

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LAPEER COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2008

BOARD OF COMMISSIONERS

**David Taylor, Chairperson
Cheryl Clark, Vice Chairperson
Dyle Henning
Lenny Schneider
Linda Jarvis
C. Ian Kempf
Gary Roy**

**ISSUED BY:
COUNTY ADMINISTRATION OFFICE**

**John Biscoe, County Controller/Administrator
Craig D. Horton, Chief Financial Officer**

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS DECEMBER 31, 2008

	<u>Page Number</u>
SECTION ONE: INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement	x
Organizational Chart	xi
List of Elected and Appointed Officials	xiii
SECTION TWO: FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Assets - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Assets - Fiduciary Funds	28
Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	29
Combining Statement of Net Assets - Discretely Presented Component Units	30
Combining Statement of Activities - Discretely Presented Component Units	31
Notes to the Basic Financial Statements	32

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS DECEMBER 31, 2008

Page Number

SECTION TWO: FINANCIAL SECTION – (cont'd)

Required Supplementary Information:

General Fund -	
Budgetary Comparison Schedule	70
Mental Health Fund -	
Budgetary Comparison Schedule	73
Revenue Sharing Reserve Fund -	
Budgetary Comparison Schedule	74
Local Reserve Fund -	
Budgetary Comparison Schedule	75
Senior Millage Fund -	
Budgetary Comparison Schedule	76

Supplementary Information:

Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds -	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Nonmajor Special Revenue Funds	89
Internal Service Funds -	
Combining Statement of Net Assets - Internal Service Funds	103
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	105
Combining Statement of Cash Flows - Internal Service Funds	107
Fiduciary Funds -	
Pension and Other Employee Benefit Trust Fund	
Combining Statement of Fiduciary Net Assets	109
Combining Statement of Changes in Pension and Other Employee Benefit Trust Funds Fiduciary Net Assets	110
Agency Funds -	
Combining Statement of Fiduciary Net Assets	111
Combining Statement of Changes in Assets and Liabilities	112
Capital Assets Used in the Operation of Governmental Funds -	
Schedule of Changes in Capital Assets	114
Schedule of Capital Assets by Function and Activity	115
Schedule of Changes in Capital Assets by Function and Activity	116
Discretely Presented Component Units -	
Board of Public Works Funds –	
Combining Balance Sheet	117

LAPEER COUNTY, MICHIGAN

**TABLE OF CONTENTS
DECEMBER 31, 2008**

Page Number

SECTION TWO: FINANCIAL SECTION – (cont’d)

Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	122
Drainage District Funds -	
Combining Balance Sheet	123
Reconciliation of Fund Balance on the Balance Sheet to Net Assets of Governmental Activities on the Statement of Net Assets	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	126
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	128
Statement of Net Assets - Proprietary Fund	129
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	129
Statement of Cash Flows - Proprietary Fund	130

SECTION THREE: STATISTICAL SECTION

Financial Trends

Government-Wide Net Assets by Component - Last Five Years	S-1
Government-Wide Changes in Net Assets - Last Five Years	S-2
Fund Balances, Governmental Funds - Last Ten Years	S-4
Changes in Fund Balance, Governmental Funds - Last Ten Years	S-5
General Fund Changes in Fund Balances - Last Ten Years	S-6

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Years	S-7
Property Rates - All Direct and Overlapping Governments - Last Ten Years	S-8
Principal Property Tax Payers - Current Years and Nine Years Ago	S-10

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS DECEMBER 31, 2008

	<u>Page Number</u>
SECTION THREE: STATISTICAL SECTION - (cont'd)	
Revenue Capacity – (cont'd)	
Property Tax Levies and Collections - All Taxing Units within the County - Last Ten Year	S-11
Property Tax Levies and Collections - County Operating Levy Only - Last Ten Years	S-12
Drain Special Assessment Levies and Collections - Last Ten Years	S-13
Debt Capacity	
Ratios of Net General Bonded Debt Outstanding - Last Ten Years	S-14
Computation of Direct and Overlapping Long-Term Bonded Debt Legal Debt Margin Information -	S-15
Last Ten Years	S-16
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Years	S-17
Principal Employers - Current Year and Nine Years Ago	S-18
Demographic Statistics - Property Values - Last Ten Years	S-20
Miscellaneous Statistics - Employment by Industry	S-21
Operating Information	
Full-Time Equivalent County Government Employee Positions by Function - Last Ten Years	S-22
Operating Indicator by Function - Last Five Years	S-23
Capital Asset Statistics by Function - Last Two Years	S-27
Miscellaneous Statistics	
Description of Insurance Coverage in Force	S-28
Other Statistics	S-29



MICHIGAN'S OLDEST COURTHOUSE

Lapeer County Administration Office

255 Clay Street
Lapeer, Michigan 48446

phone 810 area code
667-0366
667-0369 FAX
www.county.lapeer.org

June 23, 2009

To the Board of Commissioners and Citizens of Lapeer County:

The Comprehensive Annual Financial Report (CAFR) of the County of Lapeer, Lapeer, Michigan, for the year ended December 31, 2008, is submitted herewith. The administration of Lapeer County is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the County as a whole. The report is prepared for the purpose of disclosing the County's financial condition to our community, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable statutes of the State of Michigan and generally accepted accounting principles (GAAP) as stated in the Government Accounting Standards Board's (GASB) Statements and Interpretations. This CAFR is issued pursuant to the requirements of the GASB. Readers of this report will notice a Statement of Net Assets and a Statement of Activities are now included. These statements present the financial position of Lapeer County viewed in their entirety. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to augment the MD&A and should be read in conjunction with it. The MD&A can be found following the report of the independent auditors.

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, and a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lapeer County, for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that Lapeer County's financial statements for the year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Lapeer County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in Lapeer County's separately issued Single Audit Report.

PROFILE OF LAPEER COUNTY

Incorporated in 1835, Lapeer County covers an area of approximately 666 square miles. Located 56 miles north of the City of Detroit, and 48 miles west of the Canadian border on Interstate 69, the County has exceptional access to transportation systems. Four major state highways, M-21, M-24, M-90, and M-53, intersect the County. With the opening of additional lanes on M-24 south of the City of Lapeer, the major 4 lane project is partially completed and has eased the movement of a heavy volume of north/south traffic. Bishop International Airport located adjacent to I-75 20 miles to the west in Flint, offers a hub to major commercial and passenger air carriers. The local DuPont Airport serves the private aviation community. Rail passenger service is provided by AMTRAK and freight service by CNX via a major east-west rail line that links Canada and Chicago. The Greater Lapeer Transportation Authority provides bus transportation intra-county. There are eighteen townships, two cities, and six villages within the boundaries of the County.

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County experienced a population decrease in 2008. The U.S. Census Bureau estimated the population at 90,875 down from 91,723 in 2007. This is the third year of a downward trend from the highest estimate of 92,240 in 2005.

The proximity of Lapeer County to the Detroit Metropolitan Area and job markets in Oakland, Macomb, and Genesee County, remains a principle factor in the local economy with approximately 50% of the county work force employed in those areas. A pastoral landscape and planning efforts to direct growth and preserve green space are also attractive attributes to those considering relocating to the County.

A number of financial institutions are located throughout the County. The Lapeer County Bank and Trust continues to be locally owned and managed. Branches of Chase, Citizens First Savings, Flagstar, CSB, National City, Tri-County Bank, Independent Bank, Oxford Bank, and two credit unions also offer financial services to residents

The taxable value of property reached \$3,195,751,102 as compared to \$3,129,128,779 in 2007, an increase of approximately 2%. During the same period, C.E.V. decreased from \$4,327,575,426 to \$4,292,379,530 down .08%. The tax levy of 3.7886 remained the same from 2007 for general County operations.

In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County. The average residential selling price in 2008 was \$127,110, down from \$151,499 in 2007 based on data from the Lapeer and Upper Thumb Association of Realtors. These trends will be discussed further in the **Financial Practices, Factors Affecting Financial Conditions** section.

With over 250 lakes, two Counties, two States, and a number of local parks, abundant fishing, camping, and water sport opportunities are available for the enthusiast. Within an hour drive, Lake Huron provides additional fishing and boating experiences and access to the other Great Lakes. Numerous golf courses add to the extensive recreation options. The County is also home to three sites on the national historical register, including one of the oldest operating Courthouses in the nation. Built in 1846, this significant historical site is an outstanding example of Greek revival architecture and is a community focal point.

Major professional sports teams, the Detroit Lions, the Detroit Red Wings, Detroit Tigers, and the Detroit Pistons, play their home games within a 60-minute drive. Michigan State University in East Lansing and the University of Michigan in Ann Arbor are less than 75 miles from Lapeer. These Big Ten institutions provide ready access to excellent educational and research facilities, and NCAA Division One college athletic events.

Creating a link between government and businesses interested in locating or expanding in the County, the Lapeer Development Corporation continues to lead and coordinate economic development. During 2008, LDC assisted in the creation of 143 jobs and \$13.7 million of investment value occurred as a result of the efforts of the Corporation. Since its inception in 1981, the LDC has brought a private sector investment of \$500,445,142 into the County and has assisted with the creation and retention of 6,653 jobs. An expanded partnership evolved in 2003 with the LDC established as the County Brownfield Authority by the Board of Commissioners. With the Brownfield designation, another tool was added to the local economic development process.

Lapeer Regional Medical Center, an acute care facility serves the County and is affiliated with McLaren Health Care Corporation. The Center, located in the City of Lapeer, has 222 beds with a staff of 150 doctors and more than 200 nurses and provides a full range of advanced diagnostic technology including an imaging center. McLaren has developed a network of care sites throughout the County that provide a range of outpatient services, renovated the emergency room at the hospital, and completed construction of a 16,200 square foot state-of-the-art outpatient cancer facility in 2008.

Nine nursing facilities with 969 beds serve the county and the County Medical Care Facility provides another 202 beds with a staff of 3 doctors and 300 employees.

Reflective of the changing County is the emergence of the Lapeer Community Foundation. Since beginning as a fund of the Community Foundation of Flint in 1996, the Foundation's assets have grown and approximately \$60,000 is awarded in scholarships and \$100,000 is granted to non-profit groups, educational and government institutions annually.

The Foundation, which became independent in 2005, manages 45 funds for community organizations.

The Intermediate School District serves five school systems and a number of private schools provide diverse educational experiences within the County. Chatfield School, chartered by Saginaw Valley State University, completed its thirteenth year of operation in August. Located in the City of Lapeer, the school has an enrollment of 295 elementary students.

Higher education opportunities are provided by a number of institutions at sites within the County. Mott Community College and the University of Michigan-Flint offer classes in the City of Lapeer. On the east side of the County, St. Clair Community College operates off campus programs in Imlay City and the Lapeer Ed-Tech Center.

The Lapeer District Library with eight branches, an automated circulation system and an on line catalog offers ready access to residents within the District. The Library also operates the Lapeer Information Depot, a web site that offers links to many sites in the County and a community calendar that notes a wide range of local activities and events. The Almont area is served by a District Library, as is the Imlay City community. Both Dryden and North Branch Townships maintain a local library.

Public Safety dispatching within the County is coordinated through one central communication site. The Lapeer County 911 Central Dispatch Center is responsible for dispatching 15 local fire departments, the County Sheriff Department, the Michigan State Police, 7 local police departments, and 4 EMS organizations. The Emergency Operations Center, the hub for emergency management communication and coordination in the event of a natural or man made disaster, is also located in the facility.

ORGANIZATION STRUCTURE

The County is organized under various public acts of the State of Michigan and is governed by a seven member Board of Commissioners. The County operates under the Controller/Administrator form of government. In 2002, the Board was increased from five to seven members as a result of the re-apportionment process, which is required every ten years. Each Commissioner is elected on a partisan basis for a term of two years from districts that are approximately equal in population. The Board annually elects a member to serve as Chairperson and a member to serve as Vice Chairperson. Primary functions of the Board include determination of the type and level of County service, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions, and certain County officials.

The Judicial System within the County operates under the direction of the State Supreme Court. Two Judges are elected at large in the 71-A District Court for six-year terms, one Judge is elected at large for a six-year term in the Probate Court, and two Judges are elected at large for six-year terms in the 40th Judicial Circuit Court. One Judge is selected by the Supreme Court to serve as the Chief Judge of the Court. In 1998, Court reorganization in Michigan created the Family Court, which combined certain duties of the Probate and Circuit Court. Consequently, the Probate Judge and the Circuit Court Judges under the reorganization plan have specific assignments relating to the cases under the jurisdiction of the Family Court. The office of the Friend of the Court is a statutorily created agency of the Circuit Court. The office is headed by a Friend of the Court appointed by the chief judge.

Administration of the County is divided by the Michigan Constitution among various statutory County officials including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney Drain Commissioner, Sheriff, and Surveyor, who are elected at large for four-year terms. The County Treasurer is the custodian of funds for the County, as well as local communities and school districts, and performs other duties concerned with the fiscal affairs of County departments and agencies. The duties of County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel and serving as Clerk to the Board of Commissioners and the Circuit Court. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, recording of plats, notices of liens and bills of sales.

The Prosecuting Attorney prosecutes violations of state criminal law within the County and represents the County as Corporate Counsel. The County Drain Commissioner administers the location, construction, and the maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of process, and law enforcement in unincorporated areas. The County Surveyor is responsible for a multi-year County Remonumentation Project and is responsible for the Public Land Survey Records in the County.

In addition, the Board of Commissioners appoints several County Officers including the County Administrator/Controller, the Chief Financial Officer, the Health Officer, the Medical Examiner, the E-911 Director, the Equalization Director, the Veterans Affairs Director, the Animal Control Director, the Parks Director, and the Emergency Management Coordinator. The responsibility of these Officials is defined by Statute or the Board of Commissioners.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board. Appointments to specific County functions include the Department of Human Services Board, the Collaborative Planning Commission, the Veterans Affairs Board, the Health Board, the 911 Authority, the Historical Courthouse Committee, the Community Mental Health Board, the Community Corrections Board, and the Local Emergency Planning Committee.

FINANCIAL PRACTICES

Factors Affecting Financial Condition

With the ongoing fiscal difficulties faced by the State of Michigan, substantial reductions in revenue sharing payments to local governments including Lapeer County have occurred. Since December 2002 the State by executive order of the Governor or by legislative action, has been forced to reduce the level of spending and/or increase taxes and fees. Included in those reductions was revenue sharing payments to Lapeer County, which declined from a peak of \$1,774,671 in 2001 to \$699,788 in FY 2004.

In 2004, PA 356 was signed into law by the Governor, which temporarily suspended revenue sharing for counties and created a Revenue Sharing Reserve Fund. PA 356 provided that the RSRF would be funded through a phased adjustment over three years (2004-2006) by moving the collection of only County operating property tax from the December levy to July. The revenue generated each year from the accelerated tax collection beginning in 2004 was deposited into the RSRF with annual transfers to the General Fund in lieu of the annual revenue sharing payment beginning in 2006. The full shift to the July tax date occurred in 2007 as indicated in the following table:

<u>Year</u>	<u>July Tax</u>	<u>December Tax</u>	<u>RSRF</u>
2004	-	3/3	1/3
2005	1/3	2/3	1/3
2006	2/3	1/3	1/3
2007	3/3	-	-

The transfer to the General Fund from the RSRF is indexed to the FY 2003/2004 state payment of \$1,432,407 with annual consumer price index adjustment by as allowed by PA 356. The reserve fund is expected to last until FY 2010/2011 at which time state revenue sharing will resume pursuant to PA 356.

The level of investment income remains an important element in the County Budget. The County Treasurer and the Finance Officer engage in a vigorous investment program within the statutory guidelines. Timely investment management produced approximately \$659,909 for use in the General Fund Budget in 2008.

Growth in the tax base through 2008 has provided an incremental annual increase in property tax revenue. While not offsetting other lost or reduced revenue, the expansion of taxable value, even with the required rollback in the tax rate, had provided some restrained capacity to meet the growing demands on the general fund budget. As noted in the 2007 CAFA, trends indicated that this growth had leveled along with the slowing of the State economy, and in fact may be declining. The data from 2008 confirms the rather significant reversal in the growth of the property tax base. Additionally, the decrease in population, and accelerated foreclosures and delinquencies, are evidence of a changing economic base. Consequently, the corresponding revenue forecasts will require expenditure adjustments accordingly to maintain fiscal stability into the future.

The property tax revenue captured by Local Tax Increment Finance Authorities (TIFA's) and Downtown Development Authorities (DDA's) by local units of governments that is not available for use in the general fund remains as a little understood tax policy. The apparent revenue generated by multiplying the taxable value of property by the adopted tax rate was reduced by approximately \$661,670 that is retained by local government TIFA's and DDA's in 2008. It should be noted that through an agreement with a Lapeer City TIFA, \$97,359 was returned to the County and directed toward capital needs in FY 2008.

A favorable resolution of the Title Company lawsuit In Federal District Court removed the threat of additional revenue loss to the General Fund from the Register of Deeds office. The conclusion of the lengthy and costly litigation affirmed the continuation of a historic source of funding for mandatory county functions.

Michigan continues to face cyclical and structural budget problems that create a perplexing dilemma at the County level of government. With uncertainty of funding for Court Equity, Diverted felon, Community Corrections, public health programs, and other functions supported by restricted State revenue, as well as receiving timely reimbursement for grant programs, vigilance regarding decisions in Lansing that may have a direct effect on county government operation is vital.

Long term Financial Planning/Budgeting

Lapeer County has as a matter of practice and policy, focused on a long-term financial planning perspective. In 2003 the Board of Commissioners adopted a Multi-Year Fiscal Plan and established a biennial budget process. Under the provisions of the Uniform Budget Act for Local Government (PA 621 of 1978), the General Appropriations Act serves as the foundation for financial planning and control. The two year budget and the Multi-Year Fiscal Plan provide a basis to anticipate current fiscal challenges and take appropriate action to respond to major budgetary fluctuations.

Recent economic events at the local, state, and national level have intensified the value of a multi-year financial planning and budgeting process. As a result of the present financial turmoil, County Administration and the Board of Commissioners have expanded the scope of the planning process to address rapidly changing fiscal circumstances and requisite budgetary and expenditure adjustments, both cyclical and structural.

The County has also adopted a position control system and adheres to the practice of budgeting for full employment. Consequently, salary and fringe benefits appropriations are tied to specific authorized positions, not to the individual factors and variances that occur with employees in the respective positions. This practice adds substantial stability to budget and personal management.

Grant management continues to receive additional attention by analyzing long term budget effects occurring through the potential transfer of expense to the general fund when a grant expires. A historical review of grant based initiatives underscores the program and activities cost that has subsequently become a reoccurring expense in the general fund. Therefore, grant proposals are reviewed to ensure that any long time reoccurring cost are identified prior to any authorization to submit and any match or continuation expense are fully identified before approval.

Capital Improvement/Acquisitions

A key element in overall fiscal planning has been the strong support of the Board of Commissioners in maintaining facilities and equipment. Through the adoption of a capital planning and budgeting process, the County has taken affirmative steps to maintain buildings, parking lots, and the fleet. Capital budgeting has in addition provided the means to address technology needs and to replace aging equipment on a schedule. The Delinquent Tax Revolving Fund is becoming the principle source of funding for the capital budget, relieving the General Fund of a major cost. Through this systematic approach, the cost of major capital expenditures may be planned within available revenue sources without the necessity of debt.

A multi-year technology plan has been approved by the Board of Commissioners. This Plan provides a footprint for the development of a cost effective informational technology system that gives each department the capacity to meet internal needs, yet ensures that hardware and software are acquired to integrate into the county-wide system. A single point of access, at substantial cost benefit, provides connectivity to the internet for all departments.

Cooperative Purchasing

Considerable cost benefit has been achieved from the participation in cooperative/ group purchasing programs. Fleet replacement vehicles have been acquired from the State of Michigan and/or the Oakland County programs at discounted prices. Office supplies are obtained through contract pricing with the State and various service programs.

Privatization

Not overlooked in the fiscal planning process has been the opportunity to privatize certain services when warranted. Food services for senior citizens home delivered and congregate meals, and for jail inmates, have been contracted with a private vendor. Custodial and snow removal, vehicle repair and technology services are also under contract. Periodic review of contractual cost compared to the expense of in-house services provides a bench mark in the decision of which fiscal model presents the most cost-effective manner of service delivery.

Shared Services

As the County faces new budgetary pressures, opportunities to partner with other units of government are considered when circumstances allow. While highly non-traditional, the County continues an agreement with St Clair County to share the duties of their Equalization Director and Director of Veterans Affairs. This arrangement has resulted in cost containment and will be monitored during the life of the agreement to determine cost benefit and measure the delivery of service. Preliminary reviews indicate that service has been enhanced and cost savings achieved. A principle factor in the equalization office was meeting the State mandate to obtain the service of a Level IV assessor. With the agreement, the Level IV requirement was met.

Bond Rating

The County of Lapeer is cognizant of the value of Bond ratings for the present and future development of infrastructure throughout the County. A constant focus of fiscal planning is the attainment of Bond ratings that support low interest rates when the need to acquire capital occurs. It is not only the County that benefits from a favorable rate, but also local units that borrow with the pledge of limited faith and credit of the County. In fiscal 2005 Standard & Poor's affirmed it's A+ rating and A+ underlying rating on the outstanding GO bonds. Concurrently, Moody's Investment Service upgraded the general obligation limited tax pledge debt to A1 from A2. In November 2006, S&P assigned an A+ rating on the South Branch of Mill Creek Intercounty Drainage District drain bonds. Without a focused financial planning perspective relating to ratings of future debt issues, the cost to the citizens of the County to construct and/or improve public facilities and infrastructure may be significantly higher.

Budgeting Controls

The County maintains budgetary internal controls with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the General Fund and Special revenue funds are included in the annual appropriated budget. The approved budgets of the County are adopted for the General Fund at the activity level and the Special Revenue at the fund level. These are the legally enacted levels under the State of Michigan Uniform Budgeting and Accounting Act. However, budgets are maintained throughout the year at the account level to provide additional control in preventing over-expenditures at levels adopted for reporting to the State of Michigan. Budgetary transfers are permitted in accordance with Board adopted budget policies.

Cash Management: The County remains conservative in cash management and fully complies with State regulations regarding investments. The County Treasurer invests first for the safety of principle, then for liquidity for cash flow, finally to maximize interest earned. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial market. Typical investments include demand deposits, a cash management investment trust fund, certificates of deposit, U.S. Government securities, bankers' acceptance of United States banks, and high quality commercial paper. The average yield on pooled cash investments during 2008 was 2.29%. The County Treasurer and Finance Officer maintain a vigorous cash flow management program to ensure the maximum return on investment is realized to return the optimum interest income to the applicable funds and activities.

Risk Management: The County is completely self-insured for unemployment compensation. In addition the County has assumed some risk for workers' compensation, health, dental, and vision insurance, and liability insurance. As part of the overall risk management plan, resources are retained with internal service funds to meet liabilities. Reserves are also maintained in a loss retention fund with the Michigan Municipal Risk Management Authority to meet potential losses. MMRMA provides \$10 million in liability coverage on an occurrence basis with an \$185,000 self-insured retention per liability claim; \$30,000 retention for each vehicle claim, and 10% of the first \$100,000 of property loss after a \$1,000 deductible.

Major Initiatives

The implementation of the Information Systems Plan to upgrade technology throughout all Departments continues to progress according to the timetable. The collaborative effort with the Immediate School District for Internet service and fiber optic lines remains a cost effective and productive relationship.

The Grounds and Maintenance Department began an extensive energy audit to address related cost. Department staff conducted the analysis and has implemented programs to reduce or contain expenses with all utilities. Telephone lines have been eliminated, motion detectors installed in public areas, lighting reduced where appropriate, and supply contracts renegotiated. A continued review of energy containment methods for all County facilities will remain in effect.

AWARDS AND ACKNOWLEDGEMENTS:

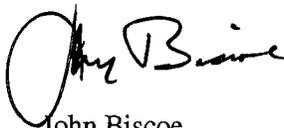
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lapeer County for its CAFR for the fiscal year ending December 31, 2007. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. The County has been a recipient of the Award each year since 1997.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The reports must satisfy both generally accepted accounting principles and applicable legal requirements.

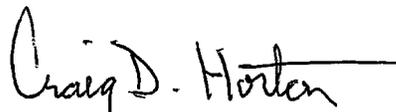
The Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to Certificate of Achievement Program requirements, and are submitting it to the GFOA to determine eligibility for recognition for FY 2008.

