>	<u>1,100,421</u>	<u>1,067,260</u>	<u>(33,161)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 16,259,646</u>	<u>\$ 16,268,469</u>	<u>\$ 16,468,423</u>	<u>\$ 199,954</u>

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2010

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current				
General government				
Board of Commissioners	\$ 137,909	\$ 133,884	\$ 133,829	\$ 55
Circuit court	626,064	628,929	625,571	3,358
District court	1,190,737	1,152,418	1,150,856	1,562
Friend of court	740,762	740,762	736,372	4,390
Probate - juvenile division	668,253	692,053	691,742	311
Probate - estate division	425,137	431,137	431,112	25
Circuit court - probation/parole	21,320	21,320	20,771	549
County Administrator	236,366	237,156	237,098	58
Elections	111,002	127,497	127,478	19
Clerk	410,625	418,125	416,899	1,226
Equalization	263,761	263,761	260,176	3,585
Prosecuting Attorney	848,996	848,996	833,507	15,489
Jury	35,300	45,738	40,890	4,848
Register of Deeds	321,557	321,557	312,375	9,182
County survey and remonumentation	59,500	92,396	92,396	-0-
Technology services	161,866	162,437	153,934	8,503
Treasurer	307,722	307,722	306,798	924
Postage	67,000	64,620	59,888	4,732
Agricultural extension	34,866	39,788	37,407	2,381
Courthouse and grounds	818,967	813,127	784,825	28,302
Drain commissioner	276,162	276,162	275,798	364
Telephone	109,000	104,050	99,093	4,957
Professional services	180,175	172,675	169,860	2,815
Airport	6,978	6,978	6,978	-0-
Other	1,200	1,200	1,029	171
Total general government	8,061,225	8,104,488	8,006,682	97,806
Public safety				
Sheriff	3,251,703	3,249,587	3,194,137	55,450
Security	145,662	190,281	190,148	133
Secondary road patrol	98,454	99,079	99,078	1
Jail	2,295,867	2,299,671	2,296,263	3,408
Animal control	124,487	124,487	111,748	12,739
Total public safety	5,916,173	5,963,105	5,891,374	71,731

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2010

EXPENDITURES - CONTINUED	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
Public works				
Drains at large	\$ 117,500	\$ 86,455	\$ 86,454	\$ 1
Health and welfare				
Medical examiner	134,050	129,050	128,719	331
Mental health	200,000	200,000	200,000	-0-
Emergency services	121,242	175,490	175,121	369
Veterans affairs	33,568	33,568	29,440	4,128
Veterans burials	18,000	26,000	22,175	3,825
Total health and welfare	506,860	564,108	555,455	8,653
Community and economic development				
Community development and strategic planning	171,446	171,446	156,707	14,739
Recreation and culture				
Parks	750	3,495	3,493	2
Other				
Insurance and bonds	483,010	420,629	404,223	16,406
Other	230,637	187,713	155,415	32,298
Total other	713,647	608,342	559,638	48,704
Capital outlay	56,359	56,359	56,359	-0-
Debt service	147,534	147,534	147,534	-0-
<b>TOTAL EXPENDITURES</b>	<b>15,691,494</b>	<b>15,705,332</b>	<b>15,463,696</b>	<b>241,636</b>

Shiawassee County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES				
Transfers to other funds				
Drunk Driving Fund	\$ 20,000	\$ 22,850	\$ 22,850	\$ -0-
Law Library Fund	4,000	4,000	4,000	-0-
Social Welfare - DHS Fund	5,000	5,000	5,000	-0-
Child Care - DHS Fund	145,000	108,750	108,750	-0-
Child Care - Probate Fund	270,000	306,250	306,250	-0-
Health Department Fund	290,601	290,601	290,601	-0-
Building Code Fund	-	20,000	20,000	-0-
TOTAL OTHER FINANCING USES	<u>734,601</u>	<u>757,451</u>	<u>757,451</u>	<u>-0-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 16,426,095</u>	<u>\$ 16,462,783</u>	<u>\$ 16,221,147</u>	<u>\$ 241,636</u>

Shiawassee County, Michigan

Health Department Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 215,542	\$ 253,500	\$ 258,733	\$ 5,233
Intergovernmental	1,979,541	1,885,614	1,871,127	(14,487)
Charges for services	81,910	102,361	57,686	(44,675)
Interest	400	150	145	(5)
TOTAL REVENUES	2,277,393	2,241,625	2,187,691	(53,934)
EXPENDITURES				
Current				
Health and welfare	2,559,368	2,505,726	2,298,848	206,878
Debt service	26,500	26,500	18,288	8,212
TOTAL EXPENDITURES	2,585,868	2,532,226	2,317,136	215,090
EXCESS OF REVENUES (UNDER) EXPENDITURES	(308,475)	(290,601)	(129,445)	161,156
OTHER FINANCING SOURCES				
Transfers in	308,475	290,601	290,601	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	161,156	161,156
Fund balance, beginning of year	328,099	328,099	328,099	-0-
Fund balance, end of year	\$ 328,099	\$ 328,099	\$ 489,255	\$ 161,156

## **OTHER SUPPLEMENTARY INFORMATION**

Shiawassee County, Michigan  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET

December 31, 2010

	Special			
	Rails to Trails	Family Counseling	Friend of the Court	Central Dispatch
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,062	\$ 64,126	\$ 164,328	\$ 767,570
Receivables	-	-	-	233,412
Due from other funds	-	-	-	-
Due from other governmental units - Federal/State	-	-	1,313	51,727
<b>TOTAL ASSETS</b>	<b>\$ 11,062</b>	<b>\$ 64,126</b>	<b>\$ 165,641</b>	<b>\$ 1,052,709</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 635	\$ 541
Accrued liabilities	-	-	2,295	33,707
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>2,930</b>	<b>34,248</b>
<b>FUND BALANCES</b>				
Unreserved				
Designated for capital improvement	-	-	-	276,000
Undesignated, reported in Special revenue funds	11,062	64,126	162,711	742,461
<b>TOTAL FUND BALANCES</b>	<b>11,062</b>	<b>64,126</b>	<b>162,711</b>	<b>1,018,461</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,062</b>	<b>\$ 64,126</b>	<b>\$ 165,641</b>	<b>\$ 1,052,709</b>

Revenue

Drunk Driving	Prosecutor's Fees	Farmland Preservation	Animal Control Donations	Building Code	Housing Rehabilitation	Sheriff Collection
\$ 99,967	\$ 104,332	\$ 1,448	\$ 21,468	\$ 8,277	\$ 33,643	\$ 37,364
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	349	-	-	-	-	-
<u>\$ 99,967</u>	<u>\$ 104,681</u>	<u>\$ 1,448</u>	<u>\$ 21,468</u>	<u>\$ 8,277</u>	<u>\$ 33,643</u>	<u>\$ 37,364</u>
\$ 201	\$ -	\$ -	\$ -	\$ 3,614	\$ 483	\$ -
-	-	-	-	3,670	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
201	-0-	-0-	-0-	7,284	483	-0-
-	-	-	-	-	-	126
<u>99,766</u>	<u>104,681</u>	<u>1,448</u>	<u>21,468</u>	<u>993</u>	<u>33,160</u>	<u>37,238</u>
<u>99,766</u>	<u>104,681</u>	<u>1,448</u>	<u>21,468</u>	<u>993</u>	<u>33,160</u>	<u>37,364</u>
<u>\$ 99,967</u>	<u>\$ 104,681</u>	<u>\$ 1,448</u>	<u>\$ 21,468</u>	<u>\$ 8,277</u>	<u>\$ 33,643</u>	<u>\$ 37,364</u>