Acknowledgments: The preparation of this report could not have been accomplished without the patient and dedicated services of many of the County departments and the various elected and appointed officials. Our appreciation is extended to all who assisted in the preparation of this document. We would also like to thank the Board of Commissioners for their commitment and support in the planning and management of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



John Biscoe
Administrator/Controller



Craig D. Horton
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lapeer County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

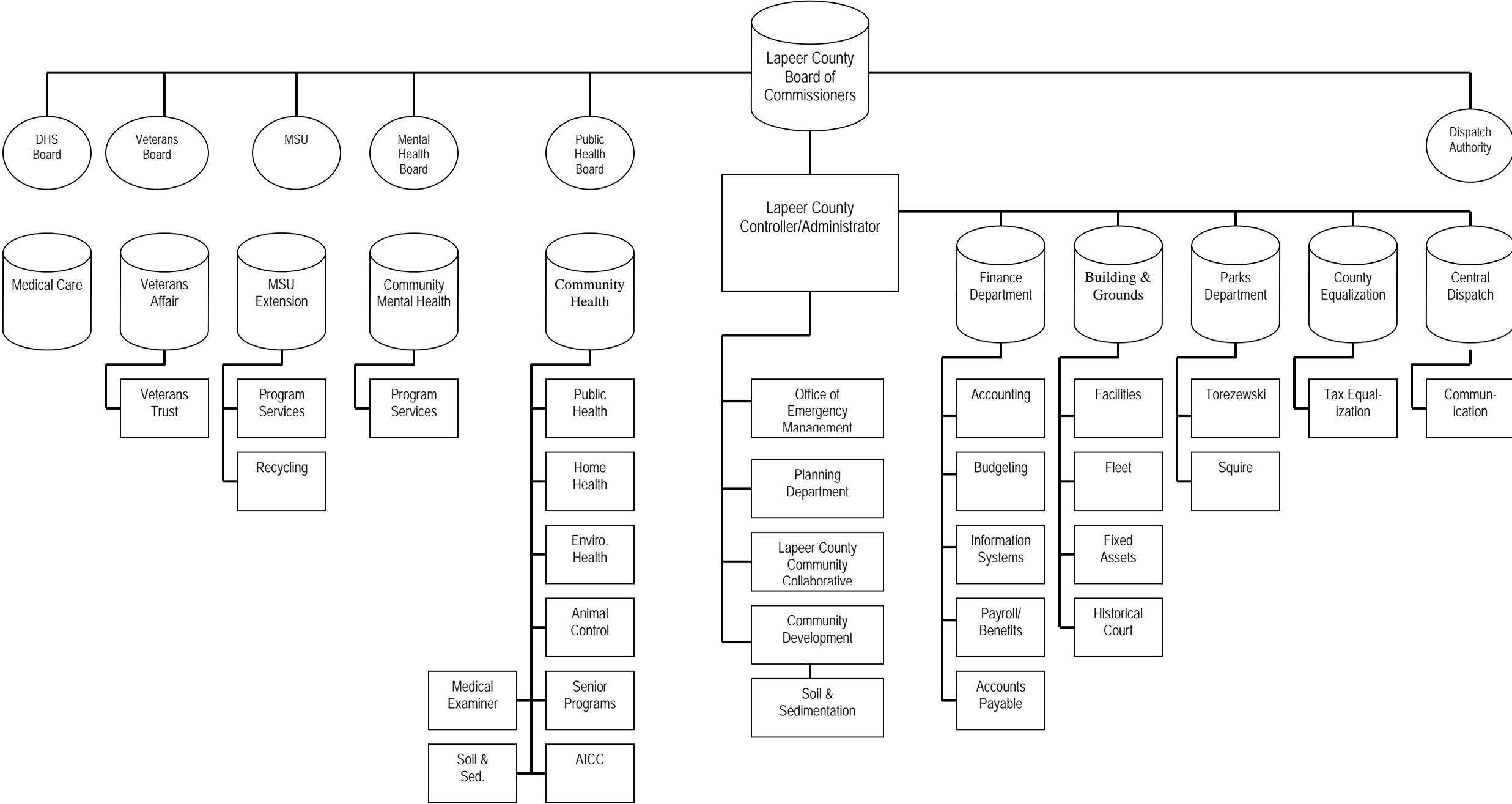
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting



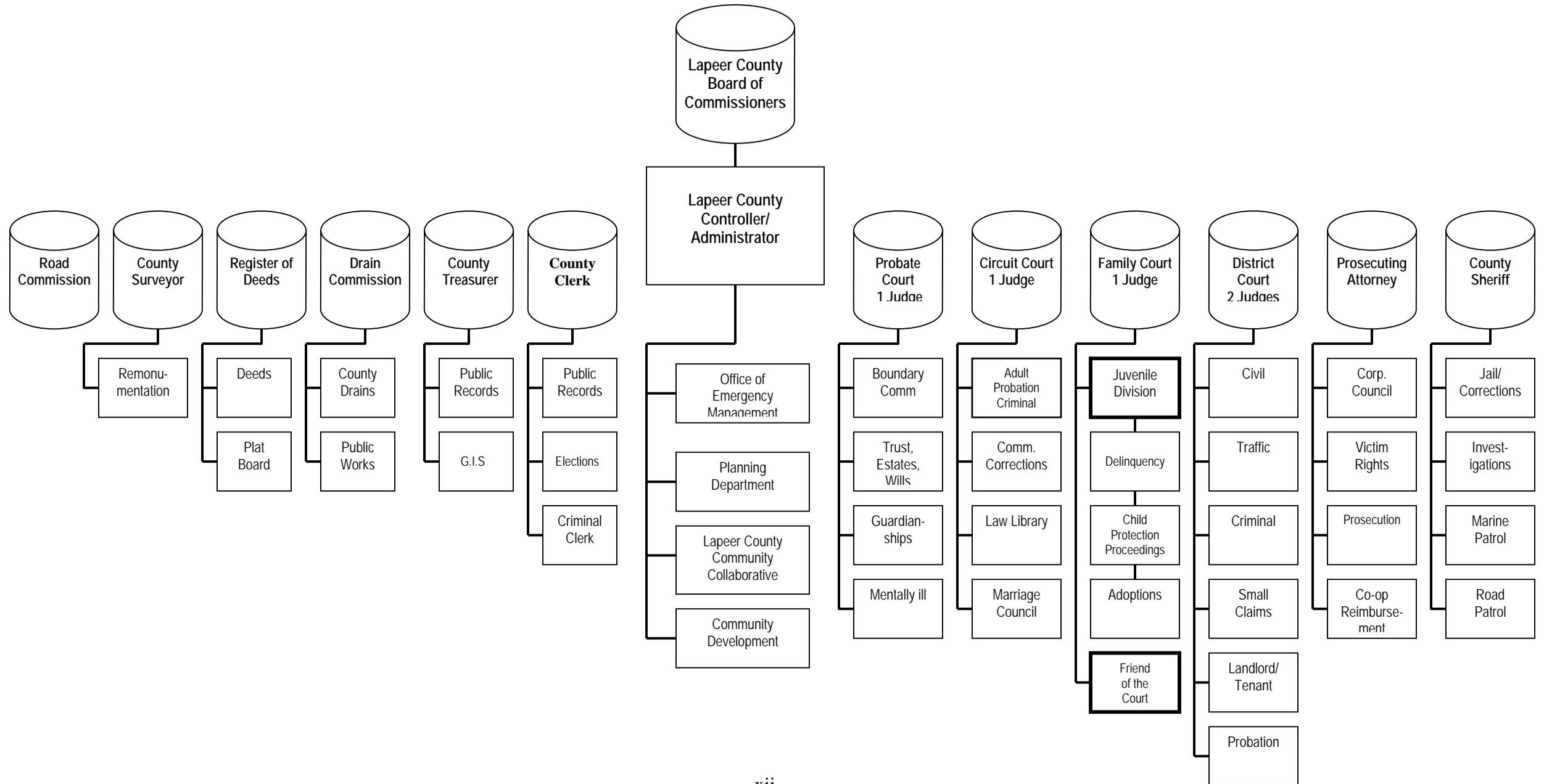
President

Executive Director

LAPEER COUNTY APPOINTED ORGANIZATIONAL CHART



LAPEER COUNTY ELECTORATE ORGANIZATIONAL CHART



LAPEER COUNTY, MICHIGAN

BOARD OF COMMISSIONERS

Chairperson
David Taylor

Vice Chairperson
Cheryl Clark

Members

Dyle Henning
Lenny Schneider

Linda Jarvis

C. Ian Kempf
Gary Roy

COURT JUDGES

John T. Connolly
District Court

Michael Higgins
Family Court

Laura Cheger Barnard
District Court

Nick O. Holowka
Family Court

Justus Scott
Family Court

COUNTY ELECTED OFFICIALS

Sally Eilersen
Treasurer

Ron Kalanquin
Sheriff

John Cosens
Drain Commissioner

Marlene M. Bruns
Clerk

Byron Kenschuh
Prosecuting Attorney

Ray Davis
Surveyor

Melissa DeVaugh
Register of Deeds

County Appointed
John Biscoe
Controller/Administrator

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Lapeer County
Lapeer, 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 Lapeer County, Michigan, as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lapeer 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, 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 Lapeer County, Michigan, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, 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 our report dated June 23, 2009, on our consideration of Lapeer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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 on pages 3 through 13, and schedules of budgetary comparisons on pages 70 through 76 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Lapeer County, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly we express no opinion on them.

Stewart, Beauvois & Whipple

Certified Public Accountants

June 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the County of Lapeer's financial performance with an overview of the activities for the fiscal year ending December 31, 2008. This analysis should be read in conjunction with the transmittal letter, beginning on page i of this report, and with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Lapeer County improved its financial position during fiscal year 2008.

Net assets increased \$62,428 to \$66,239,254 (excluding component units).

- Government activities net assets decreased \$1,323,584 to \$36,200,052.
- Business-type activity net assets increased \$1,386,012 to \$30,039,202.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16,582,689 decreasing \$371,631 from the prior year governmental funds combined ending fund balance.
- The transfer out of the "Revenue Sharing Reserve Fund" (RSRF) of \$1,605,819 without a corresponding deposit of taxes occurred. As required by PA 357 of 2004, the RSRF was created from the proceeds of shifting the annual County operating millage from a December 1 levy date to a July 1 levy date over three years with the last posting of taxes to the RSRF in 2006. The balance in the RSRF decreased from \$4,830,639 to \$3,299,176 accordingly.
- The shift accelerated the tax collections and resulted in an additional year of property tax collected over the three-year period (e.g., Four years of property tax levied within three fiscal years). This additional tax revenue will be used to replace the State Revenue Sharing the County had received which was suspended by PA 357 of 2004. An annual transfer from the RSRF equaling the last State Revenue Sharing payment in 2004 of \$1.46 million was made to the General Fund in 2005 and will occur in each subsequent fiscal year through 2010 until the Fund is depleted and the suspended State Revenue is restored.
- The General Fund Balance increased \$745,417 to \$3,140,577 from 2007.
- The Budget Stabilization Fund balance increased from \$2,187,229 to \$2,212,035 as a result of \$24,806 interest earnings. A financial planning objective of the County is to retain a balance equaling approximately 10% of the General Fund in this Fund.

Capital and Long-Term Debt Activities:

- The County's capital assets (net of accumulated depreciation) experienced a net decrease of \$254,182 to \$27,184,798 during the fiscal year.
- The County paid \$1,210,000 in bond and note obligations during fiscal year 2008.
- The County is \$428,716,543 below its authorized debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of 1) the Introductory Section, which includes the Transmittal Letter; 2) the Financial Section, which contains the Auditor's Report, the Management's Discussion and Analysis, the Basic Financial Statements (government-wide financial statements, fund financial statements, and notes to the financial statements), Required Supplementary Information, such as a budget to actual comparison for the Major Funds, additional Non-Required Information including combining financial statements for all non-major funds and proprietary funds and; 3) the Statistical Section, which provides a 10-year history on specific data regarding the County.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with 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 may serve as a useful indicator of 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 events giving rise to the changes 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 (e.g., uncollected taxes).

Both statements report the following activities:

Governmental Activities - Both the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the County included legislative, judicial, general government, public safety, public works, health and welfare, and recreation and culture.

Business-type Activities – These activities operate like private businesses. The County charges fees to recover the cost of the service provided. The Medical Care Facility is an example of this type of activity.

Discretely Presented Component Units - Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. The Road Commission is an example of this type of activity.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Road Commission, a legally separate Department of Public Works, and legally separated Drainage Districts for which the County is financially accountable. Financial information for these component units is reported separately from the primary governmental unit itself.

The government-wide financial statements can be found on pages 14 - 16 of this report.

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. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of funds available to meet expenses, as well as on balances of those resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 governmental-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 45 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Mental Health Fund, and the Revenue Sharing Reserve Fund, all of which are considered major funds. Data from the other 40 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Revenue Sharing Reserve Fund was established pursuant to PA 357 of 2004. In 2004, the State suspended revenue sharing to counties. To replace the lost revenue, counties were required to create a Revenue Sharing Reserve Fund (RSRF) and impose a summer property tax levy. Beginning in 2005, one-third (1/3) of the ad valorem property tax levy was collected as a summer tax. In 2006, two-thirds (2/3) of the levy shifted to summer collection, and by 2007, the entire collection occurred in the summer.

The intent of the act in creating the RSRF was to provide alternative funding to replace the lost Revenue Sharing. The shift in tax collection will build a balance in the fund, wherein pursuant to State guidelines, the County may withdraw approximately \$1.46 (adjusted by CPI) million per year until the balance is exhausted by 2010. PA 357 of 2004 affirms that State Revenue Sharing will be restored when the RSRF is depleted.

The County adopts a biennial (rolling) appropriated budget for its General and Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

Proprietary Funds: Proprietary funds use the accrual basis of accounting, which is the same type used by private business. The County maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Delinquent Tax Fund and the Medical Care Facility.

Internal Service funds are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for its various employee benefits and risk programs as well as an equipment pool.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the Delinquent Tax Fund and the Medical Care Facility, which are considered major funds of the County. The County's Internal Service Funds are presented in the proprietary fund financial statements in the Governmental Activities-Internal Service Funds column.

The basic proprietary fund financial statements can be found on pages 23 - 27 of the 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. The largest of the Fiduciary Funds is the Pension Fund. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28 - 29 of this report.

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. The notes to the financial statements can be found on pages 32 - 69 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary comparisons for the 5 major governmental funds. This required supplementary information can be found on pages 70 - 76 of this report.

The combining statements referred to earlier in connection with the non-major governmental, internal service and fiduciary funds are presented immediately following the required supplementary information. Combining, individual fund statements and schedules can be found on pages 77 - 102 of this report.

Government-wide Financial Analysis

GASB Statement No. 34 was implemented by Lapeer County in 2003. Comparative analysis of government-wide data is presented in this MD&A.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$66,239,254.

Approximately 44.21%, or \$29,284,286 of the County's net assets, is unrestricted and available for future obligations. Approximately 39.60%, or \$26,227,798 of net assets represents our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The analysis below focuses on the net assets of the County's government and business-type activities.

Net Assets of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Governmental	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other						
Assets	\$ 22,473,834	\$ 23,543,410	\$ 22,983,493	\$ 22,052,594	\$ 45,457,327	\$ 45,596,004
Capital Assets	<u>18,353,631</u>	<u>18,904,625</u>	<u>8,831,167</u>	<u>8,534,355</u>	<u>27,184,798</u>	<u>27,438,980</u>
Total Assets	<u>40,827,465</u>	<u>42,448,035</u>	<u>31,814,660</u>	<u>30,586,949</u>	<u>72,642,125</u>	<u>73,034,984</u>
Liabilities						
Long-term debt						
outstanding	1,054,000	1,119,500	1,352,520	326,288	2,406,520	1,445,788
Other Liabilities	<u>3,573,413</u>	<u>3,804,899</u>	<u>422,938</u>	<u>2,268,880</u>	<u>3,996,351</u>	<u>5,073,779</u>
Total Liabilities	<u>4,627,413</u>	<u>4,924,399</u>	<u>1,775,458</u>	<u>2,595,168</u>	<u>6,402,871</u>	<u>7,519,567</u>
Net Assets:						
Invested in Capital Assets,						
net of debt	17,396,631	17,818,625	8,831,167	7,464,355	26,227,798	25,282,980
Restricted	9,677,863	11,970,177	1,049,307	894,208	10,727,170	12,864,385
Unrestricted	<u>9,125,558</u>	<u>7,734,834</u>	<u>20,158,728</u>	<u>19,633,218</u>	<u>29,284,286</u>	<u>27,368,052</u>
Total Net Assets	<u>\$ 36,200,052</u>	<u>\$ 37,523,636</u>	<u>\$30,039,202</u>	<u>\$ 27,991,781</u>	<u>\$ 66,239,254</u>	<u>\$65,515,417</u>

The County's combined net assets increased from \$65,515,417 to \$66,239,254 for a net change of Governmental and Business-type activities of \$723,837 from the prior year.

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net assets changed during the year.

Changes in Net Assets for Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Governmental	
	2008	2007	2008	2007	2008	2007
Revenue:						
Program Revenue:						
Charges for services	\$ 21,483,569	\$ 22,041,813	\$ 18,339,326	\$ 17,431,716	\$ 39,822,895	\$ 39,473,529
Operating grants and Contributions	7,777,755	7,996,328	-	-	7,777,755	7,996,328
Capital Grants and Contributions	239,556	29,445	-	-	239,556	29,445
General Revenue:						
Property Taxes	14,141,996	13,661,065	1,151,144	2,301,179	15,293,140	15,962,244
Grants and Contributions not restricted to specific Programs-	375,956	391,679	48,070	29,746	424,026	421,425
Other	<u>931,362</u>	<u>1,262,949</u>	<u>314,808</u>	<u>378,481</u>	<u>1,246,170</u>	<u>1,641,430</u>
Total Revenue	<u>44,950,194</u>	<u>45,383,279</u>	<u>19,853,348</u>	<u>20,141,122</u>	<u>64,803,542</u>	<u>65,524,401</u>
Expenses:						
Legislative	259,301	244,333	-	-	259,301	244,333
Judicial	5,021,694	5,037,955	-	-	5,021,694	5,037,955
General Government	6,407,816	5,730,609	-	-	6,407,816	5,730,609
Public Safety	10,394,105	10,308,041	-	-	10,394,105	10,308,041
Public Works	384,302	466,202	-	-	384,302	466,202
Health and Welfare	21,809,561	21,500,048	-	-	21,809,561	21,500,048
Recreation and Culture	877,814	794,640	-	-	877,814	794,640
Other Activities	1,187,124	1,085,590	-	-	1,187,124	1,085,590
Interest on Long-Term Debt	57,550	60,650	-	-	57,550	60,650
Medical Care Facility	-	-	18,392,690	17,323,832	18,392,690	17,323,832
Delinquent Tax	-	-	<u>74,646</u>	<u>126,066</u>	<u>74,646</u>	<u>126,066</u>
Total Expenses	<u>46,339,267</u>	<u>45,228,068</u>	<u>18,467,336</u>	<u>17,449,898</u>	<u>64,866,603</u>	<u>62,677,966</u>
Increase in net assets before transfers	(1,449,073)	155,211	1,386,012	2,691,224	(63,061)	2,846,435
Transfers	<u>125,489</u>	<u>6,702</u>	<u>-</u>	<u>-</u>	<u>125,489</u>	<u>6,702</u>
Increase in net assets	(1,323,584)	161,913	1,386,012	2,691,224	62,428	2,853,137
Net assets at beginning of year, as restated	<u>37,523,636</u>	<u>37,361,723</u>	<u>28,653,190</u>	<u>25,300,557</u>	<u>66,176,826</u>	<u>62,662,280</u>
Net assets at end of year	<u>\$ 36,200,052</u>	<u>\$ 37,523,636</u>	<u>\$ 30,039,202</u>	<u>\$ 27,991,781</u>	<u>\$ 66,239,254</u>	<u>\$ 65,515,417</u>

Governmental Activities:

The largest revenue for governmental activities is the allocated operating property tax. The property tax rate remained at 3.7886 in 2008 as a result of the Headlee Amendment and the application of the base tax rate reduction fraction. As indicated, of the 83 counties in Michigan, 77 have higher millage rates.

Although the taxable value of the property increased from \$3,129,128,779 in 2007 to \$3,195,751,102, the County does not retain the entire property tax that is collected from this base. Tax Increment Finance Authorities (TIFA) and Downtown Development Authorities (DDA) established by local units of government “captured” approximately \$661,670 of property tax revenue that otherwise would have been available for use in the General Fund. It is important to note the existing TIFA’s and DDA’s continue to “capture” each year an increasing percentage of the total property tax, thereby limiting the capacity of the County to otherwise apply the revenue to mandated and essential activities.

State Revenue Sharing, which had been the second largest single source of general revenue, was suspended in 2004. In 2001 the County received \$1,774,671 in State Revenue Sharing, declining to \$699,788 by 2004. As noted in the introduction section, PA 357 of 2004 provided for the shift of property tax payments and the creation of the Revenue Sharing Reserve Fund. In accordance with the Act, \$1,605,819 was transferred to the General Fund from the RSRF for operations and similar to revenue sharing, and remains the second single source of revenue for the general fund.

Revenue by Source – Governmental Activities

	<u>2008</u>	<u>2007</u>
Taxes	\$ 14,141,996	\$ 13,661,065
Licenses and permits	540,707	636,952
Intergovernmental	8,337,676	8,378,993
Charges for services	17,115,895	17,329,614
Fines and forfeits	493,068	494,446
Rents and royalties	410,797	424,512
Interest	931,362	1,289,965
Other	2,933,850	3,167,732
	<u>\$ 44,905,351</u>	<u>\$ 45,383,279</u>

In total, fiscal year 2008 governmental activity revenue decreased by \$477,928. Market conditions resulted in interest income being reduced by \$358,603. A reduction in other income of \$233,882 also affected the lower revenue totals.

Business-type Activities:

Business-type activities increased the County's net assets by \$1,386,012.

Revenue by source – Business-Type Activities

	<u>2008</u>	<u>2007</u>
Charges for services	\$ 17,125,881	\$ 16,219,557
Interest on taxes	781,997	699,614
Fees and penalties on delinquent taxes	230,196	304,464
Other operating revenues	201,252	208,081
Property taxes	1,151,144	2,301,179
Donations	48,070	29,746
Interest on investments	314,808	378,481
Intergovernmental transfer payment and management fee	-	-
Gain (Loss) on sale of assets	<u>620</u>	<u>653</u>
	<u>\$ 19,853,968</u>	<u>\$ 20,141,775</u>

Financial Analysis of the County's Major 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 non-restricted resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2008, the County's governmental funds reported combined ending fund balances of \$16,582,689 a decrease of \$371,631 in comparison to the prior year.

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in the General Fund. At December 31, 2008 the general fund reported a fund balance of \$3,140,577 with \$2,942,577 of that amount unreserved/undesignated. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund and the total fund to total fund expenditures. Unreserved fund balance represents about 15% of the total general fund expenditures and transfers.

The 2008 amended budget of the general fund had revenues of \$18,332,072 and transfers in of \$1,600,000 with expenditures of \$18,135,889 and transfers out of \$2,796,183. The budget variance at the end of the year was a positive \$1,000,000 or approximately 5% of expenditures and transfers out.

Of the four other major government funds, Community Mental Health reported a fund balance of \$1,209,894, Revenue Sharing Reserve reported a fund balance of \$3,299,176, Local Reserve reported a fund balance of \$3,182,752, and Senior Millage reported a fund balance of \$699,403.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2008.

The Delinquent Tax Fund reported an increase in net assets of \$1,304,889 to \$13,511,947. The Medical Care Facility Fund reported an increase of \$742,532 to \$16,527,255, which includes a prior period adjustment of \$661,409.

Capital Assets and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental and business-type activities as of December 31, 2008 amounted to \$27,184,798 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, building and improvements, construction in progress, machinery and equipment, and vehicles.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Governmental	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,016,863	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863	\$ 1,016,863
Land improvement	354,570	472,251	1039	1,377	355,609	473,628
Construction in progress	-	-	-	-	-	-
Buildings and improvements	15,792,273	16,294,548	8,194,211	7,719,022	23,986,484	24,013,570
Machinery and equipment	606,264	627,327	635,917	813,956	1,242,181	1,441,283
Vehicles	<u>583,661</u>	<u>493,636</u>	<u>-</u>	<u>-</u>	<u>583,661</u>	<u>493,636</u>
Totals	<u>\$ 18,353,631</u>	<u>\$ 18,904,625</u>	<u>\$ 8,831,167</u>	<u>\$ 8,534,355</u>	<u>\$ 27,184,798</u>	<u>\$ 27,438,980</u>

Note 5 of the financial statements provide additional information regarding capital assets.

Outstanding Debt

Long-term Debt: At December 31, 2008, the County primary government had a total debt outstanding of \$1,476,938 declining from the 2007 debt of \$ 2,515,788. .

	Governmental Activities		Business-type Activities		Total Governmental	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 980,000	\$ 1,120,000	\$ -	\$ 1,070,000	\$ 980,000	\$ 2,190,000
Accrued Vacation and Sick	-	-	236,023	223,173	236,023	223,173
Accrued Claims Liability	<u>119,000</u>	<u>52,000</u>	<u>186,915</u>	<u>103,115</u>	<u>305,915</u>	<u>155,115</u>
Total's (1)	<u>\$ 1,099,000</u>	<u>\$ 1,172,000</u>	<u>\$ 422,938</u>	<u>\$ 1,396,288</u>	<u>\$ 1,521,938</u>	<u>\$ 2,568,288</u>

- (1) Total does not include deferred amounts of \$(45,000) for 2008 and \$(52,500) for 2007. See Note 8 for additional information regarding long-term debt.

Economic Outlook

Lapeer County's use of a two year operating budget and a fiscal planning process has compelled a longer-term focus on fiscal stability. In this context, the County has maintained a balanced budget without disruptions in the delivery of mandated and essential public services. Notwithstanding the economic conditions and budget concerns impacting the State of Michigan and other local units of government in the state, the County through concerted fiscal management and prudent use of public funds has reduced an already low debt and insured that legacy cost obligations have been met. Additionally, the Capital Planning and Budget process has provided an effective means to address long-term capital needs within the available revenue without having to request additional funding from the voters or acquiring debt.

Regardless of the present balanced budget, fiscal pressures continue to exacerbate. The suspended state revenue sharing, the on-going increases in health care cost, new expenses from the State, and energy cost concerns are inescapable and have major impacts on the County budget. An emerging element in the budget forecasting process is the trend of declining property values and population reductions, which will also affect annual tax revenues. The convergence of these multiple factors that will constrain revenue are threats to our financial stability and underscore the need for intense planning and spending discipline.

The Board of Commissioners continues to review services beyond those mandated by the State of Michigan to ascertain the appropriate level to be offered to the citizens of the County. Fiscal flexibility is continually affected by external pressures on the budgets, consequently limiting the ability to address mandatory service requirements.

What appear to be new fiscal realities in Michigan and changing needs and demands on county government emphasize the requirement for long term fiscal planning and "out-of-the-box" thinking to maintain effective and efficient services. Some of the initiatives undertaken by the County in this regard are discussed in the transmittal letter.

Request for Information

This financial report is designed to provide a general overview of the County's finances for our citizens, taxpayers, customers, investors and creditors and to demonstrate the County's accountability for the taxpayer money we receive. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administrator/Controller, 255 Clay Street, Lapeer, Michigan 48446, or contact us at 810-667-0366.