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2010

	Special			
	Register of Deeds Automation	Emergency Management	Sheriff Posse	Local Correction Training
<b>ASSETS</b>				
Cash and cash equivalents	\$ 124,014	\$ 21,556	\$ 6,539	\$ 64,516
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units - Federal/State	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 124,014</u>	<u>\$ 21,556</u>	<u>\$ 6,539</u>	<u>\$ 64,516</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-0-	-0-	-0-	-0-
<b>FUND BALANCES</b>				
Unreserved				
Designated for capital improvement	-	-	-	-
Undesignated, reported in Special revenue funds	124,014	21,556	6,539	64,516
<b>TOTAL FUND BALANCES</b>	<u>124,014</u>	<u>21,556</u>	<u>6,539</u>	<u>64,516</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 124,014</u>	<u>\$ 21,556</u>	<u>\$ 6,539</u>	<u>\$ 64,516</u>

Revenue

Drug Forfeiture	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH	Social Welfare-DHS	Child Care - Probate
\$ 22,608	\$ 44,662	\$ 496	\$ 1,465	\$ 3,363	\$ 8,062	\$ 19,297
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	92,985
<u>\$ 22,608</u>	<u>\$ 44,662</u>	<u>\$ 496</u>	<u>\$ 1,465</u>	<u>\$ 3,363</u>	<u>\$ 8,062</u>	<u>\$ 112,282</u>
\$ -	\$ -	\$ -	\$ 536	\$ -	\$ -	\$ 15,923
-	-	-	-	-	-	18,381
-	-	-	-	-	-	-
-	-	-	-	-	-	31,608
-0-	-0-	-0-	536	-0-	-0-	65,912
-	-	-	-	-	-	-
<u>22,608</u>	<u>44,662</u>	<u>496</u>	<u>929</u>	<u>3,363</u>	<u>8,062</u>	<u>46,370</u>
<u>22,608</u>	<u>44,662</u>	<u>496</u>	<u>929</u>	<u>3,363</u>	<u>8,062</u>	<u>46,370</u>
<u>\$ 22,608</u>	<u>\$ 44,662</u>	<u>\$ 496</u>	<u>\$ 1,465</u>	<u>\$ 3,363</u>	<u>\$ 8,062</u>	<u>\$ 112,282</u>

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2010

	Special			
	Child Care-DHS	Veterans Relief	Veterans Trust	Cigarette Tax
<b>ASSETS</b>				
Cash and cash equivalents	\$ 119,618	\$ 87,511	\$ 1,006	\$ 12,297
Receivables	-	76,134	-	-
Due from other funds	31,608	-	-	-
Due from other governmental units - Federal/State	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 151,226</b>	<b>\$ 163,645</b>	<b>\$ 1,006</b>	<b>\$ 12,297</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	3
Deferred revenue	-	82,950	-	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>82,950</b>	<b>-0-</b>	<b>3</b>
<b>FUND BALANCES</b>				
<b>Unreserved</b>				
Designated for capital improvement	-	-	-	-
Undesignated, reported in Special revenue funds	151,226	80,695	1,006	12,294
<b>TOTAL FUND BALANCES</b>	<b>151,226</b>	<b>80,695</b>	<b>1,006</b>	<b>12,294</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 151,226</b>	<b>\$ 163,645</b>	<b>\$ 1,006</b>	<b>\$ 12,297</b>

Riverhaven	Revenue		Debt Service	Capital Projects		
	Budget Stabilization	Revenue Sharing Reserve	Equipment Acquisition Debt Service	Mental Health Capital Improvements	Capital Improvements	Equipment Acquisition
\$ 9,457	\$ 97,844	\$ -	\$ -	\$ -	\$ 56,904	\$ 3,806
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	201,151
<u>\$ 9,457</u>	<u>\$ 97,844</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 56,904</u>	<u>\$ 204,957</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,061
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-	199,061
-	-	-	-	-	56,904	5,896
9,457	97,844	-	-	-	-	-
9,457	97,844	-0-	-0-	-0-	56,904	5,896
<u>\$ 9,457</u>	<u>\$ 97,844</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 56,904</u>	<u>\$ 204,957</u>

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2010

	<u>Capital Projects</u>	
	<u>Jail Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,848	\$ 2,088,454
Receivables	-	309,546
Due from other funds	-	31,608
Due from other governmental units - Federal/State	-	347,525
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 69,848</u></u>	<u><u>\$ 2,777,133</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 220,994
Accrued liabilities	-	58,056
Deferred revenue	-	82,950
Due to other funds	-	31,608
	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	-0-	393,608
<b>FUND BALANCES</b>		
Unreserved		
Designated for capital improvement	69,848	408,774
Undesignated, reported in Special revenue funds	-	1,974,751
	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>69,848</u>	<u>2,383,525</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 69,848</u></u>	<u><u>\$ 2,777,133</u></u>

- THIS PAGE INTENTIONALLY LEFT BLANK -

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2010

	Special			
	Rails to Trails	Family Counseling	Friend of the Court	Central Dispatch
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal/State	-	-	14,273	32,615
Charges for services	-	-	50,375	1,166,272
Fines and forfeits	-	6,900	-	-
Interest and rents	-	-	439	1,906
Other	-	-	-	5,993
<b>TOTAL REVENUES</b>	<b>-0-</b>	<b>6,900</b>	<b>65,087</b>	<b>1,206,786</b>
<b>EXPENDITURES</b>				
Current				
General government	-	892	77,280	-
Public safety	-	-	-	1,140,037
Health and welfare	-	-	-	-
Community and economic development	500	-	-	-
Capital outlay	-	-	-	43,515
<b>TOTAL EXPENDITURES</b>	<b>500</b>	<b>892</b>	<b>77,280</b>	<b>1,183,552</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(500)</b>	<b>6,008</b>	<b>(12,193)</b>	<b>23,234</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(35,000)
Payments to other governmental units	-	-	-	-
Debt proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(35,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(500)</b>	<b>6,008</b>	<b>(12,193)</b>	<b>(11,766)</b>
Fund balances, beginning of year	11,562	58,118	174,904	1,030,227
Fund balances, end of year	<u>\$ 11,062</u>	<u>\$ 64,126</u>	<u>\$ 162,711</u>	<u>\$ 1,018,461</u>

Revenue

Drunk Driving	Prosecutor's Fees	Farmland Preservation	Animal Control Donations	Building Code	Housing Rehabilitation	Sheriff Collection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	20,432	-	-	-	209,261	-
-	-	-	-	144,427	5,776	3,647
-	-	-	-	-	-	-
290	-	-	-	-	-	-
-	-	-	12,994	-	-	2,218
290	20,432	-0-	12,994	144,427	215,037	5,865
-	3,078	-	-	-	-	-
7,149	-	-	979	-	-	3,529
-	-	-	-	-	178,496	-
-	-	-	-	163,978	-	-
-	-	-	-	-	-	-
7,149	3,078	-0-	979	163,978	178,496	3,529
(6,859)	17,354	-0-	12,015	(19,551)	36,541	2,336
22,850	-	-	-	20,000	-	-
-	-	-	-	-	(16,688)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,850	-0-	-0-	-0-	20,000	(16,688)	-0-
15,991	17,354	-0-	12,015	449	19,853	2,336
83,775	87,327	1,448	9,453	544	13,307	35,028
<u>\$ 99,766</u>	<u>\$ 104,681</u>	<u>\$ 1,448</u>	<u>\$ 21,468</u>	<u>\$ 993</u>	<u>\$ 33,160</u>	<u>\$ 37,364</u>

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2010

	Special			
	Register of Deeds Automation	Emergency Management	Sheriff Posse	Local Correction Training
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal/State	-	3,893	-	-
Charges for services	59,495	-	9,545	26,230
Fines and forfeits	-	-	-	-
Interest and rents	267	-	-	-
Other	-	3,600	-	-
<b>TOTAL REVENUES</b>	<b>59,762</b>	<b>7,493</b>	<b>9,545</b>	<b>26,230</b>
EXPENDITURES				
Current				
General government	32,376	-	-	-
Public safety	-	7,087	10,228	7,376
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>32,376</b>	<b>7,087</b>	<b>10,228</b>	<b>7,376</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,386	406	(683)	18,854
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(26,304)
Payments to other governmental units	-	-	-	-
Debt proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(26,304)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>27,386</b>	<b>406</b>	<b>(683)</b>	<b>(7,450)</b>
Fund balances, beginning of year	96,628	21,150	7,222	71,966
Fund balances, end of year	\$ 124,014	\$ 21,556	\$ 6,539	\$ 64,516