BASIC FINANCIAL STATEMENTS

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 7,316,284	\$ 12,484,240	\$ 19,800,524	\$ 7,841,395
Investments	10,049,454	2,820,585	12,870,039	-
Receivables (net of allowance)	4,043,080	7,241,779	11,284,859	13,427,978
Due from primary government	-	-	-	264,296
Prepaid items	541,545	204,081	745,626	157,095
Internal balances	(8,886)	-	(8,886)	-
Inventory	1,954	117,350	119,304	775,587
Advance to component units	90,000	-	90,000	-
Other Assets	-	7,972	7,972	-
Temporary restricted - Assets -				
Cash and cash equivalents	440,403	107,486	547,889	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	1,016,863	-	1,016,863	41,758,372
Assets being depreciated	17,336,768	8,831,167	26,167,935	45,676,093
Total Assets	<u>40,827,465</u>	<u>31,814,660</u>	<u>72,642,125</u>	<u>109,900,816</u>
LIABILITIES:				
Payables and accrued liabilities	2,673,878	1,245,034	3,918,912	1,508,979
Due to fiduciary fund	54,976	-	54,976	-
Advances and deposits	-	-	-	363,585
Advances from primary government	-	-	-	90,000
Unearned revenue	844,559	-	844,559	-
Liabilities payable from restricted assets	-	107,486	107,486	-
Non-current liabilities -				
Net OPEB Obligation	-	-	-	674,156
Due within one year	174,500	146,023	320,523	1,699,819
Due in more than one year	879,500	276,915	1,156,415	10,290,157
Total Liabilities	<u>4,627,413</u>	<u>1,775,458</u>	<u>6,402,871</u>	<u>14,626,696</u>
NET ASSETS:				
Invested in capital assets, net of related liabilities	17,396,631	8,831,167	26,227,798	81,705,502
Net assets -				
Restricted -				
Debt service	137,061	-	137,061	1,213,000
Foreclosure sales	-	1,049,307	1,049,307	-
Primary and local roads	-	-	-	3,651,281
Plant replacement and expansion	692,566	-	692,566	326,190
Revenue sharing reserve	3,299,176	-	3,299,176	-
E - 911 operations	658,220	-	658,220	-
Budget stabilization	2,212,035	-	2,212,035	-
Health services and senior activities	835,751	-	835,751	-
General and mental health	713,782	-	713,782	-
Police services and law enforcement	624,447	-	624,447	-
Other purposes	504,825	-	504,825	-
Unrestricted	9,125,558	20,158,728	29,284,286	8,378,147
Total Net Assets	<u>\$ 36,200,052</u>	<u>\$ 30,039,202</u>	<u>\$ 66,239,254</u>	<u>\$ 95,274,120</u>

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 259,301	\$ -	\$ -	\$ -
Judicial	5,021,694	1,500,757	1,346,896	-
General Government	6,407,816	3,338,296	652,018	-
Public Safety	10,394,105	2,000,750	822,229	239,556
Public Works	384,302	-	12,135	-
Health and Welfare	21,809,561	13,901,118	4,891,937	-
Recreation and Culture	877,814	229,657	26,504	-
Other Activities	1,187,124	351,488	26,036	-
Interest on Long Term Debt	57,550	161,503	-	-
Total governmental activities	46,399,267	21,483,569	7,777,755	239,556
Business type activities:				
Medical Care Facility	18,392,690	17,121,835	-	-
Delinquent Tax	74,646	1,217,491	-	-
Total business type activities	18,467,336	18,339,326	-	-
Total Primary Government	64,866,603	39,822,895	7,777,755	239,556
Component Units				
Road Commission	10,930,207	2,113,115	8,424,525	1,194,695
Department of Public Works	1,590,349	-	-	1,573,946
Drainage Districts	1,427,360	360,570	-	200,229
Total Component Units	13,947,916	2,473,685	8,424,525	2,968,870
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Transfers - internal activities				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Prior period adjustments				
Net assets at beginning of year restated				
Net assets at end of year				

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

Net (Expense) Revenue and Change in Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(259,301)	\$ -	\$(259,301)	\$ -
(2,174,041)	-	(2,174,041)	-
(2,417,502)	-	(2,417,502)	-
(7,331,570)	-	(7,331,570)	-
(372,167)	-	(372,167)	-
(3,016,506)	-	(3,016,506)	-
(621,653)	-	(621,653)	-
(809,600)	-	(809,600)	-
103,953	-	103,953	-
<u>(16,898,387)</u>	<u>-</u>	<u>(16,898,387)</u>	<u>-</u>
-	(1,270,855)	(1,270,855)	-
-	1,142,845	1,142,845	-
-	<u>(128,010)</u>	<u>(128,010)</u>	<u>-</u>
<u>(16,898,387)</u>	<u>(128,010)</u>	<u>(17,026,397)</u>	<u>-</u>
-	-	-	802,128
-	-	-	(16,403)
-	-	-	<u>(866,561)</u>
-	-	-	<u>(80,836)</u>
14,141,996	1,151,144	15,293,140	-
375,956	48,070	424,026	-
931,362	314,808	1,246,170	263,769
125,489	-	125,489	-
<u>15,574,803</u>	<u>1,514,022</u>	<u>17,088,825</u>	<u>263,769</u>
<u>(1,323,584)</u>	<u>1,386,012</u>	<u>62,428</u>	<u>182,933</u>
37,523,636	27,991,781	65,515,417	95,091,187
-	661,409	661,409	-
<u>37,523,636</u>	<u>28,653,190</u>	<u>66,176,826</u>	<u>95,091,187</u>
<u>\$ 36,200,052</u>	<u>\$ 30,039,202</u>	<u>\$ 66,239,254</u>	<u>\$ 95,274,120</u>

LAPEER COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

ASSETS	General	Community Mental Health	Revenue Sharing Reserve	Local Reserve
Assets:				
Cash and cash equivalents	\$ 100,485	\$ 1,490,561	\$ 49,176	\$ 182,752
Investments	3,298,116	-	3,250,000	2,000,000
Receivables -				
Current and delinquent property taxes	924,073	-	-	-
Interest and accounts	59,884	29,782	-	-
Due from other governmental units -				
Federal/State	142,296	59,781	-	-
Local	332	749,840	-	-
Due from other funds	79,799	-	-	-
Interfund receivables	-	-	-	1,000,000
Inventory	-	-	-	-
Advances to other funds	108,000	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	-	48,209	-	-
Restricted Assets -				
Cash	-	440,403	-	-
Total Assets	\$ 4,802,985	\$ 2,826,076	\$ 3,299,176	\$ 3,182,752
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 196,778	\$ 1,192,832	\$ -	\$ -
Accrued liabilities	370,178	93,233	-	-
Due to other governmental units -				
Federal/State	7,445	260,107	-	-
Local	36	-	-	-
Due to other funds	87,971	-	-	-
Interfund payables	1,000,000	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	70,010	-	-
Total Liabilities	1,662,408	1,616,182	-	-
Fund Balances:				
Reserved	198,000	496,112	-	-
Unreserved -				
Undesignated -				
General Fund	2,942,577	-	-	-
Special Revenue Funds	-	713,782	3,299,176	3,182,752
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Total Equity	3,140,577	1,209,894	3,299,176	3,182,752
Total Liabilities and Fund Equity	\$ 4,802,985	\$ 2,826,076	\$ 3,299,176	\$ 3,182,752

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

Senior Millage	Other Governmental Funds	Total Governmental Funds
\$ 794,368	\$ 2,601,345	\$ 5,218,687
-	1,501,338	10,049,454
675,482	9,815	1,609,370
-	533,792	623,458
-	887,540	1,089,617
-	70,457	820,629
-	44,843	124,642
-	418,663	1,418,663
-	1,954	1,954
-	-	115,500
-	-	90,000
-	83,431	131,640
-	-	440,403
<u>\$ 1,469,850</u>	<u>\$ 6,153,178</u>	<u>\$ 21,734,017</u>
\$ 35	\$ 222,418	\$ 1,612,063
-	265,978	729,389
-	18,000	285,552
-	-	36
-	110,937	198,908
-	418,663	1,418,663
-	7,500	7,500
770,412	58,795	899,217
<u>770,447</u>	<u>1,102,291</u>	<u>5,151,328</u>
-	85,385	779,497
-	-	2,942,577
699,403	4,135,875	12,030,988
-	137,061	137,061
-	692,566	692,566
<u>699,403</u>	<u>5,050,887</u>	<u>16,582,689</u>
<u>\$ 1,469,850</u>	<u>\$ 6,153,178</u>	<u>\$ 21,734,017</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Fund Balances - total governmental funds	\$	16,582,689
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Capital assets		31,549,948
Accumulated depreciation	(	16,205,198)
<p>Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.</p>		
Delinquent Personal Property taxes	(	45,342)
<p>Discounts and premiums on bonds are reported as other financing uses or sources in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)</p>		
Bond premiums	(	68,156)
<p>Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)</p>		
		29,571
<p>Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)</p>		
		83,585
<p>Internal Service Funds used by management to charge cost of health, unemployment and workers' compensation expenses and claims and capital acquisition and replacement. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.</p>		
		5,311,122
<p>Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds payable	(	980,000)
Insurance claims payable	(	50,000)
Accrued interest on bonds/notes payable	(	8,167)
		36,200,052
Net Assets of governmental activities	\$	36,200,052

The notes to the financial statements are an integral part of this statement.

LAPEER COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Community Mental Health	Revenue Sharing Reserve	Local Reserve
Revenues:				
Taxes	\$ 11,127,623	\$ -	\$ -	\$ 500,000
Licenses and permits	16,938	-	-	-
Intergovernmental	1,580,159	2,102,345	-	-
Charges for services	2,350,982	11,945,272	-	-
Fines and forfeits	368,619	-	-	-
Rents and royalties	160,712	-	-	-
Interest	659,910	74,866	74,356	59,305
Other	2,294,978	196,962	-	-
Total Revenues	18,559,921	14,319,445	74,356	559,305
Expenditures:				
Current -				
Legislative	259,301	-	-	-
Judicial	3,677,076	-	-	-
General Government	5,479,372	-	-	-
Public Safety	5,444,513	-	-	-
Public Works	359,718	-	-	-
Health and Welfare	169,203	14,555,689	-	-
Recreation and Cultural	246,416	-	-	-
Other Activities	1,152,124	-	-	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	16,787,723	14,555,689	-	-
Revenues over (under) expenditures	1,772,198	(236,244)	74,356	559,305
Other Financing Sources (Uses):				
Transfers in	1,605,819	297,735	-	-
Transfers out	(2,632,600)	-	(1,605,819)	-
Total Other Sources (Uses)	(1,026,781)	297,735	(1,605,819)	-
Net change in Fund Balances	745,417	61,491	(1,531,463)	559,305
Fund Balances at beginning of year	2,395,160	1,148,403	5,350,837	2,103,249
Prior period adjustments	-	-	(520,198)	520,198
Fund Balances at beginning of year, restated	2,395,160	1,148,403	4,830,639	2,623,447
Fund Balances at end of year	\$ 3,140,577	\$ 1,209,894	\$ 3,299,176	\$ 3,182,752

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

Senior Millage	Other Governmental Fund	Total Governmental Funds
\$ 765,241	\$ 1,749,132	\$ 14,141,996
-	523,769	540,707
-	4,655,172	8,337,676
-	2,819,641	17,115,895
-	124,449	493,068
-	250,085	410,797
-	62,925	931,362
-	441,910	2,933,850
<u>765,241</u>	<u>10,627,083</u>	<u>44,905,351</u>
-	-	259,301
-	1,307,036	4,984,112
-	248,704	5,728,076
-	4,606,491	10,051,004
-	23,984	383,702
16,145	6,728,904	21,469,941
-	542,103	788,519
-	-	1,152,124
-	26,141	26,141
-	140,000	140,000
-	50,575	50,575
<u>16,145</u>	<u>13,673,938</u>	<u>45,033,495</u>
<u>749,096</u>	<u>(3,046,855)</u>	<u>(128,144)</u>
-	3,171,901	5,075,455
<u>(711,547)</u>	<u>(368,976)</u>	<u>(5,318,942)</u>
<u>(711,547)</u>	<u>2,802,925</u>	<u>(243,487)</u>
<u>37,549</u>	<u>(243,930)</u>	<u>(371,631)</u>
661,854	5,294,817	16,954,320
-	-	-
<u>661,854</u>	<u>5,294,817</u>	<u>16,954,320</u>
<u>\$ 699,403</u>	<u>\$ 5,050,887</u>	<u>\$ 16,582,689</u>

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds	\$(371,631)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	118,797
Depreciation expense	(875,985)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	44,843
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>	
Principal payments on long term liabilities	140,000
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net assets:</p>	
Decrease in accrued interest payable	525
Amortization of bond issuance costs	(4,928)
Amortization of premium on bonds	11,359
Amortization of deferred loss on refunding	(13,931)
<p>Internal Service Funds used by management to charge costs of healthcare, unemployment and workers' compensation expenses and claims and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.</p>	
	(337,633)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Increase in accrued insurance claims payable	(35,000)
Change in net assets of governmental activities	<u><u>\$(1,323,584)</u></u>

The notes to the financial statements are an integral part of this statement.

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical</u>	<u>Delinquent</u>	<u>Total</u>	<u>Internal</u>
	<u>Care Facility</u>	<u>Tax</u>		<u>Service Fund</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 3,862,108	\$ 8,622,132	\$ 12,484,240	\$ 2,097,597
Investments	2,048,449	772,136	2,820,585	-
Accounts receivable-				
Current and delinquent taxes	907,547	3,540,411	4,447,958	-
Accounts (net of allowance for doubtful accounts)	2,131,281	-	2,131,281	6
Accrued interest	18,370	644,170	662,540	-
Inventories	117,350	-	117,350	-
Prepaid items	204,081	-	204,081	409,905
Due from other funds	-	-	-	10,404
Restricted Assets -				
Cash and cash equivalents	107,486	-	107,486	-
Total Current Assets	<u>9,396,672</u>	<u>13,578,849</u>	<u>22,975,521</u>	<u>2,517,912</u>
Capital Assets:				
Property, plant and equipment net of accumulated depreciation	8,823,284	7,883	8,831,167	3,008,881
Other Assets:				
Capital lease discount, net of amortization	7,972	-	7,972	-
Total Non-current assets	<u>8,831,256</u>	<u>7,883</u>	<u>8,839,139</u>	<u>3,008,881</u>
Total Assets	<u>18,227,928</u>	<u>13,586,732</u>	<u>31,814,660</u>	<u>5,526,793</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	435,791	13,783	449,574	38,671
Accrued liabilities	603,417	-	603,417	-
Advances and deposits	-	-	-	108,000
Due to other governmental units -				
Federal/State	131,041	-	131,041	-
Local	-	61,002	61,002	-
Current portion of-				
Workers' compensation claims	20,000	-	20,000	12,000
Accrued vacation and sick	126,023	-	126,023	-
Liabilities payable from restricted assets -				
Patient trust liability	41,194	-	41,194	-
Patient deposits	66,292	-	66,292	-
Total Current Liabilities	<u>1,423,758</u>	<u>74,785</u>	<u>1,498,543</u>	<u>158,671</u>

Continued

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2008**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical</u>			<u>Internal Service Fund</u>
	<u>Care Facility</u>	<u>Delinquent Tax</u>	<u>Total</u>	
Long-Term Liabilities (less current portions):				
Accrued vacation and sick	110,000	-	110,000	-
Accrued workers' compensation claims	166,915	-	166,915	57,000
Total Long-Term Liabilities	<u>276,915</u>	<u>-</u>	<u>276,915</u>	<u>57,000</u>
Total Liabilities	<u>1,700,673</u>	<u>74,785</u>	<u>1,775,458</u>	<u>215,671</u>
NET ASSETS:				
Invested in capital assets, net of related liabilities	8,823,284	7,883	8,831,167	3,008,881
Restricted -				
Foreclosure sales	-	1,049,307	1,049,307	-
Unrestricted	<u>7,703,971</u>	<u>12,454,757</u>	<u>20,158,728</u>	<u>2,302,241</u>
Total Net Assets	<u>\$ 16,527,255</u>	<u>\$ 13,511,947</u>	<u>\$ 30,039,202</u>	<u>\$ 5,311,122</u>

Concluded

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 16,955,957	\$ 169,924	\$ 17,125,881	\$ 4,361,562
Interest on taxes	-	781,997	781,997	-
Fees and penalties on delinquent taxes	-	230,196	230,196	-
Other	165,878	35,374	201,252	-
Total Operating Revenues	<u>17,121,835</u>	<u>1,217,491</u>	<u>18,339,326</u>	<u>4,361,562</u>
Operating Expenses:				
Personal services	-	2,257	2,257	350,445
Insurance and claims	-	-	-	4,362,229
Administrative and general	3,195,158	10,126	3,205,284	-
Maintenance	1,155,352	898	1,156,250	-
Nursing	8,045,508	-	8,045,508	-
Daycare	375,343	-	375,343	-
Professional service	4,474,903	-	4,474,903	-
Other services	-	60,648	60,648	-
Depreciation and amortization	610,397	717	611,114	401,504
Total Operating Expenses	<u>17,856,661</u>	<u>74,646</u>	<u>17,931,307</u>	<u>5,114,178</u>
Operating Income (Loss)	(734,826)	1,142,845	408,019	(752,616)
Non-Operating Revenues:				
Donations	48,070	-	48,070	-
Property taxes	1,151,144	-	1,151,144	-
Interest on investment	152,764	162,044	314,808	50,072
Maintenance of effort	(505,324)	-	(505,324)	-
Interest on capital lease and note	(31,325)	-	(31,325)	-
Gain (loss) on disposal of assets	620	-	620	(4,065)
Total Non-Operating Revenues	<u>815,949</u>	<u>162,044</u>	<u>977,993</u>	<u>46,007</u>
Net Income Before Transfers	81,123	1,304,889	1,386,012	(706,609)
Transfers:				
Transfers in	-	-	-	1,121,930
Transfers out	-	-	-	(752,954)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,976</u>
Change in Net Assets	<u>81,123</u>	<u>1,304,889</u>	<u>1,386,012</u>	<u>(337,633)</u>
Net Assets at beginning of year	15,784,723	12,207,058	27,991,781	5,648,755
Prior period adjustments	661,409	-	661,409	-
Net Assets at beginning of year restated	<u>16,446,132</u>	<u>12,207,058</u>	<u>28,653,190</u>	<u>5,648,755</u>
Net Assets end of year	<u>\$ 16,527,255</u>	<u>\$ 13,511,947</u>	<u>\$ 30,039,202</u>	<u>\$ 5,311,122</u>

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical	Delinquent Tax	Total	Internal Service Funds
	Care Facility			
Cash Flows From Operating Activities:				
Cash receipts from customers	\$ 16,834,017	\$ 169,924	\$ 17,003,941	\$ 4,386,496
Cash receipts for taxes	-	249,428	249,428	-
Cash payments to suppliers and employees	(17,093,128)	(60,146)	(17,153,274)	(4,805,793)
Other cash receipts	165,878	35,374	201,252	-
Other cash payments	-	-	-	13,868
Net Cash Provided (Used) by Operating Activities	<u>(93,233)</u>	<u>394,580</u>	<u>301,347</u>	<u>(405,429)</u>
Cash Flows From Noncapital Financing Activities:				
Internal balance receivables	-	4,500,000	4,500,000	-
Property taxes	989,440	-	989,440	-
Maintenance of effort payment	(505,324)	-	(505,324)	-
Patient trust deposits	(3,234)	-	(3,234)	-
Interfund transfers	-	-	-	368,976
Net Cash Provided By Noncapital Financing Activities	<u>480,882</u>	<u>4,500,000</u>	<u>4,980,882</u>	<u>368,976</u>
Cash Flows From Capital and Related Financing Activities:				
Property taxes and contributions	1,274,812	-	1,274,812	-
Capital lease payment	(1,070,000)	-	(1,070,000)	-
Acquisition of capital assets	(238,140)	(8,600)	(246,740)	(616,368)
Proceeds from sale of capital assets	842	-	842	4,605
Interest on capitalized lease	(24,075)	-	(24,075)	-
Net Cash Used by Capital and Related Financing Activities	<u>(56,561)</u>	<u>(8,600)</u>	<u>(65,161)</u>	<u>(611,763)</u>
Cash Flows From Investing Activities:				
Purchase of investments	(490,125)	(522,136)	(1,012,261)	-
Interest earned	165,596	162,044	327,640	50,072
Net Cash Provided (Used) by Investing Activities	<u>(324,529)</u>	<u>(360,092)</u>	<u>(684,621)</u>	<u>50,072</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,559	4,525,888	4,532,447	(598,144)
Cash and Cash Equivalents at Beginning of Year	<u>3,963,035</u>	<u>4,096,244</u>	<u>8,059,279</u>	<u>2,695,741</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,969,594</u>	<u>\$ 8,622,132</u>	<u>\$ 12,591,726</u>	<u>\$ 2,097,597</u>
Statement of Net Assets -				
Cash and Cash Equivalent -				
Current assets	3,862,108	8,622,132	12,484,240	2,097,597
Temporarily restricted assets	107,486	-	107,486	-
Cash and Cash Equivalents at End of Year	<u>\$ 3,969,594</u>	<u>\$ 8,622,132</u>	<u>\$ 12,591,726</u>	<u>\$ 2,097,597</u>

Continued

LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of Net Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating income (loss) for the year	\$(734,826)	\$ 1,142,845	\$ 408,019	\$(752,616)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation and amortization	610,397	717	611,114	401,504
Change in assets and liabilities-				
(Increase) decrease in -				
Receivable	(121,940)	(754,644)	(876,584)	-
Due from other funds	-	-	-	23,596
Prepaid and deposits	(109,889)	-	(109,889)	(136,793)
Inventory	15,163	-	15,163	-
Increase (decrease) in-				
Accounts payable	9,118	13,783	22,901	26,880
Accrued liabilities	272,411	-	272,411	32,000
Due to other governmental units	(33,667)	(8,121)	(41,788)	-
Net Cash Provided (Used) By Operating Activities	<u>\$(93,233)</u>	<u>\$ 394,580</u>	<u>\$ 301,347</u>	<u>\$(405,429)</u>

Concluded

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 2,478,357	\$ 1,034,988
Due from other funds	<u>54,976</u>	<u>-</u>
Total Assets	<u>2,533,333</u>	<u>1,034,988</u>
LIABILITIES:		
Accounts payable	138,029	-
Due to individuals and agencies	-	671,511
Due to other governmental units	<u>-</u>	<u>363,477</u>
Total Liabilities	<u>138,029</u>	<u>\$ 1,034,988</u>
NET ASSETS:		
Held in trust for pension and health care benefits	<u>\$ 2,395,304</u>	

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Additions:		
Contributions		\$ 3,509,934
Deductions:		
Transfer to administrative agents		<u>2,198,279</u>
Net additions to net assets held in trust		1,311,655
Net assets held in trust at beginning of year		<u>1,083,649</u>
Net assets held in trust at end of year		<u><u>\$ 2,395,304</u></u>

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

COMPONENT UNITS

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2008**

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,023,212	\$ 543,833	\$ 4,274,350	\$ 7,841,395
Receivables	2,738,699	6,315,614	4,373,665	13,427,978
Due from primary government	264,296	-	-	264,296
Inventories	775,587	-	-	775,587
Prepayments and deposits	115,365	-	41,730	157,095
Capital Assets (net of accumulated depreciation)				
Assets not being depreciated	37,754,891	-	4,003,481	41,758,372
Assets being depreciated	<u>32,702,238</u>	<u>-</u>	<u>12,973,855</u>	<u>45,676,093</u>
Total Assets	<u>77,374,288</u>	<u>6,859,447</u>	<u>25,667,081</u>	<u>109,900,816</u>
LIABILITIES				
Payables and current liabilities	671,720	560,972	202,908	1,435,600
Accrued interest	18,781	37,462	17,136	73,379
Advances and deposits	363,585	-	-	363,585
Advance from primary government	-	-	90,000	90,000
Non-current liabilities -				
Net OPEB Obligation	674,156	-	-	674,156
Due within one year	811,704	500,374	387,741	1,699,819
Due in more than one year	<u>1,053,033</u>	<u>5,760,639</u>	<u>3,476,485</u>	<u>10,290,157</u>
Total Liabilities	<u>3,592,979</u>	<u>6,859,447</u>	<u>4,174,270</u>	<u>14,626,696</u>
NET ASSETS				
Invested in capital assets, net of related liabilities	68,592,392	-	13,113,110	81,705,502
Restricted for:				
Primary and local roads	3,651,281	-	-	3,651,281
Debt service	-	-	1,213,000	1,213,000
Capital projects	-	-	326,190	326,190
Unrestricted	<u>1,537,636</u>	<u>-</u>	<u>6,840,511</u>	<u>8,378,147</u>
Total net assets	<u>\$ 73,781,309</u>	<u>\$ -</u>	<u>\$ 21,492,811</u>	<u>\$ 95,274,120</u>

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

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Total</u>
Expenses:				
Public works	\$ -	\$ 1,590,349	\$ 1,427,360	\$ 3,017,709
Highways and streets	<u>10,930,207</u>	<u>-</u>	<u>-</u>	<u>10,930,207</u>
Total expenses	<u>10,930,207</u>	<u>1,590,349</u>	<u>1,427,360</u>	<u>13,947,916</u>
Program revenues:				
Charges for services	2,113,115	-	360,570	2,473,685
Operating grants and contributions	8,424,525	-	-	8,424,525
Capital grants and contributions	<u>1,194,695</u>	<u>1,573,946</u>	<u>200,229</u>	<u>2,968,870</u>
Total program revenues	<u>11,732,335</u>	<u>1,573,946</u>	<u>560,799</u>	<u>13,867,080</u>
Net program (expense) revenue	802,128	(16,403)	(866,561)	(80,836)
General revenues:				
Unrestricted investment income	<u>109,721</u>	<u>16,403</u>	<u>137,645</u>	<u>263,769</u>
Total general revenues	<u>109,721</u>	<u>16,403</u>	<u>137,645</u>	<u>263,769</u>
Change in net assets	911,849	-	(728,916)	182,933
Net assets, beginning of year	<u>72,869,460</u>	<u>-</u>	<u>22,221,727</u>	<u>95,091,187</u>
Net assets, end of year	<u>\$ 73,781,309</u>	<u>\$ -</u>	<u>\$ 21,492,811</u>	<u>\$ 95,274,120</u>

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

The County of Lapeer, Michigan, was organized in 1837 and covers an area of approximately 666 square miles with the county seat located in the City of Lapeer, Michigan. The County operates under an elected Board of Commissioners (seven members) and provides services to approximately 88,000 residents in many areas; including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture.

These financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

BLENDING COMPONENT UNIT -

LAPEER COUNTY BUILDING AUTHORITY is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Lapeer County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings. Separate financial statements for the Authority are not published.

DISCRETELY PRESENTED COMPONENT UNITS -

LAPEER COUNTY ROAD COMMISSION maintains primary, local and state trunklines within Lapeer County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, reimbursements from the Department of State Highways for work performed by the Road Commission on state trunklines and contributions from other local governmental units within the County. The three (3) member Board of Road Commissioners are elected by Lapeer County residents through a general election. The Road Commission is financially accountable to the County for the following reasons: All general long-term debt issuances excluding capital lease purchase agreements require County authorization. In addition, the County must approve the annual budget appropriating the salaries and fringe benefits of the members of the Board of County Road Commissioners.

LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW) is administered by the Drain Commissioner as appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 P.A. 1957, as amended. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd):

LAPEER COUNTY DRAINAGE DISTRICTS established pursuant to Act 40, P.A. 1956, as amended, the Michigan Drain Code are under the administration of the Lapeer County Drain Commissioner. The statutory Intercounty Drainage Board consists of the State Director of Agriculture and the Drain Commissioners of each County involved in the projects. Each of the drainage districts is a separate legal entity. The Drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district upon authorization of the County Board of Commissioners. The Drain Commission and all operations for the Drain Commission office are budgeted and reported as part of the County General Fund, except for maintenance and construction of individual drains, which is accounted for through the various drain funds.

COMPONENT UNIT FINANCIAL STATEMENTS - Complete financial statements of the Lapeer County Road Commission are audited separately and may be obtained from the administration office at the following location:

Lapeer County Road Commission
820 Davis Lake Road
Lapeer, Michigan 48446

The funds associated with the activities of the public works projects administered by the Lapeer County BPW and the drainage districts administered by the Lapeer County Drain Commissioner are included within the scope of the audit of the basic financial statements. Separate audited financial statements for these component units were not issued.

FISCAL YEAR ENDS - All of the County funds operate and are reported on a December 31 year end, with the exception of the Road Commission, Mental Health, Health Department, Personal Care – Aide Program, Community Grants, Law Enforcement, Thumb Narcotics Unit, DHS, Lapeer Continuation Coordinator and Child Care (Special Revenue) Funds, which operate and are reported on a September 30 fiscal year end.

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government's financially accountable.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers all revenues available if they are normally collected within 60 days after the year-end except for reimbursement grants, which are recognized if collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Also only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

General Fund - is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Mental Health Fund - is used to account for the operations of providing specialized mental health services. Financing is provided by State Public Act 258, federal grants, charges for services and General Fund appropriations.

Revenue Sharing Reserve Fund - is used to account for the collection of tax revenues that had been designated as replacement of State Shared Revenues.

Local Reserve Fund - is used to account for set aside additional tax revenues collected due to State mandated collection shift. These funds will be used to smooth the effects of the tax shift in later years.

Senior Millage Fund - is used to account for an ad valorem special property tax Millage and the distribution to various funds and agencies that provide programs for seniors.

The County reports the following major proprietary funds:

Medical Care Facility - is used to account for the operations of the County-owned Long-Term Care Facility.

Delinquent Tax Fund - is used to account for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. Also the fund is used to account for the activity related to property foreclosure.

Additionally, the government reports the following fund types:

Governmental Fund Types -

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

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

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

Proprietary Fund Type -

Internal Service Funds - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, for unemployment, workers' compensation, equipment acquisition and replacement and health care, and to account for the payment of related insurance claims and expenses.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Fiduciary Fund Types -

Retirement System Trust Fund - is used to account for the charges for services from departments and funds within the County and to account for the payment of contributions to the County defined benefit retirement plan.

Public Employee Health Care Trust Fund - is used to account for the accumulation and investment of funds to provide for the funding of health care benefits to former employees of the County.

Agency Funds - are used to account for assets held by the County as an agent for individuals, private organizations or other governments and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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 the business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue 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 on-going operations. The principle operating revenues of the Enterprise and Internal Services Funds are charges to customers for sale and services. Operating expenses for Enterprise and Internal Service Funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

The County maintains a common checking account for its operation funds. Each participating fund reports its share separately. To the extent that some funds have negative balances in their share of common cash, such negative balances represent temporary interfund borrowings and, at December 31, have been recorded as interfund payables to funds with positive balances.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition and financial institution pooled funds. The financial institution pool funds have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are value at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

Receivables and Payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

Inventories -

All inventories are valued at cost using the first in/first out (FIFO) method, except for the Road Commission (component unit) inventories that are stated at average cost. Inventories of governmental funds are recorded as expenditures when purchased, except the Road Commission (component unit) inventories, which are recognized using the consumption method (recorded as expenditures when used).

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Prepaid Items -

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Property Tax Calendar -

The property taxes for the County's general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The general fund levy is recognized in the year of the levy. The special purpose taxes that are levied on December 1 are recorded as a receivable and deferred since they are budgeted as revenues in the subsequent year. For the year the County levied 3.7886 mills for the General Fund, .7301 mills for Medical Care Facility and .2456 mills for Senior Citizens.

Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and Drainage Districts component units. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except for the Lapeer County Road Commission equipment which is capitalized as defined by the Michigan Department of Transportation without consideration of a minimum cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives, with the exception for road equipment which is computed on the sum-of-the-years' digits method:

	Years		
	Primary Government	Road Commission	Drainage Districts
Building/improvements	5-50	40	-
Drain System	-	-	50
Road Systems/Other Infrastructure	-	8-50	-
Equipment	5-15	5-8	5-15

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the Medical Care Facility and the Road Commission (component unit), individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations -

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity -

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates -

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit is issued under separate cover as supplementary information to the Annual Financial Statements.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Adoption of GASB 45 -

In the current year, the County Road Commission, a component unit, implemented the Governmental Accounting Standards Board's Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). Because of this pronouncement, the government-wide financial statements and proprietary-type funds now recognize the cost of providing these other postemployment benefits over the working life of the employee, rather than at the time the expenses are paid.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information -

The General and Special Revenue Funds budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

The County departments, in conjunction with the Finance Committee, prior to July 1, prepare budgets for the calendar year commencing the following January 1. The budgets include proposed expenditures and resources to finance them.

Prior to December 31, the proposed budgets are presented to the County Board of Commissioners. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through passage of a Board of County Commissioners Resolution.

The approved budgets of the County were adopted for the General fund at the activity level and the Special Revenue Funds at the fund level. These are the enacted levels under the State of Michigan Uniform Budgeting and Accounting Act and the legally adopted levels of the budget. State statutes do not require legally adopted budgets for debt service or capital projects funds.

Budgets are maintained throughout the year at the account level, to provide additional control in preventing over-expenditures at the legally adopted levels. Amendments at the activity level for the General Fund and fund level for the Special Revenue Funds must be approved by the County Board of Commissioners. The Administrator/Controller is given authorization by the Board of Commissioners to make the final amendments to the legally adopted budget in December of each year, to allow for efficiency of the budget process.

The County does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Budget amounts are reported as originally adopted, or as amended by the Board of Commissioners, during the year.

Michigan Public Act 621 of 1978 Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (cont'd):

During the year ended December 31, 2008, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and fund level for the Special Revenue Funds as follows:

Excess of Expenditures Over Appropriations -

<u>Fund Type/Function/Activity</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Variance</u>
PRIMARY GOVERNMENT -			
General Fund -			
General Government -			
County Treasurer	\$ 464,983	\$ 470,278	\$ 5,295
Transfers Out -			
Animal Control	54,989	104,543	49,554
County Surveyor	2,686	47,528	44,842
Mental Health			
Health and Welfare	14,232,407	14,555,689	323,282
Revenue Sharing Reserve -			
General Government -			
Transfers Out	-	1,531,463	1,531,463
Nonmajor Special Revenue Funds -			
General Government -			
Rental Property	50,628	89,960	39,332
Health and Welfare -			
Department of Human Services	52,469	137,026	84,557
Veterans' Trust	16,092	16,772	680
Public Safety -			
E - 911	1,725,713	1,750,197	24,484
Animal Control	354,416	354,895	479
Emergency Management	88,017	291,857	203,840
Community Development	149,913	151,084	1,171
Public Works -			
Environmental/Recycling	78,238	80,923	2,685
Recreation and Cultural -			
4 - H Programs	15,651	16,086	435

The budget reported for the Department of Human Services Fund reflects only the anticipated local portion of the Agency budget provided by an annual County appropriation. The balance of the budget is financed through the State of Michigan. The Department of Human Services only requires a budget for the locally funded portion of the Department of Human Services Fund. Revenue Sharing Reserve Fund, a special revenue fund, did not have a budget for 2008.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

Investments are carried at cost or fair value as explained in Note 1, and are deposited in the name of the Lapeer County Treasurer. Act 217 PA 1982 as amended authorizes the County to deposit in certificates of deposit, savings accounts, depository 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 5 or 6 of Act 105 of the Public Acts of 1855, as amended, by section 21.145 and 21.146 of the Michigan Compiled Laws.

Act 20 PA 1943 as amended by Act 1997 PA 1999 authorizes the County to invest surplus funds in bonds, securities and other direct obligations of the United States government or an agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution only if the bank, savings and loan association, or credit union is eligible to be a depository of funds belonging to the State; bankers' acceptance of United States banks; commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services, which mature not more than 270 days after the date of purchase; mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the surplus funds investment pool act, 1982 PA 3657, 129.111 to 129.118.

Carrying Amount -

At year-end, the carrying amount of the County Reporting Entity's cash on hand, deposits and investments are as follows:

	Primary Government	Component Units	Fiduciary Unit	Reporting Entity
Cash on Hand -				
Petty cash and cash on hand	\$ 12,697	\$ 350	\$ 300	\$ 13,347
Deposits with Financial Institutions -				
Checking	5,194,721	450,654	2,614,725	8,260,100
Savings/Money Market & Certificates of Deposit	3,872,270	1,111,070	60,796	5,044,136
Total	9,079,688	1,562,074	2,675,821	13,317,583
Investments -				
Investment Trust Funds	7,866,060	6,279,321	837,524	14,982,905
Cash and Cash Equivalents with Brokers	5,535,328	-	-	5,535,328
U.S. Government Securities	5,220,499	-	-	5,220,499
Marketable CD's	5,516,877	-	-	5,516,877
Total Investments	24,138,764	6,279,321	837,524	31,255,609
Grand Total	\$ 33,218,452	\$ 7,841,395	\$ 3,513,345	\$ 44,573,192

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

Reconciliation To Statement of Net Assets

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash On Hand	\$ 13,347
Cash in Checking	8,260,100
Cash in Savings	1,867,827
Certificates of Deposit (maturity three months or less)	1,043,646
Cash and Cash Equivalents with Brokers	5,535,328
Investment Trust Funds	<u>14,982,905</u>
Total Cash and Cash Equivalents Reported on Statement of Net Assets	<u>31,703,153</u>
Reported as Investments -	
Certificates of Deposits -	
Marketable CD's	5,516,877
Non-Negotiable CD's (maturity three months or less)	2,132,663
U.S. Government Securities	<u>5,220,499</u>
Total Investments Reported on Statement of Net Assets	<u>12,870,039</u>
 Grand Total – Statement of Net Assets	 <u>\$ 44,573,192</u>

Deposits with Financial Institutions -

The County has deposits and investments, which are maintained for its primary government, component units, and fiduciary fund types.

Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations. All deposits of the County are at federally insured banks in the State of Michigan in the name of the County.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$250,000 for deposits in an insured institution for savings and demand deposits. In addition, if the demand deposit account will not pay more than five-tenths percent interest then it can have unlimited FDIC insurance if the bank participates in the program. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured.

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, as of December 31, 2008, the book value of the County's deposits was \$13,304,236 with a corresponding bank balance of \$15,853,199. Insured deposits were \$2,057,463, and the remaining \$13,795,736 was uninsured or uncollateralized.

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The County's investment policy does not address custodial credit risk for deposits

An element of the County cash structure is the common accounts, which are utilized by most of the funds and component units within the reporting entity. The common account consists of checking accounts and investment trust funds. The investment trust portions of \$14,982,905 in the common accounts are reported in the investment category of this note.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

The County believes that due to the dollar amounts of cash deposits and the limits of FDIC Insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk. The County uses only those financial institutions with an acceptable estimated risk level as depositories.

Investments -

As of December 31, the County had the following investment types:

Investment Type	Fair Value	Percentage
Investment Trust Funds	\$ 14,982,905	47.94 %
U.S. Agency Securities	5,220,499	16.70
Marketable CD's	5,516,877	17.65
Cash and Cash Equivalent with Brokers	5,535,328	17.71
Total	\$ 31,255,609	100.00 %

Credit Risk - Investments – The County has invested \$5,220,499 in U.S. Agencies, which are rated AAA by Standard & Poor's (S&P) and Aaa by Moody's. In addition, the County investment trust funds have a fair value of \$14,982,905. The investment funds seek to preserve the value of investment at \$1 per unit. The County's investment policy is silent on the use of rated versus unrated investment.

Custodial Credit Risk - Investments - is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another party. The County's policy requires securities to be diversified by institution and may be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts. As of December 31, 2008, \$16,078,702 of investments was held in third-party safekeeping not in the County's name, however, evidenced by safekeeping receipts.

Concentration of Credit Risk - Investments - is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy requires diversification by security type but does not place a fixed percentage limit for any one issuer. As of December 31, 2008, the County had investments of 5% or more of the total portfolio as followed:

	Fair Value	Percentage
Brookstone	\$ 3,584,653	11 %
Private Bank	1,827,309	6
Multi-Bank Securities	1,731,659	6
Citizen's Bank	1,652,137	5
Federal Home Loan Bank	1,639,577	5

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

Interest Rate Risk - Investment - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County investment policy does not address interest rate risk. At year-end, the County's investments have the following range of maturity dates:

Investment Type	Fair Value	Maturity (Years)			
		<1	1-5	6-10	>10
U.S. Agency Securities	\$ 5,220,499	\$ -	\$ 290,182	\$ 1,171,227	\$ 3,759,090
Investment Trust Funds	14,982,905	14,982,905	-	-	-
Marketable CD's	5,516,877	1,342,838	1,611,950	2,562,089	-
Cash and Cash Equivalents - with Brokers	<u>5,535,328</u>	<u>5,535,328</u>	-	-	-
Total Investments	<u>\$ 31,255,609</u>	<u>\$ 21,861,071</u>	<u>\$ 1,902,132</u>	<u>\$ 3,733,316</u>	<u>\$ 3,759,090</u>
Non-Negotiable Certificates of Deposits (1)	\$ <u>2,132,663</u>	\$ <u>2,132,663</u>	\$ -	\$ -	\$ -

(1) Non-negotiable Certificate of Deposits was presented to give an overall view of interest rate risk that is associated with Certificate of deposits.

Negotiability – Negotiable certificates of deposit are marketable CD's and are usually in bearer form, and have secondary markets that are easily transferable and highly liquid.

NOTE 4 - RECEIVABLES:

Receivables in the governmental and business type activities are as follows:

	Governmental Activities	Business Type Activities
Property Taxes	\$ 1,609,370	\$ 4,447,958
Interest and accounts	623,464	2,793,821
Intergovernmental - Federal/State	1,089,617	-
Local	<u>820,629</u>	<u>-</u>
	4,143,080	7,241,779
Less - allowance for uncollectible	<u>(100,000)</u>	<u>-</u>
	<u>\$ 4,043,080</u>	<u>\$ 7,241,779</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 4 - RECEIVABLES - (cont'd):

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Mental Health -		
Grants/fees received prior to meeting all eligibility requirements	\$ -	\$ 70,010
Senior Millage -		
Property Taxes	-	770,412
Non-Major Governmental Funds -		
Property taxes	9,815	-
Fees received prior to meeting all eligibility requirements	-	4,137
Grants	44,843	-
	<u>54,658</u>	<u>4,137</u>
	<u>\$ 54,658</u>	<u>\$ 844,559</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2008 was as follows:

	<u>January 1 Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31 Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863
Capital assets, being depreciated:				
Buildings	25,173,823	268,209	-	25,442,032
Improvement other than buildings	1,687,442	-	-	1,687,442
Machinery and equipment	7,616,730	267,685	111,961	7,772,454
Vehicles	1,748,211	386,419	452,086	1,682,544
Total capital assets being depreciated	<u>36,226,206</u>	<u>922,313</u>	<u>564,047</u>	<u>36,584,472</u>
Less accumulated depreciation for:				
Buildings	8,879,275	770,484	-	9,649,759
Improvements other than buildings	1,215,191	117,681	-	1,332,872
Machinery and equipment	6,989,403	176,787	-	7,166,190
Vehicles	1,254,575	212,538	368,230	1,098,883
Total accumulated depreciation	<u>18,338,444</u>	<u>1,277,490</u>	<u>368,230</u>	<u>19,247,704</u>
Total capital assets being depreciated, net	<u>17,887,762</u>	<u>(355,177)</u>	<u>195,817</u>	<u>17,336,768</u>
Governmental activities capital assets, net	<u>\$ 18,904,625</u>	<u>\$(355,177)</u>	<u>\$ 195,817</u>	<u>\$ 18,353,631</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 5 - CAPITAL ASSETS - (cont'd):

	January 1 Balance	Additions	Deletions	Adjustments	December 31 Balance
Business Type Activities:					
Capital assets, being depreciated:					
Buildings	\$ 12,966,245	\$ 231,440	\$ -	\$ 443,952	\$ 13,641,637
Improvement other than buildings	6,750	-	-	-	6,750
Machinery and equipment	<u>2,905,964</u>	<u>15,300</u>	<u>24,407</u>	<u>281,669</u>	<u>3,178,526</u>
Total capital assets being depreciated	<u>15,878,959</u>	<u>246,740</u>	<u>24,407</u>	<u>725,621</u>	<u>16,826,913</u>
Less accumulated depreciation for:					
Buildings	5,247,223	432,738	-	(232,535)	5,447,426
Improvements other than buildings	5,373	338	-	-	5,711
Machinery and equipment	<u>2,092,008</u>	<u>178,038</u>	<u>24,184</u>	<u>296,747</u>	<u>2,542,609</u>
Total accumulated depreciation	<u>7,344,604</u>	<u>611,114</u>	<u>24,184</u>	<u>64,212</u>	<u>7,995,746</u>
Business activities capital assets, net	<u>\$ 8,534,355</u>	<u>\$(364,374)</u>	<u>\$ 223</u>	<u>\$ 661,409</u>	<u>\$ 8,831,167</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 348,002
Public Safety	261,111
Public Works	600
Health and Welfare	187,763
Recreation and Cultural	<u>78,510</u>
Depreciation expense-governmental activities	875,986
Depreciation in the internal service funds	<u>401,504</u>
Total depreciation expense - governmental activities	<u>\$ 1,277,490</u>
Business-type activities:	
Medical Care Facility	\$ 610,397
Delinquent Tax Revolving	<u>717</u>
Total depreciation expense-business-type activities	<u>\$ 611,114</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 5 - CAPITAL ASSETS - (cont'd):

Discretely Presented Component Units

Drainage Districts: Capital asset activity for the Drainage Districts for the year ended December 30, 2008, was as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Capital assets, not being depreciated:				
Land Improvements	\$ 2,809,103	\$ -	\$ -	\$ 2,809,103
Construction in progress	<u>806,356</u>	<u>388,022</u>	<u>-</u>	<u>1,194,378</u>
Total capital assets, not being depreciated	<u>3,615,459</u>	<u>388,022</u>	<u>-</u>	<u>4,003,481</u>
Capital assets, being depreciated:				
Equipment	728,927	-	-	728,927
Infrastructure	<u>25,041,791</u>	<u>-</u>	<u>-</u>	<u>25,041,791</u>
Total capital assets being depreciated	<u>25,770,718</u>	<u>-</u>	<u>-</u>	<u>25,770,718</u>
Less accumulated depreciation for:				
Equipment	721,536	7,391	-	728,927
Infrastructure	<u>11,566,050</u>	<u>501,886</u>	<u>-</u>	<u>12,067,936</u>
Total depreciation	<u>12,287,586</u>	<u>509,277</u>	<u>-</u>	<u>12,796,863</u>
Total capital assets being depreciated, net	<u>13,483,132</u>	<u>(509,277)</u>	<u>-</u>	<u>12,973,855</u>
Drain Commissioner capital assets, net	<u>\$17,098,591</u>	<u>\$(121,255)</u>	<u>\$ -</u>	<u>\$16,977,336</u>

Road Commission: Capital asset activity for the Road Commission for the year ended September 30, 2008 was as follows:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
Capital Assets, not being depreciated –				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land improvements	36,249,804	1,165,534	-	37,415,338
Right of Ways	<u>180,046</u>	<u>-</u>	<u>-</u>	<u>180,046</u>
Total Capital Assets, not being depreciated	<u>36,589,357</u>	<u>1,165,534</u>	<u>-</u>	<u>37,754,891</u>
Capital Assets, being depreciated –				
Buildings and improvements	1,861,134	7,250	-	1,868,384
Road Equipment	6,748,922	589,994	552,497	6,786,419
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering equipment	70,700	-	-	70,700
Infrastructure –				
Roads	41,319,494	1,748,301	1,805,654	41,262,141
Bridges	13,072,684	213,555	-	13,286,239
Traffic signals	83,723	-	-	83,723
Depletable assets –				
Gravel pits	<u>205,130</u>	<u>-</u>	<u>-</u>	<u>205,130</u>
	<u>64,023,473</u>	<u>2,559,100</u>	<u>2,358,151</u>	<u>64,224,422</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 5 - CAPITAL ASSETS - (cont'd):

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2008</u>
Less – accumulated depreciation for –				
Buildings and improvements	\$ 1,329,994	\$ 55,455	\$ -	\$ 1,385,449
Road Equipment	5,019,680	613,719	445,804	5,187,595
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure –				
Roads	20,278,833	1,497,961	1,805,654	19,971,140
Bridges	3,813,816	256,111	-	4,069,927
Traffic signals	41,404	-	-	41,404
Depletable Assets	<u>134,283</u>	<u>-</u>	<u>-</u>	<u>134,283</u>
	<u>31,350,396</u>	<u>2,423,246</u>	<u>2,251,458</u>	<u>31,522,184</u>
 Total Capital Assets, being depreciated, net	 <u>32,673,077</u>	 <u>135,854</u>	 <u>106,693</u>	 <u>32,702,238</u>
 Road Commission capital assets, net	 <u>\$ 69,262,434</u>	 <u>\$ 1,301,388</u>	 <u>\$ 106,693</u>	 <u>\$ 70,457,129</u>

Total depreciation for the year ended September 31, 2008 was \$2,423,246. Roads are removed from the capital assets at the time the group of individually recorded roads has been fully depreciated.

NOTE 6 - PAYABLES:

Payables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts payable/accrued liabilities	\$ 1,650,734	\$ 449,574
Accrued Interest	8,167	-
Wages and fringe benefits	729,389	603,417
 Intergovernmental -		
Federal/State	285,552	131,041
Local	36	61,002
	<u>\$ 2,673,878</u>	<u>\$ 1,245,034</u>
 Payables from restricted assets		
Patient Trust Liability	\$ -	\$ 41,194
Patient Deposits	-	66,292
	<u>\$ -</u>	<u>\$ 107,486</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of December 31, 2008 is as follows:

Due To/From Other Funds -

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 79,799	\$ 87,971
Parks Department	-	955
E-911	-	8,824
Friend of the Court	-	4,903
Health Department	-	5,788
Personal Care Aid	-	1,106
Animal Control	-	1,210
Budget Stabilization	-	79,705
Emergency Management	-	279
Community Grants	-	347
Police Service Contracts	-	5,392
County Surveyor	44,843	-
Law Enforcement	-	533
Community Development Block Grant	-	661
Lapeer Area Youth Coordinator	-	5
4-H Programs	-	22
Child Care	-	563
Multi Purpose Collaborative Body	-	644
Total Per Financial Statements	<u>124,642</u>	<u>198,908</u>
Internal Service Funds -		
Unemployment	494	-
Workers' Compensation	9,910	-
	<u>10,404</u>	<u>-</u>
Fiduciary Funds -		
Retirement System Fund	54,976	-
Total per Financial Statements	190,022	198,908
Adjustments for September 30, year-end funds	<u>8,886</u>	<u>-</u>
Total	<u>\$ 198,908</u>	<u>\$ 198,908</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Total due from primary government funds, as shown on the accompanying financial statements, reporting more than due to primary government funds by \$8,886, was attributable to transactions with funds reported on a September 30 year-end.

Due To/From Primary Government and Component Units -

	<u>Receivable</u>	<u>Payable</u>
Component Unit -		
Road Commission - per financial statement	\$ 264,296	\$ -
Adjustments for September 30, year-end funds	<u>-</u>	<u>264,296</u>
	<u>\$ 264,296</u>	<u>\$ 264,296</u>

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - (cont'd):

Total due from primary government as shown on the accompanying financial statements reporting more than due to component unit by \$264,296 was attributable to transactions with Road Commission, which is reported on a September 30 year-end.

Advances From/To Other Funds -

	Receivable	Payable
General and Expense Revenue Funds		
General	\$ 108,000	\$ -
Mental Health	7,500	-
Multi Purpose Collaborative Body	-	7,500
	<u>115,500</u>	<u>7,500</u>
Internal Service Funds		
Centralized Purchasing	-	4,000
Capital Acquisition	-	104,000
	-	108,000
	<u>\$ 115,500</u>	<u>\$ 115,500</u>

The advances from the General Fund and Mental Health Fund were executed in order to assist the cash position (cash flow) of the respective recipient fund.

Advances From/To Primary Government & Component Units -

	Receivable	Payable
Primary Government -		
General Fund	\$ 90,000	\$ -
Component Unit -		
Drainage Districts	-	90,000
	<u>\$ 90,000</u>	<u>\$ 90,000</u>

The advances from the General Fund to the Drainage Districts were executed in order to assist in providing cash flow for various drain projects prior to the levy of special assessments.