Revenue

Drug Forfeiture	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH	Social Welfare-DHS	Child Care - Probate
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	31,706	-	-	-	372,169
25,041	72,853	-	-	-	670	-
-	-	-	6,500	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,565	-	23,739
25,041	72,853	31,706	6,500	1,565	670	395,908
-	34,236	-	11,369	-	-	-
3,670	-	32,068	-	-	-	-
-	-	-	-	921	5,287	622,169
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,670	34,236	32,068	11,369	921	5,287	622,169
21,371	38,617	(362)	(4,869)	644	(4,617)	(226,261)
-	-	-	4,000	-	5,000	306,250
(11,600)	-	-	-	(5,000)	-	(81,327)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(11,600)	-0-	-0-	4,000	(5,000)	5,000	224,923
9,771	38,617	(362)	(869)	(4,356)	383	(1,338)
12,837	6,045	858	1,798	7,719	7,679	47,708
<u>\$ 22,608</u>	<u>\$ 44,662</u>	<u>\$ 496</u>	<u>\$ 929</u>	<u>\$ 3,363</u>	<u>\$ 8,062</u>	<u>\$ 46,370</u>

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2010

	Special			
	Child Care-DHS	Veterans Relief	Veterans Trust	Cigarette Tax
REVENUES				
Taxes	\$ -	\$ 91,574	\$ -	\$ -
Intergovernmental				
Federal/State	-	-	5,516	3,570
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	33,333	-	-	-
<b>TOTAL REVENUES</b>	<b>33,333</b>	<b>91,574</b>	<b>5,516</b>	<b>3,570</b>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	188,892	68,135	5,448	7,289
Community and economic development	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>188,892</b>	<b>68,135</b>	<b>5,448</b>	<b>7,289</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(155,559)	23,439	68	(3,719)
OTHER FINANCING SOURCES (USES)				
Transfers in	190,077	-	-	-
Transfers out	-	-	-	(22,000)
Payments to other governmental units	-	-	-	-
Debt proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>190,077</b>	<b>-0-</b>	<b>-0-</b>	<b>(22,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>34,518</b>	<b>23,439</b>	<b>68</b>	<b>(25,719)</b>
Fund balances, beginning of year	116,708	57,256	938	38,013
Fund balances, end of year	<u>\$ 151,226</u>	<u>\$ 80,695</u>	<u>\$ 1,006</u>	<u>\$ 12,294</u>

Riverhaven	Revenue		Debt Service	Capital Projects		
	Budget Stabilization	Revenue Sharing Reserve	Equipment Acquisition Debt Service	Mental Health Capital Improvements	Capital Improvements	Equipment Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,409	-	-	-	-	43,086	300,816
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	393	295	-	-	-	-
-	-	-	-	-	-	-
14,409	393	295	-0-	-0-	43,086	300,816
-	-	-	-	-	29,197	17,600
-	-	-	-	-	-	-
15,722	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	13,889	1,157,320
15,722	-0-	-0-	-0-	-0-	43,086	1,174,920
(1,313)	393	295	-0-	-0-	-0-	(874,104)
-	-	-	-	-	-	-
-	(75,000)	(522,268)	-	-	-	-
-	-	-	-	(4,000,000)	-	-
-	-	-	-	4,000,000	-	880,000
-0-	(75,000)	(522,268)	-0-	-0-	-0-	880,000
(1,313)	(74,607)	(521,973)	-0-	-0-	-0-	5,896
10,770	172,451	521,973	-	-	56,904	-
\$ 9,457	\$ 97,844	\$ -0-	\$ -0-	\$ -0-	\$ 56,904	\$ 5,896