Interfund Receivable/Payable -

	Receivable	Payable
Primary Government -		
Governmental Funds -		
General Fund	\$ -	\$ 1,000,000
Local Reserve	1,000,000	-
Friend of the Court	-	38,901
Health Department	-	38,827
Environmental/Recycling	-	429
County Surveyor	-	112,856
Community Grants	-	31,063
Community Development	-	27,170
Lapeer Area Youth Coordinator	-	515
4 - H Programs	-	985
Child Care	-	123,021
Veterans' Trust	-	206
Multi Purpose Collaborative Body	-	44,690
Jail	418,663	-
	<u>\$ 1,418,663</u>	<u>\$ 1,418,663</u>

The interfund receivable/payable balances at December 31, 2008 represent short-term borrowing between funds to cover negative cash balance in the common checking account in accordance with County Board of Commissioner's Policy.

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - (cont'd):

Transfers In and Out -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks and Recreation	(1) General Fund	\$ 287,915
Friend of the Court	(1) General Fund	308,138
Community Mental Health	(1) General Fund	297,735
Health Department	(1) General Fund	164,655
Health Department	(1) General Fund	416,165
Health Department	(1) General Fund	21,332
Animal Control	(1) General Fund	104,543
Environment/Recycling	(1) General Fund	11,849
Building Rental	(1) General Fund	12,680
Emergency Management	(1) General Fund	51,201
Community Corrections	(1) General Fund	13,475
Police Service Contracts	(1) General Fund	269,523
Law Enforcement Programs	(1) General Fund	8,570
Law Enforcement Grants	(1) General Fund	8,010
Law Library	(1) General Fund	4,500
Community Development	(1) General Fund	33,379
County Surveyor	(1) General Fund	47,528
Cooperative Extension	(1) General Fund	3,888
Child Care	(1) General Fund	503,838
Family Continuation Coordinator	(1) General Fund	33,080
Old Courthouse Restoration	(1) General Fund	10,000
Family Independence Agency	(1) General Fund	20,596
Personal Care	(2) Senior Millage Fund	711,547
General Fund	(4) Revenue Sharing Reserve	1,605,819
Internal Service Funds –		
Equipment Acquisition and Replacement	(3) Capital Const. And Improvement	<u>368,976</u>
Total Transfers Out Per Governmental Funds		<u>5,318,942</u>
Adjusted for September 30, year-end funds		<u>125,489</u>
Total Transfers In		<u>\$ 5,444,431</u>

Transfers represent (1) the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations (annual appropriations), (2) the movement of tax revenue from the collecting fund to the fund that is authorized to expend the tax collections, (3) the transfer of funds to finance capital acquisition, and (4) the transfer of funds to move authorized transfer of restricted taxes collected to the General Fund.

Total transfers in for the primary government funds as reported in the accompanying financial statements were \$5,444,431 and total transfers out were \$5,318,942. The difference between these amounts, \$125,489, was attributable to transactions with funds, which are reported on a September 30, year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES:

PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term liabilities (including current portions) of the Primary Government for the year ended December 31, 2008:

	Balance January 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2008</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Governmental Funds -					
General Obligation Bonds	\$ 1,120,000	\$ -	\$ 140,000	\$ 980,000	\$ 160,000
Accrued Claims Liability	15,000	74,746	39,746	50,000	10,000
Add (Less) Deferred Amounts For -					
Issuance Premium	79,515	-	11,359	68,156	11,359
Bond Issuance Costs	(34,499)	-	(4,928)	(29,571)	(4,928)
Refunding Loss	(97,516)	-	(13,931)	(83,585)	(13,931)
 Total Governmental Funds	 <u>1,082,500</u>	 <u>74,746</u>	 <u>172,246</u>	 <u>985,000</u>	 <u>162,500</u>
Internal Service Funds -					
Workers' Compensation Fund -					
Accrued Claims Liabilities	<u>37,000</u>	<u>60,903</u>	<u>28,903</u>	<u>69,000</u>	<u>12,000</u>
 Total Governmental Activities	 <u>1,119,500</u>	 <u>135,649</u>	 <u>201,149</u>	 <u>1,054,000</u>	 <u>174,500</u>
<u>Business Type Activities:</u>					
Medical Care Facility -					
Capital Lease/LTGO bonds	1,070,000	-	1,070,000	-	-
Accrued Claims Liabilities	103,115	205,753	121,953	186,915	20,000
Accrued Vacation and Sick	<u>223,173</u>	<u>790,982</u>	<u>778,132</u>	<u>236,023</u>	<u>126,023</u>
 Total Business Type Activities	 <u>1,396,288</u>	 <u>996,735</u>	 <u>1,970,085</u>	 <u>422,938</u>	 <u>146,023</u>
 Total Primary Government	 <u>\$ 2,515,788</u>	 <u>\$ 1,132,384</u>	 <u>\$ 2,171,234</u>	 <u>\$ 1,476,938</u>	 <u>\$ 320,523</u>

Significant details regarding outstanding long-term liabilities (including current portions) are presented as follows:

Building Obligation Bonds -

Building authority bonds (Limited Tax General Obligation) in the amount of \$2,300,000, dated March 23, 1989 were issued in connection with the construction of the CMH Building completed in 1990.

Building authority refunding bonds in the amount of \$2,170,000, dated July 13, 1994 were issued to partially defease the 1989 issue.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

On February 18, 2004, building authority refunding bonds in the amount of \$1,535,000 was issued to defease the 1994 issue. The payments are due in annual installments on May 1 ranging from \$140,000 to \$185,000 through 2014, with an interest rate of 5.00% due on May 1 and November 1 of each year.

Issuance costs net of premium amounted to \$75,000. \$ 980,000

The Building Authority Refunding Bonds - Series 2004 were issued net of a premium of \$113,593 and an underwriter's discount of \$9,898 in the amount of \$1,638,695. After paying \$26,386 for bond issuance and \$13,000 for insurance costs, the net proceeds of \$1,599,309 were placed in a special escrow account.

As a result of the advance refunding, the County reduced the total debt service requirements by \$140,107. This resulted in an economic gain (difference between the present value of the old and new debt) of \$124,601.

The proceeds of the 2004 refunding bonds like the 1994 refunding bonds that were placed in special escrow accounts are invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2008, the defeased bonds outstanding amounts to \$1,000,000 for the 1994 issue.

On September 6, 1990, the County defeased the General Obligation Hospital Bonds, dated December 1, 1976, by establishing an irrevocable trust with cash and U.S. Treasury strips sufficient to meet the remaining principal and interest obligations. Accordingly, the trust account assets and liabilities for the defeased bond issue are not included in the County's financial statements. Paid in full during 2008 so at December 31, 2008, there was no outstanding balance.

Accrued Claims Liability -

The County has estimated accrued liability claims, including an estimate for claims incurred but not reported (IBNR), administered through the Michigan Municipal Risk Management Authority for claims incurred on or before December 31, 2007 and through Citizen Management Inc. for claims incurred on or after January 1, 2008. The dollar amount of these estimated claims is \$50,000 at December 31, 2008.

The County has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2008. The dollar amount of these claims is reported, as a long-term liability on the balance sheet of the Workers' Compensation Fund is \$69,000 at December 31, 2008.

The Medical Care Facility has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2008. The dollar amount of these claims reported as a long-term liability on the balance sheet of the Medical Care Facility (Enterprise) Fund is \$186,915 at December 31, 2008.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

Capital Lease/G.O. Bonds -

The County is obligated under a contract to lease with the Lapeer County Building Authority, the expansion and improvements to the Medical Care Facility. The obligation of the County under the Contract of Lease to make rental payments constitutes a general obligation of the County secured by its full faith and credit and under the provisions of the Act the County is required to provide annually sufficient moneys from its general funds for payment thereof, including any collections of ad valorem taxes which the County is authorized to levy on all taxable property within its boundaries. The lease payments are to be sufficient to cover the debt service requirements on the \$7,250,000 Building Authority Bonds – Series 2001. The final payment was paid in full during 2008 in the amount of \$1,070,000, with interest of 4.76%.

Accrued Vacation and Sick -

In accordance with the contracts negotiated with the various employee groups of the Medical Care Facility of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in their contracts. The dollar amount of these vested rights, which has been accrued on the balance sheet of the Medical Care Facility Fund, amounts to approximately \$236,023 for vacation and sick leave at December 31, 2007. Sick days not used at the end of the calendar year are reimbursed to the employee at the rate of 50 percent. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee is charged.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2008, for the following bonds and notes (excluding accrued vacation and sick accrued insurance claims) of the Primary Government are as follows:

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2009	\$ 160,000	\$ 45,000
2010	155,000	37,125
2011	145,000	29,625
2012	170,000	21,750
2013	165,000	13,375
2014	185,000	4,625
	<u>\$ 980,000</u>	<u>\$ 151,500</u>

COMPONENT UNITS -

The following is a summary of changes in long-term liabilities (including current portions) of the Component Units of the Road Commission for the year ended September 30, 2008 and both Board of Public Works and Drainage Districts for the year ended December 31, 2008:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Road Commission -					
MTF Notes	\$ 1,470,000	\$ -	\$ 420,000	\$ 1,050,000	\$ 420,000
Installment purchase agreement	958,490	-	283,838	674,652	283,838
Accrued vacation	131,363	174,211	165,489	140,085	107,866
Total Road Commission	<u>2,559,853</u>	<u>174,211</u>	<u>869,327</u>	<u>1,864,737</u>	<u>811,704</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Due Within One Year
Board of Public Works -					
General Obligation Bonds	3,382,000	-	321,000	3,061,000	341,000
Michigan State Revolving Loan	1,935,724	1,373,037	75,000	3,233,761	165,000
Less Deferred amount for:					
Issuance Costs	(15,236)	-	(2,177)	(13,059)	(2,177)
Bond Discount	(12,290)	-	(1,756)	(10,534)	(1,756)
Refunding Loss	(11,848)	-	(1,693)	(10,155)	(1,693)
Total Board of Public Works	<u>5,278,350</u>	<u>1,373,037</u>	<u>390,374</u>	<u>6,261,013</u>	<u>500,374</u>
Drainage District -					
Drain Notes	69,000	-	69,000	-	-
Drain Bonds	5,166,098	-	1,130,164	4,035,934	397,842
Less Deferred amount for:					
Bond Issuance Costs	(181,809)	-	(10,101)	(171,708)	(10,101)
Total Drainage District	<u>5,053,289</u>	<u>-</u>	<u>1,189,063</u>	<u>3,864,226</u>	<u>387,741</u>
Total Component Units	<u>\$ 12,891,492</u>	<u>\$ 1,547,248</u>	<u>\$ 2,448,764</u>	<u>\$ 11,989,976</u>	<u>\$ 1,699,819</u>

Road Commission

The County of Lapeer issued the following Motor Transportation Fund Note Series pursuant to provisions of Act 202 Public Acts of Michigan 1943, as amended. The Notes are issued in anticipation of and are payable from money derived from State collected taxes returned to the Road Commission from the Michigan Transportation Fund for highway construction and construction and work incidental thereto pursuant to Act 202.

MTF Note - Series 2000

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2000, dated May 11, 2000, in the original amount of \$2,200,000. Principal payments are due in annual installments on August 1 of \$220,000 through 2010, with interest ranging from 4.9% to 5.0% due on February 1 and August 1 of each year. At September 30, 2008, the outstanding principal balance is \$440,000.

MTF Note - Series 2000 B

The Road Commission is also obligated for Michigan Transportation Fund Notes, Series 2000B, dated November 21, 2000 in the original amount of \$700,000. Principal payments are due in annual installments on August 1 of \$70,000 through 2010, with interest ranging from 4.9% to 5.0% due on February 1 and August 1 of each year. At September 30, 2008, the outstanding balance is \$140,000.

MTF Note - Series 2002

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2002, dated April 1, 2002, in the original amount of \$500,000. Principal payments are due in annual installments on August 1 of \$50,000 through 2011, with interest ranging from 4.15% to 4.60% due on February 1 and August 1 of each year. At September 30, 2008, the outstanding principal balance is \$150,000.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

MTF Note - Series 2002 B

The Road Commission is also obligated for Michigan Transportation Fund Notes, Series 2002B, dated May 15, 2002 in the original amount of \$800,000. Principal payments are due in annual installments on August 1 of \$80,000 through 2012, with interest ranging from 3.50% to 4.10% due on February 1 and August 1 of each year. At September 30, 2008, the outstanding balance is \$320,000.

The annual requirements to amortize long-term liabilities outstanding at September 30, 2008, except compensated absences, are as follows:

<u>Year Ending September 30,</u>	<u>MTF Notes-Series 2000</u>		<u>MTF Notes – Series 2002</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 290,000	\$ 28,965	\$ 130,000	\$ 18,812
2010	290,000	14,500	130,000	13,801
2011	-	-	130,000	8,562
2012	-	-	<u>80,000</u>	<u>3,169</u>
	<u>\$ 580,000</u>	<u>\$ 43,465</u>	<u>\$ 470,000</u>	<u>\$ 44,344</u>

Installment Purchase Agreement

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck cabs and chassis, dated May 5, 2005, in the original amount of \$884,314. The payments are due in annual installments on May 5 of \$176,862 through 2010, with interest of 3.3%, due May 5 of each year. At September 30, 2008, the outstanding principal balance is \$353,724.

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck boxes, dated November 17, 2005 in the original amount of \$534,877. The payments are due in annual installments on November 11 of \$106,976 through 2010, with interest of 3.3%, May 5 of each year. At September 30, 2008, the outstanding principal balance is \$320,928.

The annual debt service requirements to maturity for the Installment Purchase Contracts outstanding at September 30, 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 283,838	\$ 28,100
2009	283,838	18,733
2010	<u>106,976</u>	<u>9,367</u>
	<u>\$ 674,652</u>	<u>\$ 56,200</u>

Accrued Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements in the government-wide statements, amounts to approximately \$140,085 at September 30, 2008.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

Board of Public Works

General Obligation Bonds

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal system for various township, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. Original amount of the general obligation bonds issued in prior years was \$7,265,000. During the year no general obligation bonds were issued.

The principal and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the bond issues, ownership of the systems reverts to the Township, Village or Cities. General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	
Governmental activities	4.25 - 6.10	\$ 2,216,000
Governmental activities - refunding	3.60 - 5.55	845,000
		\$ 3,061,000

On April 11, 1996, the County, through its Board of Public Works, defeased a portion of the Village of Dryden Wastewater Treatment System Bonds dated March 1, 1990 and the Township of Elba Wastewater Treatment System Bonds dated August 1, 1990, by establishing an irrevocable trust with the U.S. Treasury Bills and Notes sufficient to meet the annual installment principal obligations of \$1,550,000 and \$1,480,000 respectively. Accordingly, the trust account's assets and liabilities for the defeased bond issues are not included in the County's financial statements. At December 31, 2008, the bonds outstanding of \$810,000 and \$190,000 respectively are considered defeased.

On February 28, 2006, the County through its Board of Public Works issued 2006 (tax exempt) refunding bonds to refund 1996 Waste Water Treatment System Refunding Bonds – Limited Tax General Obligation (Village of Dryden). The refunding resulted in issuance costs of \$17,413, Bond Discount \$14,046, and loss on the refunding in an amount of \$13,541. The 1996 Bonds were issued April 11, 1996 in the principal amount of \$1,500,000 and remaining outstanding principal at December 31, 2008 is \$990,000.

Annual debt service requirements to maturities for general obligation bonds and loans are as follows:

Year Ending December 31,	General Obligation Bonds		G.O. Bonds Refunded	
	Principal	Interest	Principal	Interest
2009	\$ 126,000	\$ 109,906	\$ 215,000	\$ 31,915
2010	125,000	104,095	115,000	22,009
2011	135,000	98,175	120,000	17,660
2012	140,000	91,610	130,000	12,940
2013	145,000	84,785	130,000	7,935
2014-2018	855,000	307,078	135,000	2,700
2019-2023	690,000	83,828	-	-
	\$2,216,000	\$ 879,477	\$ 845,000	\$ 95,159

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

Annual debt service requirements to maturities for the State of Michigan Revolving loan are as follows:

State of Michigan Revolving Loan

State of Michigan Revolving Loans have been obtained to construct Drinking Water systems for Villages in the County. The County in turn is leasing the systems to the Villages who operate, maintain and manage the systems. The loans are backed by the full faith and credit of the Villages and County pursuant to Act 185, Public Act of Michigan 1957, as amended.

The principal and interest are to be paid out of money received from the Villages by the Board of Public Works pursuant to the lease agreements. Upon final payment of the loans, ownership of the system reverts to the Villages. State of Michigan Revolving Loans currently outstanding are as follows:

Governmental Activities –

1998 Village of Dryden Drinking Water Revolving Loan Project #7042-01

On September 29, 1998, the loan was issued in amount of \$1,021,207. Principal payments are due in annual installments on April 1, 2000 through 2019, in amounts ranging from \$45,000 to \$61,507 with interest of 2% payable semi-annually on April 1 and October 1 of each year.

2007 Village of Almont Drinking Water Revolving Loan Project #7192-01

On September 20, 2007, the loan was authorized to be drawn in amount of \$2,090,000. As of December 31, 2007, Lapeer County Board of Public Works has drawn \$810,444 from the authorized amount. The principal payments will be due in annual installments on October 1, 2009 through 2028, in amounts ranging from \$85,000 to \$125,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

2007 Village of Dryden Drinking Water Revolving Loan Project #7191-01

On September 27, 2007, the loan was authorized to be drawn in an amount of \$695,000. As of December 31, 2007, Lapeer County Board of Public Works has drawn \$468,773 from the authorized amount. The principal payments will be due in annual installments on October 1, 2008 through 2027, in amounts ranging from \$30,000 to \$40,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

Annual debt service requirements to maturities for the State of Michigan Revolving Loan are as follows:

Year Ending <u>December 31.</u>	<u>Michigan Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 160,000	\$ 70,150
2010	165,000	66,817
2011	170,000	63,123
2012	170,000	59,323
2013	180,000	55,460
2014-2018	965,000	215,066
2019-2023	791,507	115,332
2024-2028	<u>632,254</u>	<u>33,496</u>
	<u>\$ 3,233,761</u>	<u>\$ 678,767</u>

Governmental Activities (G.O. Bonds) -

	<u>Interest Rate</u>	
Water System Improvements Bonds (Village of North Branch)	5.55 - 6.10 %	\$ 430,000
Sewage Disposal Systems Improvement Bonds - Series 2001 (Village of Almont)	5.10	11,000
Sewage Disposal Systems Improvement Bonds - Series 2002 (Village of Almont)	4.25 - 4.90	<u>1,775,000</u>
		<u>2,216,000</u>

Governmental Activities (G.O. Refunding) -

Wastewater Treatment System Refunding Bonds – Series 2006 (Village of Dryden)	3.60 - 4.00	740,000
Wastewater Treatment System Refunding Bonds (Township of Elba)	5.55	<u>105,000</u>
		<u>845,000</u>
		<u>\$ 3,061,000</u>

Governmental Activities (Revolving Loans) -

1998 Water System (Village of Dryden)	2.50	\$ 611,507
2007 Water System (Village of Almont)	2.13	1,957,386
2007 Water System (Village of Dryden)	2.13	<u>664,868</u>
		<u>\$ 3,233,761</u>

Drainage Districts -

Lapeer County through the Drain Commissioner, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes and bonds are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Pubic Acts of 1976. Repayment of the notes and bonds are made from the special assessment revenues collected and are serviced from debt service funds. The full faith and credit of the Drainage Districts have been pledged for the making of said payments. Also, pursuant to a resolution adopted by its Board of Commissioners, the County of Lapeer has pledged its full faith and credit as additional security for the payment of the principal of and interest on the bonds.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - LONG-TERM LIABILITIES - (cont'd):

On March 29, 2005, the County issued \$2,830,000 in bonds connection with the Imlay-Bigelow Drain and Branches Drainage District. The payments are due in annual installments on June 1, 2006, ranging from \$125,000 to \$150,000 through 2025, with interest ranging from 4.2% to 4.7% due on June 1 and December 1 of each year. Underwriting fees and other issuance costs were approximately \$202,010.

In November 2006, the South Branch of Mill Creek Intercounty Drainage District issued \$3,220,000 of bonds for improvements to the drain. The Drainage District includes both Lapeer and St. Clair Counties and the bonds are backed by the full faith and credit of both Counties. Payments on the bonds have been split 38.39% and 61.61% for Lapeer County and St. Clair County, respectively, and will be paid from special assessments against property and public corporations within the Drainage District. St. Clair County is responsible for maintaining the fund to account for the activity of the issue and the construction, with the respective portions being reported by the two Counties.

Principal on the bonds is due on June 1, 2008 through 2017 with interest due semi-annually at interest rates ranging from 4.0% to 6.0%. Lapeer County's balance at December 31, 2008 was \$1,120,934.

The balance at December 31, 2008 is as follows:

Governmental Activities -	<u>Interest Rate</u>	
Drain Bonds -		
Potter Lake/Elba Sewer	4.70 - 5.00	\$ 175,000
Winn Lake District	5.00 - 5.60	360,000
Imlay-Bigelow and Branches Drainage District	4.20 - 4.70	2,380,000
Mill Creek Intercounty Drain	4.00 - 6.00	<u>1,120,934</u>
		<u>\$ 4,035,934</u>

Annual debt service requirements to maturities are as follows:

<u>Year Ended December 31,</u>	<u>Drain Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 322,842	\$ 166,279
2010	319,761	150,474
2011	319,761	138,965
2012	319,761	124,193
2013	319,761	110,987
2014-2018	1,464,048	364,131
2019-2023	720,000	135,913
2024-2028	<u>250,000</u>	<u>11,688</u>
	<u>\$4,035,934</u>	<u>\$ 1,202,630</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2008

NOTE 9 - RETIREMENT PLAN:

Plan Description -

Lapeer County, Michigan (the Primary Government along with the Board of Public Works and Drainage Districts) participates in the Michigan Municipal Employees Retirement System (MERS); an agent multiple employer state-wide, public employee defined benefit pension plan created under Public Act 135 of 1945, and now operates under Public Act 220 of 1996, and the MERS Plan Document as revised. MERS was established to provide retirement, survivor and disability benefits on a voluntary basis to the State of Michigan's local government employees. The MERS plan was organized pursuant to Section 12A of Act 156, Public Acts of 1851 (MSA 5.33(a); MCLA 46.12(a), as amended, and is regulated under Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy -

The plan adopted by the Board of County Commissioners requires no member contribution except for department heads, elected officials, and POLC (sheriff union employees). The County is required to contribute at an actuarially determined rate; the weighted average rate for 2008 was 10.26% for sheriff's department employees, 5.98% for union employees and 10.70% for non-union employees at the Medical Care Facility, 10.70% for Department of Senior Activities and Health Department employees, 9.05% for general non-union employees, 9.05% for general union employees, and 9.62% for elected commissioners. Also, the County is required to contribute 10.83% for union Community Mental Health employees and 8.99% for General Teamsters. The contribution requirements of plan members and the County is established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Costs -

For the year ended December 31, 2008, the County's annual pension cost of \$2,219,486 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 4.16% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually), after retirement for persons under Benefit E-1 or E-2. The actuarial value of MERS assets was determined on a basis of evaluation method that assumes the funds earn the expected rate of return (8%) and includes as an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 9 - RETIREMENT PLAN - (cont'd):

Three-Year Trend Information

Fiscal Year Ending <u>December 31,</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APCNet Contribution</u>	<u>Pension Obligation</u>
2006	\$ 1,612,887	100 %	-
2007	1,659,493	100	-
2008	2,119,812	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Overfunded) Liability (UAAL) (b-a)</u>	<u>Funded Ratio (AAL) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAI as a % of Covered Payroll [(b-a)/c]</u>
2005	\$ 48,484,521	\$ 57,449,535	\$ 8,965,014	84 %	\$ 21,929,614	41 %
2006	55,548,007	62,191,494	6,643,487	89	23,105,837	29
2007	61,321,749	67,484,457	6,162,708	91	24,095,799	26

Component Unit - Road Commission -

The Lapeer County Road Commission, a component unit of the Lapeer County reporting entity, maintains a separate plan with MERS.

For the year ended September 30, 2008, employer contributions totaling \$347,268 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2006.

Detailed information regarding the Lapeer County Road Commission pension plan is presented in its separately issued financial statements. The actuarially determined contribution requirement has been met.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

Primary Government -

Upon becoming a Full-Time County Employee the County contributes \$30 per month into a non-vested account in the employee's name. Once the employee has worked for the County ten continuous years in a full-time capacity, the employee becomes vested and their non-vest account is converted to a vested account. Upon separation from County employment, the former employee is therefore entitled to draw from his/her vested account for the payment of post employment health care expenses.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS - (cont'd):

Component Unit - Road Commission -

Plan Description -

In addition to the pension benefits described in Note 9, the Lapeer County Road Commission provides postemployment benefits through a single-employer defined benefit healthcare plan (the "Retiree Health Plan") to eligible employees who retire from the Road Commission on or after attaining retirement age with at least ten years of service. Benefits provided by the plan consist of healthcare, vision, dental, and prescription drug coverage. Benefit provisions are established through negotiations between the Road Commission's management and Board of Commissioners and the employees' unions.

The Road Commission has implemented GASB Statement No. 45 prospectively in the current year. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy -

The Road Commission funds the benefits on a pay-as-you-go method for current retirees. The plan requires no member contributions for Road Commission employees. During the year ended September 30, 2008, employer contributions of \$424,574 were made by the Road Commission.

Annual OPEB Cost and Net OPEB Obligation –

The Road Commission's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount calculated in accordance with the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents the level of funding necessary to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period not to exceed thirty years. The Road Commission's annual OPEB cost for the year, the amount actually contributed, and changes in the net OPEB obligation are as follows:

Annual required contribution	\$ 1,098,730
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	1,098,730
Contributions made	424,574
Increase in net OPEB obligation	674,156
NET OPEB obligation – beginning of year	-
NET OPEB obligation – end of year	\$ 674,156

Schedule of Employer Contributions -

Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
September 30, 2008	\$ 1,098,730	43.19%	\$ 674,156

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS - (cont'd):

Funded Status and Funding Progress –

The projection of future benefit payments for an ongoing plan involves estimates for the value of reported amounts and assumptions about the probability or occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
2008	\$ -	\$ 11,116,553	\$ 11,116,553	0 %	\$ 2,776,247	400 %

Methods and Assumptions –

The 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. The benefit costs were developed using the entry age cost method. The assumptions included (a) 7.0% investment rate of return, (b) 4.8% discount rate, (c) projected health care premium increases of 6.8% to 7.0% per year, (d) life expectancies for males and females of 77 and 81 years, respectively, (e) assumed retirement age of 58, or at the first subsequent year in which the member would qualify for benefits. The plan unfunded actuarial accrued liability is being amortized by level percent of payroll contributions over 30 years on an open period.

NOTE 11 - CONTINGENT LIABILITIES:

Primary Government -

The County participates in a number of federal and state assisted grant programs, which are subject to compliance audits. The periodic program compliance monitoring of many of the federal and state programs have not yet been conducted or completed. 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.

Lapeer County Medical Care Facility is currently involved in litigation regarding grant funds (Hill-Burton Funds) they received several years ago to help build the facility. Under the grant document, the facility was to provide free services equal to the amount of funds received. The dispute is now over what qualifies under this stipulation. Isabella County Medical Care Facility and several other Michigan agencies are currently combining efforts on fighting this issue. At this time, it is undeterminable what the result of this suit may be and what, if any, effect it will have on the Facility's current financial statements.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 11 – CONTINGENT LIABILITIES - (cont'd):

A substantial portion of the Medical Care Facility, Public Health and Mental Health Department's total patient revenues are for services provided to Medicare, Medicaid and Blue Cross and Blue Shield of Michigan patients. Payments for these services are based upon allowable costs incurred and are subject to final audit by the intermediaries.

There are various other legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Corporation 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, if any, are considered to be immaterial.

Component Unit - Road Commission -

In the normal course of its operations, the Lapeer County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

Also as a part of its trunkline maintenance agreement with the State of Michigan, the Road Commission's costs charged to the State are subject to audit. The amounts, if any, which may have to be paid back to the State, cannot be determined at this time, although the Road Commission expects such amounts, if any, to be immaterial.

NOTE 12 - RISK MANAGEMENT:

Primary Government -

The County maintains separate internal service funds to account for the costs of providing workers' compensation, unemployment and health insurance and the resources to finance those costs. Each participating fund of the County makes payments to the respective internal service fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as other services and charges in the paying fund and charges for services in the receiving fund. The settlements have not exceeded insurance coverage for each of the past three years for workers' compensation, health care and the risk covered through participation with the Michigan Municipal Risk Management Authority.

The County is completely self-insured for unemployment compensation, and is self-insured for workers' compensation claims up to an aggregate annual amount of \$300,000. The County is insured for the amount of claims in excess of such limitation to a maximum of \$5,000,000. The County is then self-insured for annual aggregate claims in excess of insurance coverage.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 12 - RISK MANAGEMENT - (cont'd):

In addition, the Primary Government, including the Board of Public Works and Drainage Districts, is a voluntary member of the Michigan Risk Management Authority established pursuant to laws of the State of Michigan which authorize 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 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, and to ensure the filing of all required reports and to act as a liaison between the County and the Authority.

The Authority administers risk management funds providing Lapeer County with loss protection for general and auto liability, motor vehicle physical damage, and property. 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	\$ 75,000
Motor vehicle physical damage	15,000 per vehicle 30,000 per occurrence
Property and Crime	1,000 per occurrence, plus 10% of the next \$100,000 of loss

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2008, the Stop Loss Program limited the retention for Lapeer County to \$260,000 in aggregate claims paid during the year.

The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations.

The Authority has established a reserved fund balance to pay losses incurred by members, which 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 Lapeer County incurs a loss in excess of the resources available, the County is liable for the excess.

The County provides health insurance coverage through a private carrier, paying premiums adjusted annually. The coverage provided does not have individual or aggregate claims limits beyond deductibles of \$1,000 per claim. The deductible is shared \$800 by the County and \$200 by the employee.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 12 - RISK MANAGEMENT - (cont'd):

Changes in the balance of claims liability during the past year are as follows:

	<u>General Fund</u>		<u>Medical Care Facility</u>		<u>Workers' Compensation</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 15,000	\$ 60,000	\$ 103,115	\$ 82,115	\$ 37,000	\$ 38,000
Incurring claims (including IBNR's)	74,746	44,160	205,753	44,471	60,903	50,331
Claims Paid	<u>(39,746)</u>	<u>(89,160)</u>	<u>(121,953)</u>	<u>(23,471)</u>	<u>(28,903)</u>	<u>(51,331)</u>
Unpaid claims, end of year	50,000	15,000	186,915	103,115	69,000	37,000
Less current portion	<u>(10,000)</u>	<u>(5,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(12,000)</u>	<u>(11,000)</u>
Long-Term Liabilities	<u>\$ 40,000</u>	<u>\$ 10,000</u>	<u>\$ 166,915</u>	<u>\$ 83,115</u>	<u>\$ 57,000</u>	<u>\$ 26,000</u>

Component Unit - Road Commission -

The Road Commission is also a member of the County Road Association Self Insurance Pool for workers' compensation self-insurance. The Pool is a municipal self-insurance entity operating within the laws of the State of Michigan. The Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool.

The Road Commission provides for its employees dental/optical reimbursement programs for regular full-time employees, spouses and dependent children under nineteen (19) years of age. Based on their bargaining unit, employees may be reimbursed for dental and/or optical up to \$650 for bills or apply their reimbursement amount to the cost of the insurance premium.

The Road Commission carries commercial insurance for all other risks of loss, including life, disability and health insurance, automobile liability, errors or omissions liability and bodily injury, property damage, personal injury liability and property (building and grounds). The amount of settlements (claims) for the past three years has not exceeded insurance coverage.

NOTE 13 - DEFERRED COMPENSATION:

The County, including its component units, offers its employees Deferred Compensation Plans created in accordance with the Internal Revenue Code Section 457.

A trust, custodial account or annuity contract assets are owned or held by a trust, custodian or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries. As a result, the County and its component units have determined a fiduciary relationship does not exist and therefore the Deferred Compensation Plans are not reported as part of the County or its component units.

As part of its fiduciary role, the County, including its component units, has an obligation of due care in selecting the third party administrator. The County, including its component units, believes they have acted in a prudent manner and are not liable for losses that may arise from the administration of the plan.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 14 - FUND EQUITY:

RESERVED FUND BALANCE -

Fund Balance has been reserved in various governmental funds to indicate the portion of Fund Balance not available but reserved for a specific purpose. The following is a summary of Reserved Fund Balance for all County funds at December 31, 2008:

Fund Type/Fund	Description	Amount
Primary Government -		
General Fund	Advance to Other Funds/Component Units	\$ 198,000
Special Revenue Funds -		
Mental Health	Prepaid Expenditures	48,209
	Advance to Other Funds	7,500
	Accrued Vacation and Sick	107,680
	Risk Corridor Financing	<u>332,723</u>
		<u>496,112</u>
Park Development	Prepaid Expenditures	300
E-911	Prepaid Expenditures	77,957
Health Department	Prepaid Expenditures	5,174
Personal Care Aide Program	Inventory	<u>1,954</u>
Total Governmental Funds		<u>779,497</u>
Fiduciary Fund -		
Pension	Pension Benefit	1,133,833
Public Employee - Health Care	Health Benefit	<u>1,261,471</u>
		<u>2,395,304</u>
Total Primary Government Reserved Fund Balance		<u>\$ 3,174,801</u>

NOTE 15 - PRIOR PERIOD ADJUSTMENTS:

Enterprise Fund – Medical Care Facility –

There is a prior period adjustment to correct an error in capitalizing expenses based on a review by the funding agency. The prior period adjustments resulted in an increase of net assets and capital assets of \$664,409. See Note 5 to the Basic Financial Statements.

Governmental Funds – Revenue Sharing Reserve and Local Reserve Funds –

There is a prior period adjustment to correct an error of tax levy calculation for the Revenue Sharing Reserve. The Revenue Sharing Reserve allocation of property taxes was over stated because the captured tax levy was inadvertently not subtracted. The prior period adjustments resulted in a reduction of fund cash and balance of \$520,198 for the Revenue Sharing Fund and an increase in fund cash and balance of \$520,198 for the Local Reserve Fund.

REQUIRED SUPPLEMENTARY INFORMATION

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 11,148,193	\$ 11,148,193	\$ 11,127,623	\$(20,570)
Licenses and permits	15,220	15,220	16,938	1,718
Intergovernmental -				
Federal/State	1,374,526	1,377,850	1,580,159	202,309
Charges for services	2,473,605	2,487,330	2,350,982	(136,348)
Fines and forfeits	332,500	355,316	368,619	13,303
Interest and rent	658,883	658,883	820,622	161,739
Other	2,298,596	2,289,280	2,294,978	5,698
Total Revenues	<u>18,301,523</u>	<u>18,332,072</u>	<u>18,559,921</u>	<u>227,849</u>
Expenditures:				
Legislative:				
Board of Commissioners	284,470	284,470	259,301	25,169
Judicial:				
Circuit Court	1,206,488	1,209,488	1,171,324	38,164
District Court	1,549,178	1,549,178	1,506,643	42,535
Jury Board	4,197	4,197	3,721	476
Indigent Counsel	424,800	475,031	475,028	3
Probate Court	540,750	537,750	508,147	29,603
Adult Probation	14,220	14,220	12,213	2,007
	<u>3,739,633</u>	<u>3,789,864</u>	<u>3,677,076</u>	<u>112,788</u>
General Government:				
Administrative	258,838	258,838	255,666	3,172
Elections	172,691	185,416	183,549	1,867
Professional Services	332,999	376,978	348,368	28,610
County Clerk	493,270	505,146	497,333	7,813
Tax Equalization	229,528	228,338	227,177	1,161
Prosecuting Attorney	1,238,286	1,234,038	1,209,032	25,006
Register of Deeds	318,169	312,548	311,444	1,104
County Treasurer	467,914	464,983	470,278	(5,295)
Computer Operations	259,136	257,946	156,954	100,992
Accounting	351,885	348,551	278,580	69,971
Building Operations	460,000	460,000	388,399	71,601
Building and Grounds	753,905	790,271	782,041	8,230
Drain Commissioner	424,070	419,480	370,422	49,058
Boundary Commission	593	593	129	464
	<u>5,761,284</u>	<u>5,843,126</u>	<u>5,479,372</u>	<u>363,754</u>

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public Safety:				
Sheriff	2,865,483	2,878,983	2,814,458	64,525
Criminal Justice Training	9,524	10,755	10,755	-
Marine Safety	9,366	9,366	8,915	451
Emergency Services	2,000	2,000	-	2,000
Jail/Feeding Prisoners	2,669,824	2,669,824	2,576,949	92,875
Livestock Claims	1,000	1,000	500	500
Planning Commission	49,951	49,951	32,936	17,015
PLAT Board	639	639	-	639
	<u>5,607,787</u>	<u>5,622,518</u>	<u>5,444,513</u>	<u>178,005</u>
Public Works:				
Road Commission	264,296	264,296	264,296	-
Drains - County at Large	90,818	95,422	95,422	-
	<u>355,114</u>	<u>359,718</u>	<u>359,718</u>	<u>-</u>
Health and Welfare:				
Medical Examiner	56,980	56,980	50,326	6,654
Veterans' Burial	37,500	37,500	10,660	26,840
Veterans' Affairs	103,855	103,336	101,217	2,119
Veterans' Relief	1,000	1,000	-	1,000
Economic Development Commission	7,000	7,000	7,000	-
	<u>206,335</u>	<u>205,816</u>	<u>169,203</u>	<u>36,613</u>
Recreation and Cultural:				
Conservation Activities	10,710	10,710	7,105	3,605
Cooperative Extension	253,225	248,197	239,311	8,886
	<u>263,935</u>	<u>258,907</u>	<u>246,416</u>	<u>12,491</u>
Other:				
Bonds and Insurance	650,000	650,000	392,555	257,445
Health Care Saving Program	-	742,129	742,129	-
Memberships and Dues	18,050	18,050	17,440	610
Contingencies	745,678	361,291	-	361,291
	<u>1,413,728</u>	<u>1,771,470</u>	<u>1,152,124</u>	<u>619,346</u>
Total Expenditures	<u>17,632,286</u>	<u>18,135,889</u>	<u>16,787,723</u>	<u>1,348,166</u>
Revenues over expenditures	669,237	196,183	1,772,198	1,576,015
Other Financing Sources (Uses):				
Transfers In	1,600,000	1,600,000	1,605,819	5,819
Transfers Out	(3,269,237)	(2,796,183)	(2,632,600)	163,583
Total Transfers	<u>(1,669,237)</u>	<u>(1,196,183)</u>	<u>(1,026,781)</u>	<u>169,402</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	745,417	1,745,417
Fund Balance at beginning of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,395,160</u>	<u>1,395,160</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,140,577</u>	<u>\$ 3,140,577</u>

Concluded

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF TRANSFERS OUT
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transfers Out:				
County Appropriations -				
Special Revenue Funds -				
Parks Department	\$ 260,000	\$ 287,915	\$ 287,915	\$ -
Friend of the Court	308,138	308,138	308,138	-
Health Department	554,886	554,886	416,165	138,721
Mental Health	297,735	297,735	297,735	-
Animal Control	54,989	54,989	104,543	(49,554)
Environment/Recycling	15,000	15,000	11,849	3,151
County Surveyor	-	2,686	47,528	(44,842)
Budget Stabilization	10,000	-	-	-
Rental Property	-	12,680	12,680	-
Emergency Management	52,939	53,569	51,201	2,368
Community Corrections	70,332	20,332	13,475	6,857
Police Service Contracts	288,963	288,963	269,523	19,440
Law Enforcement - Marine Division	4,912	8,570	8,570	-
Law Enforcement	14,029	14,029	8,010	6,019
Law Library	4,500	4,500	4,500	-
Community Development	5,961	33,379	33,379	-
Cooperative Extension	3,888	3,888	3,888	-
Department of Social Service	38,832	52,469	20,596	31,873
Child Care	818,684	517,006	503,837	13,169
Multi Purpose Collaborative Body	33,081	33,081	33,081	-
	<u>2,836,869</u>	<u>2,563,815</u>	<u>2,436,613</u>	<u>127,202</u>
Capital Projects Funds -				
Old Courthouse	<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>
Internal Service Funds -				
Equipment Acquisition & Replacement	<u>223,268</u>	<u>23,268</u>	<u>-</u>	<u>23,268</u>
Total Primary Government Appropriations	<u>3,080,137</u>	<u>2,607,083</u>	<u>2,446,613</u>	<u>160,470</u>
Other -				
Special Revenue Funds -				
Health Department-				
Cigarette tax	152,500	164,655	164,655	-
Liquor tax	36,600	24,445	21,332	3,113
	<u>189,100</u>	<u>189,100</u>	<u>185,987</u>	<u>3,113</u>
Total Primary Government	<u>\$ 3,269,237</u>	<u>\$ 2,796,183</u>	<u>\$ 2,632,600</u>	<u>\$ 163,583</u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY MENTAL HEALTH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental -				
Federal/State	\$ 2,788,739	\$ 2,466,020	\$ 2,102,345	\$(363,675)
Charges for services	11,008,606	11,244,369	11,945,272	700,903
Interest	83,000	44,445	74,866	30,421
Other	131,347	179,838	196,962	17,124
Total Revenues	<u>14,011,692</u>	<u>13,934,672</u>	<u>14,319,445</u>	<u>384,773</u>
Expenditures:				
Health and Welfare	<u>14,309,427</u>	<u>14,232,407</u>	<u>14,555,689</u>	<u>(323,282)</u>
Revenues under expenditures	(297,735)	(297,735)	(236,244)	61,491
Other Financing Sources:				
Transfers in	<u>297,735</u>	<u>297,735</u>	<u>297,735</u>	<u>-</u>
Net change in Fund Balance	-	-	61,491	61,491
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>1,148,403</u>	<u>1,148,403</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,209,894</u>	<u>\$ 1,209,894</u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REVENUE SHARING RESERVE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 74,356	\$ 74,356
Other Financing Uses:				
Transfers Out	-	-	(1,605,819)	(1,605,819)
Net change in Fund Balance	-	-	(1,531,463)	(1,531,463)
Fund Balance at beginning of year	-	-	5,350,837	5,350,837
Prior period adjustment	-	-	(520,198)	(520,198)
Fund Balance at beginning of year, restated	-	-	4,830,639	4,830,639
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,299,176</u>	<u>\$ 3,299,176</u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LOCAL RESERVE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 550,000	\$ 550,000	\$ 500,000	\$(50,000)
Interest	-	-	59,305	59,305
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>559,305</u>	<u>9,305</u>
 Other Financing Uses:				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>	<u>550,000</u>
Net change in Fund Balance	<u>-</u>	<u>-</u>	<u>559,305</u>	<u>559,305</u>
Fund Balance at beginning of year	-	-	2,103,249	2,103,249
Prior period adjustment	<u>-</u>	<u>-</u>	<u>520,198</u>	<u>520,198</u>
Fund Balance at beginning of year, restated	<u>-</u>	<u>-</u>	<u>2,623,447</u>	<u>2,623,447</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,182,752</u></u>	<u><u>\$ 3,182,752</u></u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SENIOR MILLAGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 753,900	\$ 753,900	\$ 765,241	\$ 11,341
Expenditures:				
Health and welfare	253,900	42,353	16,145	26,208
Revenues over expenditures	500,000	711,547	749,096	37,549
Other Financing Uses:				
Transfers Out	(500,000)	(711,547)	(711,547)	-
Net change in Fund Balance	-	-	37,549	37,549
Fund Balance at beginning of year	-	-	661,854	661,854
Fund Balance at end of year	\$ -	\$ -	\$ 699,403	\$ 699,403

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The General and Major Special Revenue Funds budgets shown in the required supplementary information were prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds of the County are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The Nonmajor Special Revenue Funds of the County are as follows:

Parks Department - is used to account for the operations of the County Park System financed primarily through an annual appropriation from the General Fund.

Polly Ann Trail - is used to account for grants to develop old railroad right-of-ways into walking and hiking trails.

E - 911 - is used to report the operations of the county-wide E-911 system. The operations are financed primarily with telephone surcharges.

Friend of the Court - is used to account for the revenues and expenditures of the Friend of the Court office required in 1982 under Public Acts 294 through 298. A significant amount of the financing of operations is from federal and state sources in the form of grant funding. Other sources of revenue include fees and General Fund appropriations.

Family Marriage Counseling - is used to account for the portion of marriage license fees set aside for providing family counseling to individuals who have domestic-related actions pending before the Circuit Court.

Health Department - is used to account for the portions of providing health protection and preventive health services. Financing is provided by state and federal grants, charges for services and general fund appropriation.

Personal Care Aide Program - is used to account for the federal and state funded grant program to provide in-home services to eligible recipients.

Animal Control - is used to account for the operations of providing public safety services associated with the control of domestic and wild animals within the County.

Environmental Recycling - is used to account for the operations of providing public works services associated with the control of environment recycling of solid waste, clean sweep and waste management within the County.

Emergency Disaster - is used to account for funds provided by the county Board of Commissioners to be used in the event of an emergency disaster.

County Surveyor - is used to account for funds received from Michigan Department of Labor & Economic Growth, Bureau of Construction Codes & Fire Safety Office of Land Survey and Remonumentation

Register of Deeds Automation - is used to account for the revenues and expenditures set aside for the updating and streamlining of the records system in the Register of Deeds office.

Budget Stabilization - is used to account for funds set aside under the provisions of Public Act 30 of 1978. Funds are transferred to this fund by resolution of the County Board of Commissioners and are only to be returned to the General Fund under conditions of the act.

Rental Property - is used to account for the collection of rent on a building purchased by the County to provide room for future expansion.

Emergency Management - is used to account for the costs of assuring that the County is ready and prepared for any emergency disasters and is primarily funded through federal and state grants.

Policing Contracts - is used to account for the providing of deputies to various communities through federal funding under the C.O.P.S. program.

Law Enforcement - is used to account for a number of law enforcement programs financed primarily with federal and state funding.

Law Enforcement - Other - is used to account for seized drug forfeitures and confiscated property earmarked for drug law enforcement under the provision of Public Act 135 of 1985.

Law Library - is used to account for penal fines earmarked for maintaining a law library. The County also supplements the operations with General Fund appropriations.

Community Development - is used to account for programs which benefit the members of the community. The funding is primarily federal grants for qualified housing renovations and permit fees.

Department of Human Services - is used to maintain the operations of the County Family Independence Agency. The Agency administers programs financed primarily with federal and state funds to provide assistance to enable eligible recipients to gain self-sufficiency.

Child Care - is used to account for court-ordered expenses for the health and welfare of minor children. Financing is provided by General Fund appropriations and state matching of certain eligible costs.

Veterans' Trust - is used to account for earmarked revenue for aid to veterans. This fund is required by state law and financed by state grants.

The remaining special revenue funds are the Juvenile Grant, Community Grants, Thumb Narcotics Unit, Police Service Contracts, Law Enforcement Program, Lapeer Area Youth Coordinator, Multi Purpose Collaborative Body, 4-H Programs and K.I.N.D. Funds. These funds are utilized to maintain various programs and activities financed primarily with federal and state grants.

DEBT SERVICE FUND

The Debt Service Fund of the County is used to account for the accumulation of resources for, and the payment of, principal, interest and related costs on long-term debt of the governmental funds. The Debt Service Fund of the County is as follows:

Lapeer Mental Health - is used to account for the accumulation of rent paid by the Community Mental Health Department for payment of the Building Authority bond issue sold to defray the cost of construction of the Community Mental Health Building.

CAPITAL PROJECTS FUNDS

Capital Projects Funds of the County are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary and Trust Funds). The Capital Projects Funds of the County are as follows:

Jail - is used to account for the construction of the new jail facility.

Capital Construction & Improvement - is used to account for the construction costs associated with the development and furnishing of the County Complex.

Old Courthouse - is used to account for local and other revenue sources provided to fund the ongoing renovation project of the Historic County Courthouse.

LAPEER COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

Special Revenue Funds

	<u>Parks Department</u>	<u>Polly Ann Trail</u>	<u>E-911</u>	<u>Friend of the Court</u>	<u>Family Marriage Counseling</u>
ASSETS					
Cash and cash equivalents	\$ 12,412	\$ 519	\$ 181,751	\$ -	\$ 36,009
Investments	-	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	9,815	-	-
Accounts and interest	-	-	408,847	-	-
Due from other governmental units -					
Federal/State	-	-	-	199,302	-
Local	-	-	56,780	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	300	-	77,957	-	-
	<u>300</u>	<u>-</u>	<u>77,957</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 12,712</u>	<u>\$ 519</u>	<u>\$ 735,150</u>	<u>\$ 199,302</u>	<u>\$ 36,009</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 497	\$ -	\$ 6,276	\$ 7,524	\$ 700
Accrued liabilities	9,236	-	52,015	40,947	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	955	-	8,824	4,903	-
Interfund payables	-	-	-	38,901	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	9,815	-	-
Total Liabilities	<u>10,688</u>	<u>-</u>	<u>76,930</u>	<u>92,275</u>	<u>700</u>
Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	300	-	77,957	-	-
Unreserved	1,724	519	580,263	107,027	35,309
Total Fund Balance	<u>2,024</u>	<u>519</u>	<u>658,220</u>	<u>107,027</u>	<u>35,309</u>
Total Liabilities and Fund Balance	<u>\$ 12,712</u>	<u>\$ 519</u>	<u>\$ 735,150</u>	<u>\$ 199,302</u>	<u>\$ 36,009</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
\$ -	\$ 27,487	\$ 16,326	\$ -	\$ 34,296	\$ -	\$ 394,200
-	-	-	-	-	-	-
-	-	-	-	-	-	-
116,382	-	-	-	-	-	-
106,881	35,729	-	-	-	112,856	-
-	-	-	429	-	-	-
-	-	-	-	-	44,843	-
-	-	-	-	-	-	-
-	1,954	-	-	-	-	-
5,174	-	-	-	-	-	-
<u>\$ 228,437</u>	<u>\$ 65,170</u>	<u>\$ 16,326</u>	<u>\$ 429</u>	<u>\$ 34,296</u>	<u>\$ 157,699</u>	<u>\$ 394,200</u>
\$ 18,201	\$ 22,365	\$ 1,134	\$ -	\$ -	\$ -	\$ 11,358
64,202	14,480	9,845	-	-	-	-
-	-	-	-	-	-	-
5,788	1,106	1,210	-	-	-	-
38,827	-	-	429	-	112,856	-
-	-	-	-	-	-	-
-	-	4,137	-	-	44,843	-
<u>127,018</u>	<u>37,951</u>	<u>16,326</u>	<u>429</u>	<u>-</u>	<u>157,699</u>	<u>11,358</u>
-	1,954	-	-	-	-	-
5,174	-	-	-	-	-	-
96,245	25,265	-	-	34,296	-	382,842
<u>101,419</u>	<u>27,219</u>	<u>-</u>	<u>-</u>	<u>34,296</u>	<u>-</u>	<u>382,842</u>
<u>\$ 228,437</u>	<u>\$ 65,170</u>	<u>\$ 16,326</u>	<u>\$ 429</u>	<u>\$ 34,296</u>	<u>\$ 157,699</u>	<u>\$ 394,200</u>

Continued

LAPEER COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
ASSETS					
Cash and cash equivalents	\$ 781,839	\$ 17,505	\$ 11,968	\$ -	\$ 88,214
Investments	1,501,338	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	8,563	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	11,000	41,634	28,138
Local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,291,740</u>	<u>\$ 17,505</u>	<u>\$ 22,968</u>	<u>\$ 41,634</u>	<u>\$ 116,352</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ 17,505	\$ 27	\$ 5,564	\$ 37,097
Accrued liabilities	-	-	2,422	3,912	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	79,705	-	279	347	-
Interfund payables	-	-	-	31,063	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>79,705</u>	<u>17,505</u>	<u>2,728</u>	<u>40,886</u>	<u>37,097</u>
Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	2,212,035	-	20,240	748	79,255
Total Fund Balance	<u>2,212,035</u>	<u>-</u>	<u>20,240</u>	<u>748</u>	<u>79,255</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 2,291,740</u>	<u>\$ 17,505</u>	<u>\$ 22,968</u>	<u>\$ 41,634</u>	<u>\$ 116,352</u>