Shiawassee County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2010

	<u>Capital Projects</u>	
	<u>Jail Fund</u>	<u>Total</u>
REVENUES		
Taxes	\$ -	\$ 91,574
Intergovernmental		
Federal/State	-	1,051,746
Charges for services	-	1,564,331
Fines and forfeits	-	13,400
Interest and rents	-	3,590
Other	8,325	91,767
	<u>8,325</u>	<u>91,767</u>
 TOTAL REVENUES	 8,325	 2,816,408
EXPENDITURES		
Current		
General government	-	206,028
Public safety	12,680	1,224,803
Health and welfare	-	1,092,359
Community and economic development	-	164,478
Capital outlay	48,498	1,263,222
	<u>48,498</u>	<u>1,263,222</u>
 TOTAL EXPENDITURES	 <u>61,178</u>	 <u>3,950,890</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (52,853)	 (1,134,482)
OTHER FINANCING SOURCES (USES)		
Transfers in	46,600	594,777
Transfers out	-	(795,187)
Payments to other governmental units	-	(4,000,000)
Debt proceeds	-	4,880,000
	<u>-</u>	<u>4,880,000</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>46,600</u>	 <u>679,590</u>
 NET CHANGE IN FUND BALANCES	 (6,253)	 (454,892)
 Fund balances, beginning of year	 <u>76,101</u>	 <u>2,838,417</u>
 Fund balances, end of year	 <u>\$ 69,848</u>	 <u>\$ 2,383,525</u>

- THIS PAGE INTENTIONALLY LEFT BLANK -

Shiawassee County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2010

	<u>Trust and Agency</u>	<u>SATA Fare Subsidy</u>	<u>Economic Development</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 1,348,180</u>	<u>\$ 71,346</u>	<u>\$ 1,127</u>
<b>LIABILITIES</b>			
Undistributed collections payable	\$ 240,562	\$ -	\$ -
Due to other governmental units			
Federal/State	235,084	-	-
Local	501,518	-	1,127
Due to individuals and agencies	<u>371,016</u>	<u>71,346</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,348,180</u>	<u>\$ 71,346</u>	<u>\$ 1,127</u>

<u>Library Penal Fine</u>	<u>Renovation</u>	<u>Total</u>
<u>\$ 54,673</u>	<u>\$ 590</u>	<u>\$ 1,475,916</u>
\$ 54,673	\$ 590	\$ 295,825
-	-	235,084
-	-	502,645
<u>-</u>	<u>-</u>	<u>442,362</u>
<u>\$ 54,673</u>	<u>\$ 590</u>	<u>\$ 1,475,916</u>

Shiawassee County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2010

	Debt Service			
	Drain Debt	Corunna Debt	Henderson Debt	Byron Water Project
<b>ASSETS</b>				
Cash and cash equivalents	\$ 651,819	\$ -	\$ -	\$ -
Special assessments receivable	2,072,921	-	-	-
Due from other governmental units - Local	-	50,521	175,948	703,186
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$2,724,740</b>	<b>\$ 50,521</b>	<b>\$ 175,948</b>	<b>\$ 703,186</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Advances from other governmental units	-	-	-	-
Deferred revenue	1,870,936	50,521	175,948	703,186
<b>TOTAL LIABILITIES</b>	<b>1,870,936</b>	<b>50,521</b>	<b>175,948</b>	<b>703,186</b>
<b>FUND BALANCES</b>				
Reserved for advances to other funds	-	-	-	-
Reserved for debt service	853,804	-	-	-
Unreserved				
Designated for capital expenditures	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>853,804</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$2,724,740</b>	<b>\$ 50,521</b>	<b>\$ 175,948</b>	<b>\$ 703,186</b>