Special Revenue Funds

Police Service Contracts	Law Enforcement Program	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Community Development
\$ 167,877	\$ 163,762	\$ 9,518	\$ 59,401	\$ 130,676	\$ 21,658	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	69,738	-	-	33,449
13,248	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 181,125</u>	<u>\$ 163,762</u>	<u>\$ 9,518</u>	<u>\$ 129,139</u>	<u>\$ 130,676</u>	<u>\$ 21,658</u>	<u>\$ 33,449</u>
\$ -	\$ 146	\$ -	\$ 32,617	\$ 800	\$ 615	\$ 192
45,948	-	-	4,635	-	-	5,426
-	-	-	-	-	-	-
5,392	-	-	533	-	-	661
-	-	-	-	-	-	27,170
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>51,340</u>	<u>146</u>	<u>-</u>	<u>37,785</u>	<u>800</u>	<u>615</u>	<u>33,449</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
129,785	163,616	9,518	91,354	129,876	21,043	-
<u>129,785</u>	<u>163,616</u>	<u>9,518</u>	<u>91,354</u>	<u>129,876</u>	<u>21,043</u>	<u>-</u>
<u>\$ 181,125</u>	<u>\$ 163,762</u>	<u>\$ 9,518</u>	<u>\$ 129,139</u>	<u>\$ 130,676</u>	<u>\$ 21,658</u>	<u>\$ 33,449</u>

Continued

LAPEER COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Special Revenue Funds				
	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services	Child Care	Veterans' Trust
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 34,786	\$ -	\$ -
Investments	-	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	784	2,130	2,108	169,069	206
Local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
	<u>784</u>	<u>2,130</u>	<u>36,894</u>	<u>169,069</u>	<u>206</u>
Total Assets	<u>\$ 784</u>	<u>\$ 2,130</u>	<u>\$ 36,894</u>	<u>\$ 169,069</u>	<u>\$ 206</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 17,108	\$ 39,852	\$ -
Accrued liabilities	264	1,123	-	4,983	-
Due to other governmental units -					
Federal/State	-	-	18,000	-	-
Due to other funds	5	22	-	563	-
Interfund payables	515	985	-	123,021	206
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>784</u>	<u>2,130</u>	<u>35,108</u>	<u>168,419</u>	<u>206</u>
Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	-	-	1,786	650	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>1,786</u>	<u>650</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 784</u>	<u>\$ 2,130</u>	<u>\$ 36,894</u>	<u>\$ 169,069</u>	<u>\$ 206</u>

Special Revenue Funds		Debt Service Fund	Capital Project Funds				
K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total	
\$ 77	\$ -	\$ 137,061	\$ 210,895	\$ 30,000	\$ 33,108	\$ 2,601,345	
-	-	-	-	-	-	1,501,338	
-	-	-	-	-	-	9,815	
-	-	-	-	-	-	533,792	
-	74,516	-	-	-	-	887,540	
-	-	-	-	-	-	70,457	
-	-	-	-	-	-	44,843	
-	-	-	418,663	-	-	418,663	
-	-	-	-	-	-	1,954	
-	-	-	-	-	-	83,431	
<u>\$ 77</u>	<u>\$ 74,516</u>	<u>\$ 137,061</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 33,108</u>	<u>\$ 6,153,178</u>	
\$ -	\$ 2,740	\$ -	\$ -	\$ -	\$ 100	\$ 222,418	
-	6,540	-	-	-	-	265,978	
-	-	-	-	-	-	18,000	
-	644	-	-	-	-	110,937	
-	44,690	-	-	-	-	418,663	
-	7,500	-	-	-	-	7,500	
-	-	-	-	-	-	58,795	
-	62,114	-	-	-	100	1,102,291	
-	-	-	-	-	-	1,954	
-	-	-	-	-	-	83,431	
77	12,402	137,061	629,558	30,000	33,008	4,965,502	
77	12,402	137,061	629,558	30,000	33,008	5,050,887	
<u>\$ 77</u>	<u>\$ 74,516</u>	<u>\$ 137,061</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 33,108</u>	<u>\$ 6,153,178</u>	

Concluded

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Special Revenue Funds

	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	\$ -	\$ -	\$ 1,749,132	\$ -	\$ -
Licenses and permits	-	-	-	-	7,705
Intergovernmental -					
Federal/State	-	17,120	-	908,704	-
Local	2,431	-	-	-	-
Charges for services	198,052	-	13,799	110,015	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	7,850	-	27,851	-	-
Interest	-	-	21,997	-	-
Other	14,622	-	-	23	-
Total Revenues	<u>222,955</u>	<u>17,120</u>	<u>1,812,779</u>	<u>1,018,742</u>	<u>7,705</u>
Expenditures:					
Current -					
Judicial	-	-	-	1,296,351	2,067
General Government	-	-	-	-	-
Public Safety	-	-	1,750,197	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	508,846	17,171	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>508,846</u>	<u>17,171</u>	<u>1,750,197</u>	<u>1,296,351</u>	<u>2,067</u>
Revenues over (under) expenditures	<u>(285,891)</u>	<u>(51)</u>	<u>62,582</u>	<u>(277,609)</u>	<u>5,638</u>
Other Financing Sources (Uses):					
Transfers In	287,915	-	-	308,138	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>287,915</u>	<u>-</u>	<u>-</u>	<u>308,138</u>	<u>-</u>
Net change in Fund Balances	2,024	(51)	62,582	30,529	5,638
Fund Balances at beginning of year	<u>-</u>	<u>570</u>	<u>595,638</u>	<u>76,498</u>	<u>29,671</u>
Fund Balances at end of year	<u>\$ 2,024</u>	<u>\$ 519</u>	<u>\$ 658,220</u>	<u>\$ 107,027</u>	<u>\$ 35,309</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
220,417	-	191,720	-	-	-	-
1,207,878	440,956	-	12,135	-	29,895	-
-	-	-	-	-	-	-
1,046,084	1,102	44,422	-	-	3,500	79,935
-	-	10,496	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,235
148,191	51,085	3,714	-	-	-	-
<u>2,622,570</u>	<u>493,143</u>	<u>250,352</u>	<u>12,135</u>	<u>-</u>	<u>33,395</u>	<u>89,170</u>
-	-	-	-	-	-	-
-	-	-	-	-	80,923	47,897
-	-	354,895	-	-	-	-
-	-	-	23,984	-	-	-
3,509,930	1,179,525	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,509,930</u>	<u>1,179,525</u>	<u>354,895</u>	<u>23,984</u>	<u>-</u>	<u>80,923</u>	<u>47,897</u>
(887,360)	(686,382)	(104,543)	(11,849)	-	(47,528)	41,273
727,641	711,547	104,543	11,849	-	47,528	-
-	-	-	-	-	-	-
<u>727,641</u>	<u>711,547</u>	<u>104,543</u>	<u>11,849</u>	<u>-</u>	<u>47,528</u>	<u>-</u>
(159,719)	25,165	-	-	-	-	41,273
261,138	2,054	-	-	34,296	-	341,569
<u>\$ 101,419</u>	<u>\$ 27,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,296</u>	<u>\$ -</u>	<u>\$ 382,842</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	-	-	239,556	272,380	134,873
Local	-	-	-	-	-
Charges for services	-	-	350	103,683	-
Fines and forfeits	-	-	-	-	55,010
Rents and royalties	-	52,881	-	-	-
Interest	24,806	-	-	-	3,100
Other	-	-	750	-	23,189
Total Revenues	24,806	52,881	240,656	376,063	216,172
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	89,960	-	-	-
Public Safety	-	-	291,857	389,538	201,640
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	-	89,960	291,857	389,538	201,640
Revenues over (under) expenditures	24,806	(37,079)	(51,201)	(13,475)	14,532
Other Financing Sources (Uses):					
Transfers In	-	12,680	51,201	13,475	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	-	12,680	51,201	13,475	-
Net change in Fund Balances	24,806	(24,399)	-	-	14,532
Fund Balances at beginning of year	2,187,229	24,399	20,240	748	64,723
Fund Balances at end of year	\$ 2,212,035	\$ -	\$ 20,240	\$ 748	\$ 79,255

Special Revenue Funds

Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Community Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	103,927
-	19,050	-	192,562	-	-	150,337
-	2,385	-	1,500	-	-	-
899,089	26,805	-	12,202	-	-	16,495
-	-	-	-	46,131	6,500	3,672
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	68,483	-	7,895	3,500	-	-
<u>899,089</u>	<u>116,723</u>	<u>-</u>	<u>214,159</u>	<u>49,631</u>	<u>6,500</u>	<u>274,431</u>
-	-	-	-	-	8,618	-
-	-	-	-	-	-	-
1,145,565	48,943	-	219,275	53,497	-	151,084
-	-	-	-	-	-	-
-	-	-	-	-	-	200,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,145,565</u>	<u>48,943</u>	<u>-</u>	<u>219,275</u>	<u>53,497</u>	<u>8,618</u>	<u>352,070</u>
<u>(246,476)</u>	<u>67,780</u>	<u>-</u>	<u>(5,116)</u>	<u>(3,866)</u>	<u>(2,118)</u>	<u>(77,639)</u>
269,523	8,570	-	8,010	-	4,500	33,379
-	-	-	-	-	-	-
<u>269,523</u>	<u>8,570</u>	<u>-</u>	<u>8,010</u>	<u>-</u>	<u>4,500</u>	<u>33,379</u>
23,047	76,350	-	2,894	(3,866)	2,382	(44,260)
<u>106,738</u>	<u>87,266</u>	<u>9,518</u>	<u>88,460</u>	<u>133,742</u>	<u>18,661</u>	<u>44,260</u>
<u>\$ 129,785</u>	<u>\$ 163,616</u>	<u>\$ 9,518</u>	<u>\$ 91,354</u>	<u>\$ 129,876</u>	<u>\$ 21,043</u>	<u>\$ -</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds				
	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services	Child Care	Veterans' Trust
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	20,587	6,953	108,567	557,239	16,252
Local	5,449	-	-	-	-
Charges for services	-	-	-	263,900	-
Fines and forfeits	-	-	-	2,640	-
Rents and royalties	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	9,133	2,537	-	-
Total Revenues	<u>26,036</u>	<u>16,086</u>	<u>111,104</u>	<u>823,779</u>	<u>16,252</u>
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	29,924	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	137,026	1,334,967	16,772
Recreation and Cultural	-	16,086	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>29,924</u>	<u>16,086</u>	<u>137,026</u>	<u>1,334,967</u>	<u>16,772</u>
Revenues over (under) expenditures	<u>(3,888)</u>	<u>-</u>	<u>(25,922)</u>	<u>(511,188)</u>	<u>(520)</u>
Other Financing Sources (Uses):					
Transfers In	3,888	-	20,596	503,838	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>3,888</u>	<u>-</u>	<u>20,596</u>	<u>503,838</u>	<u>-</u>
Net change in Fund Balances	-	-	(5,326)	(7,350)	(520)
Fund Balances at beginning of year	-	-	7,112	8,000	520
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,786</u>	<u>\$ 650</u>	<u>\$ -</u>

Special Revenue Funds		Debt Service Fund	Capital Project Funds			
K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,749,132
-	-	-	-	-	-	523,769
-	206,174	-	-	-	-	4,541,218
-	102,189	-	-	-	-	113,954
-	208	-	-	-	-	2,819,641
-	-	-	-	-	-	124,449
-	-	161,503	-	-	-	250,085
-	-	3,787	-	-	-	62,925
-	680	-	-	97,360	10,748	441,910
-	309,251	165,290	-	97,360	10,748	10,627,083
-	-	-	-	-	-	1,307,036
-	-	-	-	-	-	248,704
-	-	-	-	-	-	4,606,491
-	-	-	-	-	-	23,984
-	349,698	-	-	-	-	6,728,904
-	-	-	-	-	-	542,103
-	-	-	-	-	26,141	26,141
-	-	140,000	-	-	-	140,000
-	-	50,575	-	-	-	50,575
-	349,698	190,575	-	-	26,141	13,673,938
-	(40,447)	(25,285)	-	97,360	(15,393)	(3,046,855)
-	33,080	-	-	-	10,000	3,171,901
-	-	-	-	(368,976)	-	(368,976)
-	33,080	-	-	(368,976)	10,000	2,802,925
-	(7,367)	(25,285)	-	(271,616)	(5,393)	(243,930)
77	19,769	162,346	629,558	301,616	38,401	5,294,817
\$ 77	\$ 12,402	\$ 137,061	\$ 629,558	\$ 30,000	\$ 33,008	\$ 5,050,887

Concluded

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
PARKS DEPARTMENT			
Revenues:			
Intergovernmental -			
Local	\$ 38,500	\$ 2,431	\$(36,069)
Charges for services	199,102	198,052	(1,050)
Rent and royalties	7,150	7,850	700
Other	20,300	14,622	(5,678)
Total Revenues	265,052	222,955	(42,097)
Expenditures:			
Recreation and cultural	538,722	508,846	29,876
Revenues under expenditures	(273,670)	(285,891)	(12,221)
Other Financing Sources:			
Transfers in	273,670	287,915	14,245
Net change in fund balance	-	2,024	2,024
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ 2,024	\$ 2,024

POLLY ANN TRAIL

Revenues:			
Intergovernmental -			
Federal/State	\$ 20,000	\$ 17,120	\$(2,880)
Expenditures:			
Recreation and cultural	20,000	17,171	2,829
Revenues under expenditures	-	(51)	(51)
Fund Balance at beginning of year	-	570	570
Fund Balance at end of year	\$ -	\$ 519	\$ 519

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
E - 911			
Revenues:			
Taxes	\$ 1,667,624	\$ 1,749,132	\$ 81,508
Charges for services	13,188	13,799	611
Interest	23,663	21,997	(1,666)
Rent and royalties	21,238	27,851	6,613
Total Revenues	<u>1,725,713</u>	<u>1,812,779</u>	<u>87,066</u>
Expenditures:			
Public Safety	<u>1,725,713</u>	<u>1,750,197</u>	<u>(24,484)</u>
Revenues over expenditures	-	62,582	62,582
Fund Balance at beginning of year	<u>-</u>	<u>595,638</u>	<u>595,638</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 658,220</u>	<u>\$ 658,220</u>

FRIEND OF THE COURT

Revenues:			
Intergovernmental -			
Federal/State	\$ 845,000	\$ 908,704	\$ 63,704
Charges for services	125,250	110,015	(15,235)
Other	36,882	23	(36,859)
Total Revenues	<u>1,007,132</u>	<u>1,018,742</u>	<u>11,610</u>
Expenditures:			
Judicial	<u>1,315,270</u>	<u>1,296,351</u>	<u>18,919</u>
Revenues under expenditures	(308,138)	(277,609)	30,529
Other Financing Sources:			
Transfers in	<u>308,138</u>	<u>308,138</u>	<u>-</u>
Net change in Fund Balance	-	30,529	30,529
Fund Balance at beginning of year	<u>-</u>	<u>76,498</u>	<u>76,498</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 107,027</u>	<u>\$ 107,027</u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FAMILY MARRIAGE COUNSELING			
Revenues:			
Licenses and permits	\$ 9,049	\$ 7,705	\$(1,344)
Expenditures:			
Judicial	<u>9,049</u>	<u>2,067</u>	<u>6,982</u>
Revenues over expenditures	-	5,638	5,638
Fund Balance at beginning of year	<u>-</u>	<u>29,671</u>	<u>29,671</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 35,309</u></u>	<u><u>\$ 35,309</u></u>

HEALTH DEPARTMENT

Revenues:			
Licenses and permits	\$ 275,024	\$ 220,417	\$(54,607)
Intergovernmental - Federal/State	1,197,683	1,207,878	10,195
Charges for services	1,336,676	1,046,084	(290,592)
Other	<u>143,400</u>	<u>148,191</u>	<u>4,791</u>
Total Revenues	<u>2,952,783</u>	<u>2,622,570</u>	<u>(330,213)</u>
Expenditures:			
Health and welfare	<u>3,696,769</u>	<u>3,509,930</u>	<u>186,839</u>
Revenues under expenditures	(743,986)	(887,360)	(143,374)
Other Financing Sources:			
Transfers in	<u>743,986</u>	<u>727,641</u>	<u>(16,345)</u>
Net change in Fund Balance	-	(159,719)	(159,719)
Fund Balance at beginning of year	<u>219,587</u>	<u>261,138</u>	<u>41,551</u>
Fund Balance at end of year	<u><u>\$ 219,587</u></u>	<u><u>\$ 101,419</u></u>	<u><u>\$(118,168)</u></u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
PERSONAL CARE AIDE PROGRAM			
Revenues:			
Intergovernmental -			
Federal/State	\$ 439,505	\$ 440,956	\$ 1,451
Charges for services	-	1,102	1,102
Other	58,300	51,085	(7,215)
Total Revenues	497,805	493,143	(4,662)
Expenditures:			
Health and welfare	1,209,352	1,179,525	29,827
Revenues under expenditures	(711,547)	(686,382)	25,165
Other Financing Sources:			
Transfers in	711,547	711,547	-
Net change in Fund Balance	-	25,165	25,165
Fund Balance at beginning of year	-	2,054	2,054
Fund Balance at end of year	\$ -	\$ 27,219	\$ 27,219

ANIMAL CONTROL

Revenues:			
Licenses and permits	\$ 214,500	\$ 191,720	\$(22,780)
Charges for services	55,300	44,422	(10,878)
Fines and forfeits	17,100	10,496	(6,604)
Other	1,750	3,714	1,964
Total Revenues	288,650	250,352	(38,298)
Expenditures:			
Public safety	354,416	354,895	(479)
Revenues under expenditures	(65,766)	(104,543)	(38,777)
Other Financing Sources:			
Transfers in	54,989	104,543	49,554
Net change in Fund Balance	(10,777)	-	10,777
Fund Balance at beginning of year	10,777	-	(10,777)
Fund Balance at end of year	\$ -	\$ -	\$ -

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
ENVIRONMENTAL/RECYCLING			
Revenues:			
Intergovernmental - Federal/State	\$ 7,500	\$ 12,135	\$ 4,635
Expenditures:			
Public works	22,500	23,984	(1,484)
Revenues under expenditures	(15,000)	(11,849)	3,151
Other Financing Sources:			
Transfers in	15,000	11,849	(3,151)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

EMERGENCY DISASTER

Fund Balance at beginning of year	\$ -	\$ 34,296	\$ 34,296
Fund Balance at end of year	\$ -	\$ 34,296	\$ 34,296

COUNTY SURVEYOR

Revenues:			
Intergovernmental - Federal/State	\$ 74,738	\$ 29,895	\$(44,843)
Charges for services	3,500	3,500	-
Total Revenues	78,238	33,395	(44,843)
Expenditures:			
General Government	78,238	80,923	(2,685)
Revenues under expenditures	-	(47,528)	(47,528)
Other Financing Sources:			
Transfers in	-	47,528	47,528
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REGISTER OF DEEDS AUTOMATION			
Revenues:			
Charges for services	\$ 110,000	\$ 79,935	\$(30,065)
Interest	11,000	9,235	(1,765)
Total Revenues	<u>121,000</u>	<u>89,170</u>	<u>(31,830)</u>
Expenditures:			
General Government	<u>121,000</u>	<u>47,897</u>	<u>73,103</u>
Revenues over expenditures	-	41,273	41,273
Fund Balance at beginning of year	<u>-</u>	<u>341,569</u>	<u>341,569</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 382,842</u>	<u>\$ 382,842</u>

BUDGET STABILIZATION

Revenues:			
Interest	\$ -	\$ 24,806	\$ 24,806
Expenditures:			
General Government	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Revenues over (under) expenditures	(10,000)	24,806	34,806
Other Financing Sources:			
Transfers in	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in Fund Balance	-	24,806	24,806
Fund Balance at beginning of year	<u>-</u>	<u>2,187,229</u>	<u>2,187,229</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 2,212,035</u>	<u>\$ 2,212,035</u>

RENTAL PROPERTY

Revenues:			
Rent and royalties	\$ 50,628	\$ 52,881	\$ 2,253
Expenditures:			
General Government	<u>50,628</u>	<u>89,960</u>	<u>(39,332)</u>
Revenues under expenditures	-	(37,079)	(37,079)
Other Financing Sources:			
Transfers in	<u>-</u>	<u>12,680</u>	<u>12,680</u>
Net change in Fund Balance	-	(24,399)	(24,399)
Fund Balance at beginning of year	<u>-</u>	<u>24,399</u>	<u>24,399</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EMERGENCY MANAGEMENT			
Revenues:			
Intergovernmental -			
Federal/State	\$ 33,773	\$ 239,556	\$ 205,783
Charges for services	-	350	350
Other	675	750	75
	<u>34,448</u>	<u>240,656</u>	<u>206,208</u>
Expenditures:			
Public safety	<u>88,017</u>	<u>291,857</u>	<u>(203,840)</u>
Revenues under expenditures	(53,569)	(51,201)	2,368
Other Financing Sources:			
Transfers in	<u>53,569</u>	<u>51,201</u>	<u>(2,368)</u>
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>20,240</u>	<u>20,240</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 20,240</u>	<u>\$ 20,240</u>

COMMUNITY GRANTS

Revenues:			
Intergovernmental -			
Federal/State	\$ 363,818	\$ 272,380	\$(91,438)
Charges for services	62,500	103,683	41,183
Total Revenues	<u>426,318</u>	<u>376,063</u>	<u>(50,255)</u>
Expenditures:			
Public safety	<u>496,650</u>	<u>389,538</u>	<u>107,112</u>
Revenues under expenditures	(70,332)	(13,475)	56,857
Other Financing Sources:			
Transfers in	<u>70,332</u>	<u>13,475</u>	<u>(56,857)</u>
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>748</u>	<u>748</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 748</u>	<u>\$ 748</u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
THUMB NARCOTICS UNIT			
Revenues:			
Intergovernmental -			
Federal/State	\$ 148,870	\$ 134,873	\$(13,997)
Fines and forfeitures	50,000	55,010	5,010
Interest	3,735	3,100	(635)
Other	35,000	23,189	(11,811)
Total Revenues	<u>237,605</u>	<u>216,172</u>	<u>(21,433)</u>
Expenditures:			
Public safety	<u>237,605</u>	<u>201,640</u>	<u>35,965</u>
Revenues over expenditures	-	14,532	14,532
Fund Balance at beginning of year	<u>-</u>	<u>64,723</u>	<u>64,723</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 79,255</u>	<u>\$ 79,255</u>
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	\$ 935,288	\$ 899,089	\$(36,199)
Expenditures:			
Public safety	<u>1,224,251</u>	<u>1,145,565</u>	<u>78,686</u>
Revenues under expenditures	(288,963)	(246,476)	42,487
Other Financing Sources:			
Transfers in	<u>288,963</u>	<u>269,523</u>	<u>(19,440)</u>
Net change in Fund Balance	-	23,047	23,047
Fund Balance at beginning of year	<u>-</u>	<u>106,738</u>	<u>106,738</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 129,785</u>	<u>\$ 129,785</u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LAW ENFORCEMENT PROGRAMS			
Revenues:			
Intergovernmental -			
Federal/State	\$ 19,612	\$ 19,050	\$(562)
Local	14,900	2,385	(12,515)
Charges for services	10,000	26,805	16,805
Other	-	68,483	68,483
Total Revenues	<u>44,512</u>	<u>116,723</u>	<u>72,211</u>
Expenditures:			
Public safety	<u>49,424</u>	<u>48,943</u>	<u>481</u>
Revenues over (under) expenditures	(4,912)	67,780	72,692
Other Financing Sources:			
Transfers in	<u>4,912</u>	<u>8,570</u>	<u>3,658</u>
Net change in Fund Balance	-	76,350	76,350
Fund Balance at beginning of year	<u>-</u>	<u>87,266</u>	<u>87,266</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 163,616</u>	<u>\$ 163,616</u>

POLICING CONTRACTS

Fund Balance at beginning of year	\$ -	\$ 9,518	\$ 9,518
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 9,518</u>	<u>\$ 9,518</u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT			
Revenues:			
Intergovernmental -			
Federal/State	\$ 226,680	\$ 192,562	\$(34,118)
Local	3,000	1,500	(1,500)
Charges for services	20,000	12,202	(7,798)
Other	13,668	7,895	(5,773)
Total Revenues	263,348	214,159	(49,189)
Expenditures:			
Public safety	279,261	219,275	59,986
Revenues under expenditures	(15,913)	(5,116)	10,797
Other Financing Sources:			
Transfers in	14,029	8,010	(6,019)
Net change in Fund Balance	(1,884)	2,894	4,778
Fund Balance at beginning of year	1,884	88,460	86,576
Fund Balance at end of year	\$ -	\$ 91,354	\$ 91,354

LAW ENFORCEMENT - OTHER

Revenues:			
Fines and forfeitures	\$ 66,000	\$ 46,131	\$(19,869)
Other	-	3,500	3,500
Total Revenues	66,000	49,631	(16,369)
Expenditures:			
Public safety	80,171	53,497	26,674
Revenues under expenditures	(14,171)	(3,866)	10,305
Fund Balance at beginning of year	14,171	133,742	119,571
Fund Balance at end of year	\$ -	\$ 129,876	\$ 129,876

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
LAW LIBRARY			
Revenues:			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
Expenditures:			
Judicial	11,080	8,618	2,462
Revenues under expenditures	(4,580)	(2,118)	2,462
Other Financing Sources:			
Transfers in	4,500	4,500	-
Net change in Fund Balance	(80)	2,382	2,462
Fund Balance at beginning of year	80	18,661	18,581
Fund Balance at end of year	\$ -	\$ 21,043	\$ 21,043