Capital Projects

Lake Level	Regular Drain	Revolving Drain	Revolving Drain Maintenance	Drain Equipment Revolving	Total
\$ 780	\$ 1,588,409	\$ 56,824	\$ 11,103	\$ 33,856	\$ 2,342,791
-	192,377	-	-	-	2,265,298
-	-	-	-	-	929,655
-	-	171,901	-	-	171,901
-	30,725	-	-	28,000	58,725
<u>\$ 780</u>	<u>\$ 1,811,511</u>	<u>\$ 228,725</u>	<u>\$ 11,103</u>	<u>\$ 61,856</u>	<u>\$ 5,768,370</u>
-	2,040	-	-	240	2,280
-	2,497	-	-	-	2,497
-	171,901	-	-	-	171,901
-	-	58,725	-	-	58,725
-	-	170,000	-	-	170,000
-	7,283	-	-	-	2,807,874
-0-	183,721	228,725	-0-	240	3,213,277
-	30,725	-	-	28,000	58,725
-	2,040	-	-	-	855,844
<u>780</u>	<u>1,595,025</u>	<u>-</u>	<u>11,103</u>	<u>33,616</u>	<u>1,640,524</u>
<u>780</u>	<u>1,627,790</u>	<u>-0-</u>	<u>11,103</u>	<u>61,616</u>	<u>2,555,093</u>
<u>\$ 780</u>	<u>\$ 1,811,511</u>	<u>\$ 228,725</u>	<u>\$ 11,103</u>	<u>\$ 61,856</u>	<u>\$ 5,768,370</u>

Shiawassee County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2010

**Total fund balance - governmental funds** \$ 2,555,093

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 10,827,792	
Accumulated depreciation is	<u>(3,514,359)</u>	
Capital assets, net		7,313,433

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Other deferred revenue	1,878,219	
Deferred portion of due from other governmental units	<u>929,655</u>	
		2,807,874

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Long-term obligations	3,609,470	
Accrued interest payable	<u>15,305</u>	
		<u>(3,624,775)</u>

**Net assets of governmental activities** \$ 9,051,625

Shiawassee County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DRAINAGE DISTRICTS

Year Ended December 31, 2010

	Debt Service			
	Drain Debt	Corunna Debt	Henderson Debt	Byron Water Project
<b>REVENUES</b>				
Intergovernmental - local	\$ -	\$ 55,088	\$ 22,050	\$ 50,607
Interest	3,262	-	-	-
Other	269,437	-	-	-
<b>TOTAL REVENUES</b>	<b>272,699</b>	<b>55,088</b>	<b>22,050</b>	<b>50,607</b>
<b>EXPENDITURES</b>				
Current				
Public works	-	-	-	-
Debt service	311,187	55,088	22,050	50,607
<b>TOTAL EXPENDITURES</b>	<b>311,187</b>	<b>55,088</b>	<b>22,050</b>	<b>50,607</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(38,488)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(25,924)	-	-	-
Bond proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(25,924)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(64,412)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
Fund balances, beginning of year	918,216	-	-	-
Fund balances, end of year	<u>\$ 853,804</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Capital Projects

Lake Level	Regular Drain	Revolving Drain	Revolving Drain Maintenance	Drain Equipment Revolving	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,482	\$ 132,227
-	2,573	-	163	-	5,998
-	241,221	-	-	-	510,658
-0-	243,794	-0-	163	4,482	648,883
-	313,074	-	-	119,218	432,292
-	-	-	-	-	438,932
-0-	313,074	-0-	-0-	119,218	871,224
-0-	(69,280)	-0-	163	(114,736)	(222,341)
-	25,924	-	-	49,328	75,252
-	(49,328)	-	-	-	(75,252)
-	385,000	-	-	-	385,000
-0-	361,596	-0-	-0-	49,328	385,000
-0-	292,316	-0-	163	(65,408)	162,659
780	1,335,474	-	10,940	127,024	2,392,434
<u>\$ 780</u>	<u>\$ 1,627,790</u>	<u>\$ -0-</u>	<u>\$ 11,103</u>	<u>\$ 61,616</u>	<u>\$ 2,555,093</u>

Shiawassee County, Michigan

Component Unit

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2010

**Net change in fund balances - total governmental funds** \$ 162,659

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 194,199	
Depreciation expense	<u>(216,808)</u>	(22,609)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in other deferred revenue	69,880	
(Decrease) in due from other governmental units	<u>(105,615)</u>	(35,735)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Debt proceeds	(385,000)	
Debt principal retirements	<u>312,802</u>	(72,198)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable		<u>147</u>
--------------------------------------	--	------------

**Change in net assets of governmental activities** \$ 32,264

Shiawassee County, Michigan  
Component Unit Funds  
BALANCE SHEET - COUNTY AIRPORT  
December 31, 2010

	Special Revenue
<b>ASSETS</b>	
Cash and cash equivalents	\$ 38,226
Accounts receivable	16,865
Inventories	8,231
<b>TOTAL ASSETS</b>	<b>\$ 63,322</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 962
Accrued liabilities	1,534
Deferred revenue	7,700
<b>TOTAL LIABILITIES</b>	<b>10,196</b>
<b>FUND BALANCE</b>	
Reserved for inventories	8,231
Unreserved	
Undesignated	44,895
<b>TOTAL FUND BALANCE</b>	<b>53,126</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 63,322</b>

Shiawassee County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - COUNTY AIRPORT

December 31, 2010

**Total fund balance - governmental fund** \$ 53,126

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 2,103,620	
Accumulated depreciation is	<u>(329,640)</u>	
Capital assets, net		<u>1,773,980</u>
<b>Net assets of governmental activities</b>		<u><u>\$1,827,106</u></u>

Shiawassee County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - COUNTY AIRPORT

Year Ended December 31, 2010

	<u>Special Revenue</u>
REVENUES	
Intergovernmental - federal	\$ 310,238
Intergovernmental - local	21,146
Charges for services	78,488
Interest and rents	53,699
Other	<u>17,816</u>
TOTAL REVENUES	481,387
EXPENDITURES	
Current	
Public works	157,943
Capital outlay	<u>319,204</u>
TOTAL EXPENDITURES	<u>477,147</u>
NET CHANGE IN FUND BALANCE	4,240
Fund balance, beginning of year	<u>48,886</u>
Fund balance, end of year	<u><u>\$ 53,126</u></u>

Shiawassee County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES - COUNTY AIRPORT

Year Ended December 31, 2010

**Net change in fund balance - governmental fund** \$ 4,240

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 319,204	
Depreciation expense	<u>(67,536)</u>	
Excess of capital outlay over depreciation expense		<u>251,668</u>
<b>Change in net assets of governmental activities</b>		<u><u>\$ 255,908</u></u>

Shiawassee County, Michigan  
 Component Unit Funds  
 BALANCE SHEET - COUNCIL ON AGING  
 December 31, 2010

	Special Revenue
<b>ASSETS</b>	
Cash and cash equivalents	\$ 239,949
Investments	166,975
Taxes receivable	381,277
<b>TOTAL ASSETS</b>	<b>\$ 788,201</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Deferred revenue	\$ 414,750
Accrued liabilities	2,852
<b>TOTAL LIABILITIES</b>	417,602
<b>FUND BALANCE</b>	
Unreserved	
Undesignated	370,599
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 788,201</b>

Shiawassee County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - COUNCIL ON AGING

December 31, 2010

**Total fund balance - governmental funds** \$ 370,599

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 102,262
Accumulated depreciation is	<u>(71,449)</u>

Capital assets, net	<u>30,813</u>
---------------------	---------------

<b>Net assets of governmental activities</b>	<u><u>\$ 401,412</u></u>
--	--------------------------

Shiawassee County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - COUNCIL ON AGING

Year Ended December 31, 2010

	<u>Special Revenue</u>
REVENUES	
Taxes	\$ 305,753
Intergovernmental	399,696
Charges for services	88,318
Interest	8,847
Other	<u>28,312</u>
TOTAL REVENUES	830,926
EXPENDITURES	
Current	
Health and welfare	<u>825,511</u>
NET CHANGE IN FUND BALANCE	5,415
Fund balance, beginning of year	<u>365,184</u>
Fund balance, end of year	<u><u>\$ 370,599</u></u>

Shiawassee County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES - COUNCIL ON AGING

Year Ended December 31, 2010

**Net change in fund balance - governmental fund** \$ 5,415

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, this amount is:

Depreciation expense	<u>(6,687)</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ (1,272)</u></u></b>