COMMUNITY DEVELOPMENT

Revenues:			
Licenses and permits	\$ 158,000	\$ 103,927	\$(54,073)
Intergovernmental - Federal/State	150,000	150,337	337
Charges for services	38,825	16,495	(22,330)
Fines and forfeitures	385	3,672	3,287
Total Revenues	347,210	274,431	(72,779)
Expenditures:			
Public Safety	149,913	151,084	(1,171)
Health and welfare	203,258	200,986	2,272
Total Expenditures	353,171	352,070	1,101
Revenues under expenditures	(5,961)	(77,639)	(71,678)
Other Financing Uses:			
Transfers in	5,961	33,379	27,418
Net change in Fund Balance	-	(44,260)	(44,260)
Fund Balance at beginning of year	-	44,260	44,260
Fund Balance at end of year	\$ -	\$ -	\$ -

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LAPEER AREA YOUTH COORDINATOR			
Revenues:			
Intergovernmental -			
Federal/State	\$ 23,865	\$ 20,587	\$(3,278)
Local	8,695	5,449	(3,246)
	<u>32,560</u>	<u>26,036</u>	<u>(6,524)</u>
Expenditures:			
General government	<u>36,448</u>	<u>29,924</u>	<u>6,524</u>
Revenues under expenditures	(3,888)	(3,888)	-
Other Financing Sources:			
Transfers in	<u>3,888</u>	<u>3,888</u>	<u>-</u>
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

4-H PROGRAMS

Revenues:			
Intergovernmental -			
Federal/State	\$ 5,312	\$ 6,953	\$ 1,641
Other	10,339	9,133	(1,206)
Total Revenues	<u>15,651</u>	<u>16,086</u>	<u>435</u>
Expenditures:			
Recreation and cultural	<u>15,651</u>	<u>16,086</u>	<u>(435)</u>
Revenues over expenditures	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
DEPARTMENT OF HUMAN SERVICES			
Revenues:			
Intergovernmental -			
Federal/State	\$ 113,046	\$ 108,567	\$(4,479)
Other	-	2,537	2,537
Total Revenues	113,046	111,104	(1,942)
Expenditures:			
Health and welfare	52,469	137,026	(84,557)
Revenues over (under) expenditures	60,577	(25,922)	(86,499)
Other Financing Sources:			
Transfers in	52,469	20,596	(31,873)
Net change in Fund Balance	113,046	(5,326)	(118,372)
Fund Balance at beginning of year	-	7,112	7,112
Fund Balance at end of year	\$ 113,046	\$ 1,786	\$(111,260)

CHILD CARE

Revenues:			
Intergovernmental -			
Federal/State	\$ 683,014	\$ 557,239	\$(125,775)
Charges for services	254,498	263,900	9,402
Fines and forfeitures	9,000	2,640	(6,360)
Total Revenues	946,512	823,779	(122,733)
Expenditures:			
Health and welfare	1,765,196	1,334,967	430,229
Revenues under expenditures	(818,684)	(511,188)	307,496
Other Financing Sources:			
Transfers in	818,684	503,838	(314,846)
Net change in Fund Balance	-	(7,350)	(7,350)
Fund Balance at beginning of year	-	8,000	8,000
Fund Balance at end of year	\$ -	\$ 650	\$ 650

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
VETERANS' TRUST			
Revenues:			
Intergovernmental - Federal/State	\$ 16,092	\$ 16,252	\$ 160
Expenditures:			
Health and welfare	16,092	16,772	(680)
Revenues under expenditures	-	(520)	(520)
Fund Balance at beginning of year	-	520	520
Fund Balance at end of year	\$ -	\$ -	\$ -
K.I.N.D.			
Fund Balance at beginning of year	\$ -	\$ 77	\$ 77
Fund Balance at end of year	\$ -	\$ 77	\$ 77
MULTI PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental - Federal/State	\$ 211,921	\$ 206,174	\$(5,747)
Local	64,793	102,189	37,396
Charges for services	41,311	208	(41,103)
Other	-	680	680
Total Revenues	318,025	309,251	(8,774)
Expenditures:			
Health and welfare	357,934	349,698	8,236
Revenues under expenditures	(39,909)	(40,447)	(538)
Other Financing Sources:			
Transfers in	33,081	33,080	(1)
Net change in Fund Balance	(6,828)	(7,367)	(539)
Fund Balance at beginning of year	6,828	19,769	12,941
Fund Balance at end of year	\$ -	\$ 12,402	\$ 12,402

Concluded

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the County, for unemployment, workers' compensation, equipment acquisition and replacement and health care, and to account for payment of related insurance claims and expenses.

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008**

ASSETS	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Current Assets:				
Cash and cash equivalents	\$ 534,878	\$ 200,287	\$ 827,372	\$ 10,009
Deposits with agent	-	-	44,000	-
Receivables -				
Accrued interest and other	-	6	-	-
Due from other funds	-	494	9,910	-
Prepaid expenses	393,111	-	16,794	-
Total Current Assets	927,989	200,787	898,076	10,009
Noncurrent Assets:				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	927,989	200,787	898,076	10,009
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	-	-	282	-
Current portion of claims liabilities	-	-	12,000	-
Total Current Liabilities	-	-	12,282	-
Long-Term Liabilities:				
Accrued claims liabilities	-	-	57,000	-
Advances from other funds	-	-	-	4,000
Total Long-Term Liabilities	-	-	57,000	4,000
Total Liabilities	-	-	69,282	4,000
Net Assets				
Invested in capital assets, net of related liabilities	-	-	-	-
Unrestricted	927,989	200,787	828,794	6,009
Total Net Assets	927,989	200,787	828,794	6,009
Total Liabilities and Net Assets	\$ 927,989	\$ 200,787	\$ 898,076	\$ 10,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
\$ 95,531	\$ 385,520	\$ 2,053,597
-	-	44,000
-	-	6
-	-	10,404
-	-	409,905
<u>95,531</u>	<u>385,520</u>	<u>2,517,912</u>
<u>453,952</u>	<u>2,554,929</u>	<u>3,008,881</u>
<u>549,483</u>	<u>2,940,449</u>	<u>5,526,793</u>
-	38,389	38,671
-	-	12,000
<u>-</u>	<u>38,389</u>	<u>50,671</u>
-	-	57,000
-	104,000	108,000
<u>-</u>	<u>104,000</u>	<u>165,000</u>
-	142,389	215,671
453,952	2,554,929	3,008,881
95,531	243,131	2,302,241
<u>549,483</u>	<u>2,798,060</u>	<u>5,311,122</u>
<u>\$ 549,483</u>	<u>\$ 2,940,449</u>	<u>\$ 5,526,793</u>

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Operating Revenues:				
Charges for services	\$ 3,601,282	\$ 15,913	\$ 337,115	\$ -
Operating Expenses:				
Administrative and operating	-	-	-	-
Insurance and claims	4,303,479	20,598	38,152	-
Depreciation	-	-	-	-
Total Operating Expenses	4,303,479	20,598	38,152	-
Operating Income (Loss)	(702,197)	(4,685)	298,963	-
Non-operating Revenues:				
Interest	4,322	3,867	41,883	-
Loss on disposal of assets	-	-	-	-
Total Non-operating Revenues	4,322	3,867	41,883	-
Net Income (Loss) Before Transfers	(697,875)	(818)	340,846	-
Transfers:				
Transfers In	752,954	-	-	-
Transfers Out	-	-	(752,954)	-
	752,954	-	(752,954)	-
Change in net assets	55,079	(818)	(412,108)	-
Net Assets at beginning of year	872,910	201,605	1,240,902	6,009
Net Assets at end of year	\$ 927,989	\$ 200,787	\$ 828,794	\$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
\$ 45,269	\$ 361,983	\$ 4,361,562
-	350,445	350,445
-	-	4,362,229
36,829	364,675	401,504
<u>36,829</u>	<u>715,120</u>	<u>5,114,178</u>
<u>8,440</u>	<u>(353,137)</u>	<u>(752,616)</u>
-	-	50,072
-	<u>(4,065)</u>	<u>(4,065)</u>
<u>-</u>	<u>(4,065)</u>	<u>46,007</u>
<u>8,440</u>	<u>(357,202)</u>	<u>(706,609)</u>
-	368,976	1,121,930
-	-	<u>(752,954)</u>
<u>-</u>	<u>368,976</u>	<u>368,976</u>
8,440	11,774	<u>(337,633)</u>
<u>541,043</u>	<u>2,786,286</u>	<u>5,648,755</u>
<u>\$ 549,483</u>	<u>\$ 2,798,060</u>	<u>\$ 5,311,122</u>

LAPEER COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
Cash Flows From Operating Activities:				
Receipts for services	\$ 3,601,282	\$ 40,847	\$ 337,115	\$ -
Payments to suppliers	(4,423,478)	(20,598)	(41,410)	-
Other cash payments	-	-	13,868	-
Net Cash Provided (Used) By Operating Activities	<u>(822,196)</u>	<u>20,249</u>	<u>309,573</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities:				
Interfund	450,000	-	(450,000)	-
Transfers in	752,954	-	-	-
Transfers out	-	-	(752,954)	-
Net Cash Provided (used) By Non-capital Financing Activities	<u>1,202,954</u>	<u>-</u>	<u>(1,202,954)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and disposal of fixed assets	-	-	-	-
Loss on disposal of assets	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest earned	4,322	3,867	41,883	-
Net Cash Provided by Investing Activities	<u>4,322</u>	<u>3,867</u>	<u>41,883</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	385,080	24,116	(851,498)	-
Cash and Cash Equivalents at beginning of year	<u>149,798</u>	<u>176,171</u>	<u>1,722,870</u>	<u>10,009</u>
Cash and Cash Equivalents at end of year	<u>\$ 534,878</u>	<u>\$ 200,287</u>	<u>\$ 871,372</u>	<u>\$ 10,009</u>
Statement of Net Assets -				
Cash and Cash Equivalents	534,878	200,287	827,372	10,009
Deposits with agent	-	-	44,000	-
Cash and Cash Equivalents at end of year	<u>\$ 534,878</u>	<u>\$ 200,287</u>	<u>\$ 871,372</u>	<u>\$ 10,009</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating Income (Loss)	\$(702,197)	\$(4,685)	\$ 298,963	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Change in assets and liabilities:				
Due to/from other funds	-	24,934	(1,338)	-
Prepaid expenses	(119,999)	-	(16,794)	-
Accounts payable	-	-	(3,258)	-
Accrued claims	-	-	32,000	-
Net Cash Provided (Used) by Operating Activities	<u>\$(822,196)</u>	<u>\$ 20,249</u>	<u>\$ 309,573</u>	<u>\$ -</u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
\$ 45,269	\$ 361,983	\$ 4,386,496
-	(320,307)	(4,805,793)
-	-	13,868
<u>45,269</u>	<u>41,676</u>	<u>(405,429)</u>
-	-	-
-	368,976	1,121,930
-	-	(752,954)
<u>-</u>	<u>368,976</u>	<u>368,976</u>
-	(616,368)	(616,368)
-	4,605	4,605
<u>-</u>	<u>(611,763)</u>	<u>(611,763)</u>
-	-	50,072
<u>-</u>	<u>-</u>	<u>50,072</u>
45,269	(201,111)	(598,144)
<u>50,262</u>	<u>586,631</u>	<u>2,695,741</u>
<u>\$ 95,531</u>	<u>\$ 385,520</u>	<u>\$ 2,097,597</u>
95,531	385,520	2,053,597
-	-	-
<u>\$ 95,531</u>	<u>\$ 385,520</u>	<u>\$ 2,053,597</u>
\$ 8,440	\$(353,137)	\$(752,616)
36,829	364,675	401,504
-	-	23,596
-	-	(136,793)
-	30,138	26,880
<u>-</u>	<u>-</u>	<u>32,000</u>
<u>\$ 45,269</u>	<u>\$ 41,676</u>	<u>\$(405,429)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County for the other parties (either as trustee or as an agent) that cannot be used to finance the County's own operating programs.

Retirement System Trust Fund - is used to account for the charges for services from department and funds within the County and to account for the payment of contributions to the County defined benefit retirement plan.

Public Employee Health Care Trust Fund - is used to account for the accumulation and investment of funds to provide for the funding of health care benefits to former employees of the County.

Agency Funds - are used to account for the assets held by the County as an agent for individuals, private organizations or other governments and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2008**

	Pension	Public Employee Health Care	Total
Assets:			
Cash and cash equivalents	\$ 1,216,886	\$ 1,261,471	\$ 2,478,357
Due from other funds	54,976	-	54,976
Total Assets	1,271,862	1,261,471	2,533,333
Liabilities:			
Accounts payable	138,029	-	138,029
Net Assets held in trust for pension and health care benefits	\$ 1,133,833	\$ 1,261,471	\$ 2,395,304

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Pension	Public Employee Health Care	Total
Additions:			
Contributions	\$ 2,219,486	\$ 1,290,448	\$ 3,509,934
Deductions:			
Transfer to administrative agent	2,032,064	166,215	2,198,279
Net additions to net assets held in trust	187,422	1,124,233	1,311,655
Net assets held in trust at beginning of year	946,411	137,238	1,083,649
Net assets held in trust at end of year	\$ 1,133,833	\$ 1,261,471	\$ 2,395,304

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2008**

	Agency Funds				
	General Agency	Library Penal Fines	District Court	Common Banking	Total
Assets:					
Cash and cash equivalents	\$ 897,526	\$ 27,782	\$ 92,642	\$ 17,038	\$ 1,034,988
Liabilities:					
Due to other governmental units	346,439	-	-	17,038	363,477
Due to individuals and agencies	551,087	27,782	92,642	-	671,511
Total Liabilities	\$ 897,526	\$ 27,782	\$ 92,642	\$ 17,038	\$ 1,034,988

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2008</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,368,675	\$ 96,496,807	\$ 96,830,494	\$ 1,034,988
Liabilities:				
Due to other governmental units	514,127	36,206,608	36,357,258	363,477
Due to individuals and agencies	854,548	38,151,417	38,334,454	671,511
Total Liabilities	<u>\$ 1,368,675</u>	<u>\$ 74,358,025</u>	<u>\$ 74,691,712</u>	<u>\$ 1,034,988</u>
GENERAL AGENCY FUND				
Assets:				
Cash and cash equivalents	\$ 944,126	\$ 63,789,415	\$ 63,836,015	\$ 897,526
Liabilities:				
Due to other governmental units	308,153	31,191,573	31,153,287	346,439
Due to individuals and agencies	635,973	30,590,387	30,675,273	551,087
Total Liabilities	<u>\$ 944,126</u>	<u>\$ 61,781,960</u>	<u>\$ 61,828,560</u>	<u>\$ 897,526</u>
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 31,810	\$ 445,803	\$ 449,831	\$ 27,782
Liabilities:				
Due to individuals and agencies	<u>\$ 31,810</u>	<u>\$ 884,657</u>	<u>\$ 888,685</u>	<u>\$ 27,782</u>
DISTRICT COURT				
Assets:				
Cash and cash equivalents	\$ 95,308	\$ 2,857,575	\$ 2,860,241	\$ 92,642
Liabilities:				
Due to individuals and agencies	<u>\$ 95,308</u>	<u>\$ 4,310,831</u>	<u>\$ 4,313,497</u>	<u>\$ 92,642</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2008</u>
COMMON BANKING				
Assets:				
Cash and cash equivalents	\$ 297,431	\$ 29,404,014	\$ 29,684,407	\$ 17,038
Liabilities:				
Due to other governmental units	205,974	5,015,035	5,203,971	17,038
Due to individuals and agencies	91,457	2,365,542	2,456,999	-
Total Liabilities	\$ 297,431	\$ 7,380,577	\$ 7,660,970	\$ 17,038

Concluded

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

LAPEER COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2008</u>
General County:				
Land	\$ 698,833	\$ -	\$ -	\$ 698,833
Land improvements	1,684,159	24,014	-	1,708,173
Buildings	22,452,121	-	-	22,452,121
Equipment	6,374,317	8,016	-	6,382,333
Vehicles	221,721	15,233	-	236,954
	<u>31,431,151</u>	<u>47,263</u>	<u>-</u>	<u>31,478,414</u>
Less - accumulated depreciation	<u>(15,329,213)</u>	<u>(852,141)</u>	<u>-</u>	<u>(16,181,354)</u>
Net Total Investment in General Fixed Assets	<u><u>\$ 16,101,938</u></u>	<u><u>\$(804,878)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,297,060</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

LAPEER COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2008**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>
General Government:					
Legislative	\$ 678,772	\$ 225,000	\$ 453,772	\$ -	\$ -
Judicial	3,433,816	-	3,279,075	139,508	15,233
General Services	6,300,158	388,309	5,702,051	204,251	5,547
	<u>10,412,746</u>	<u>613,309</u>	<u>9,434,898</u>	<u>343,759</u>	<u>20,780</u>
Public Works:					
Environmental/Recycling	30,000	-	30,000	-	-
Drain Commission	194,674	-	-	-	194,674
	<u>224,674</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>194,674</u>
Public Safety:					
Animal Shelter	274,324	25,302	221,800	27,222	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	6,372,096	75,926	990,939	5,305,231	-
Sheriff	6,121,878	498,391	5,488,611	134,876	-
	<u>12,789,798</u>	<u>599,619</u>	<u>6,701,350</u>	<u>5,467,329</u>	<u>21,500</u>
Health and Welfare:					
Health Department	628,619	37,221	238,782	352,616	-
Mental Health	3,048,877	129,692	2,709,808	209,377	-
D.O.S.A.	32,686	-	-	32,686	-
Cooperative Extension	7,021	-	-	7,021	-
Family Independence Agency	1,913,734	143,480	1,758,724	11,530	-
	<u>5,630,937</u>	<u>310,393</u>	<u>4,707,314</u>	<u>613,230</u>	<u>-</u>
Recreation and Cultural:					
Parks and Recreation	2,351,996	818,074	1,504,372	29,550	-
Libraries	139,797	41,597	98,200	-	-
	<u>2,491,793</u>	<u>859,671</u>	<u>1,602,572</u>	<u>29,550</u>	<u>-</u>
Total Capital Assets	31,549,948	2,382,992	22,476,134	6,453,868	236,954
Less: accumulated depreciation	<u>(16,205,198)</u>	<u>(1,250,241)</u>	<u>(8,799,945)</u>	<u>(5,943,145)</u>	<u>(211,867)</u>
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 15,344,750</u>	<u>\$ 1,132,751</u>	<u>\$ 13,676,189</u>	<u>\$ 510,723</u>	<u>\$ 25,087</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

LAPEER COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1, 2008	Additions	Disposals	Balance December 31, 2008
General Government:				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,418,583	15,233	-	3,433,816
General Services	6,300,158	-	-	6,300,158
Total General Government	<u>10,397,513</u>	<u>15,233</u>	<u>-</u>	<u>10,412,746</u>
Public Works:				
Environmental/Recycling	30,000	-	-	30,000
Drain Commission	194,674	-	-	194,674
Total Public Works	<u>224,674</u>	<u>-</u>	<u>-</u>	<u>224,674</u>
Public Safety:				
Animal Shelter	274,324	-	-	274,324
Marine Safety	21,500	-	-	21,500
911 Center	6,364,080	8,016	-	6,372,096
Sheriff	6,121,877	-	-	6,121,877
Total Public Safety	<u>12,781,781</u>	<u>8,016</u>	<u>-</u>	<u>12,789,797</u>
Health and Welfare:				
Health Department	628,619	-	-	628,619
Mental Health	2,977,343	-	-	2,977,343
D.O.S.A.	39,707	-	-	39,707
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,559,403</u>	<u>-</u>	<u>-</u>	<u>5,559,403</u>
Recreation and Cultural:				
Parks and Recreation	2,327,983	24,014	-	2,351,997
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,467,780</u>	<u>24,014</u>	<u>-</u>	<u>2,491,794</u>
Total Capital Assets	<u>\$ 31,431,151</u>	<u>\$ 47,263</u>	<u>\$ -</u>	<u>\$ 31,478,414</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

DISCRETELY PRESENTED COMPONENT UNITS

LAPEER COUNTY ROAD COMMISSION -

The Road Commission maintains primary, local and state trunk lines within Lapeer County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, reimbursements from the Department of State Highways for work performed by the Road Commission on state trunk lines and contributions from other local governmental units within the County. The Road Commission statement is issued under a separate report.

LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW) -

The BPW is administrated by the Drain Commissioner as appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 P.A. 1957, as amended. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

LAPEER COUNTY DRAINAGE DISTRICTS -

The Drainage Districts are established pursuant to Act 40, P.A. 1956, as amended, the Michigan Drain Code are under the administration of the Lapeer County Drain Commissioner. The statutory Intercounty Drainage Board consists of the State Director of Agriculture and the Drain Commissioners of each County involved in the projects. Each of the drainage districts are separate legal entities. The Drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district upon authorization of the County Board of Commissioners. The Drain Commission and all operations for the Drain Commission office are budgeted and reported as part of the County General Fund, except for maintenance and construction of individual drains, which is accounted for through the various drain funds.

BOARD OF PUBLIC WORKS FUNDS

LAPEER COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
BOARD OF PUBLIC WORKS
DECEMBER 31, 2008**

Major Funds

Debt Service

Dryden Wastewater Treatment	Elba Wastewater Treatment	Dryden Drinking Water	Almont WSS 2007	Almont Sewage Disposal 2002	Dryden WSS 2007
-----------------------------------	---------------------------------	-----------------------------	-----------------------	-----------------------------------	-----------------------

ASSETS

Cash and cash equivalents	\$ 2,913	\$ 7,915	\$ 854	\$ -	\$ 387,591	\$ -
Due from other governmental units - Federal/State	-	-	-	-	-	-
Contracts receivable	740,000	105,000	611,507	1,957,386	1,775,000	664,868
Total Assets	\$ 742,913	\$ 112,915	\$ 612,361	\$ 1,957,386	\$ 2,162,591	\$ 664,868

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	740,000	105,000	611,507	1,957,386	1,775,000	664,868
Total Liabilities	740,000	105,000	611,507	1,957,386	1,775,000	664,868

Fund Balance:

Unreserved Undesignated	2,913	7,915	854	-	387,591	-
Total Liabilities and Fund Balance	\$ 742,913	\$ 112,915	\$ 612,361	\$ 1,957,386	\$ 2,162,591	\$ 664,868

Major Funds		Nonmajor Funds					
Capital Projects		Debt Service			Capital Project		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total
\$ 78,831	\$ 624	\$ 6,572	\$ 810	\$ 747	\$ 56,976	\$ 65,105	\$ 543,833
20,853	-	-	-	-	-	-	20,853
-	-	-	11,000	430,000	-	441,000	6,294,761
<u>\$ 99,684</u>	<u>\$ 624</u>	<u>\$ 6,572</u>	<u>\$ 11,810</u>	<u>\$ 430,747</u>	<u>\$ 56,976</u>	<u>\$ 506,105</u>	<u>\$ 6,859,447</u>
\$ 83,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,753
-	-	-	11,000	430,000	-	441,000	6,294,761
<u>83,753</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>430,000</u>	<u>-</u>	<u>441,000</u>	<u>6,378,514</u>
15,931	624	6,572	810	747	56,976	65,105	480,933
<u>\$ 99,684</u>	<u>\$ 624</u>	<u>\$ 6,572</u>	<u>\$ 11,810</u>	<u>\$ 430,747</u>	<u>\$ 56,976</u>	<u>\$ 506,105</u>	<u>\$ 6,859,447</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
BOARD OF PUBLIC WORKS
DECEMBER 31, 2008**

Fund Balance - Total Governmental Funds	\$	480,933
Amounts available in the Capital Projects Funds that reduce the contract receivable on the government wide statements	(	477,219)
Liabilities that are not payable in the current period and therefore not reported in the governmental fund statements		
Bonds/Notes Payable	(	6,294,761)
Accrued interest on bonds/notes payable	(	37,462)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized for net assets (netted against bonds payables)		10,534
Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against bonds payables)		
Bond Discount		10,155
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets (netted against bonds payables)		13,059
		33,748
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		6,294,761
Net Assets of governmental activities	\$	-

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BOARD OF PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Major Funds

Debt Service

	Dryden Wastewater Treatment	Elba Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002	Dryden WSSI 2007
Revenues:						
Intergovernmental -						
Local	\$ 135,355	\$ 106,308	\$ 60,850	\$ 21,202	\$ 148,334	\$ 40,150
Interest	1,077	242	21	-	10,902	-
Total Revenues	<u>136,432</u>	<u>106,550</u>	<u>60,871</u>	<u>21,202</u>	<u>159,236</u>	<u>40,150</u>
Expenditures:						
Capital Outlay	-	-	-	-	-	-
Debt Service -						
Principal retirement	105,000	95,000	45,000	-	85,000	30,000
Interest and fiscal charges	30,130	11,170	15,850	21,202	87,446	10,150
Total Expenditures	<u>135,130</u>	<u>106,170</u>	<u>60,850</u>	<u>21,202</u>	<u>172,446</u>	<u>40,150</u>
Excess of revenues over (under) expenditures	<u>1,302</u>	<u>380</u>	<u>21</u>	<u>-</u>	<u>(13,210)</u>	<u>-</u>
Other Financing Sources:						
Issued Bonds/Notes	-	-	-	-	-	-
Net change in Fund Balances	1,302	380	21	-	(13,210)	-
Fund Balances at beginning of year	1,611	7,535	833	-	400,801	-
Fund Balances at end of year	<u>\$ 2,913</u>	<u>\$ 7,915</u>	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 387,591</u>	<u>\$ -</u>

Major Funds		Nonmajor Funds					
Capital Projects		Debt Service			Capital Project		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 12,411	\$ 52,605	\$ -	\$ 65,016	\$ 577,215
3,156	624	5	26	350	-	381	16,403
<u>3,156</u>	<u>624</u>	<u>5</u>	<u>12,437</u>	<u>52,955</u>	<u>-</u>	<u>65,397</u>	<u>593,618</u>
1,146,942	226,095	-	-	-	618	618	1,373,655
-	-	-	11,000	25,000	-	36,000	396,000
-	-	-	1,411	27,605	-	29,016	204,964
<u>1,146,942</u>	<u>226,095</u>	<u>-</u>	<u>12,411</u>	<u>52,605</u>	<u>618</u>	<u>65,634</u>	<u>1,974,619</u>
(1,143,786)	(225,471)	5	26	350	(618)	(237)	(1,381,001)
<u>1,146,942</u>	<u>226,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,373,037</u>
3,156	624	5	26	350	(618)	(237)	(7,964)
<u>12,775</u>	<u>-</u>	<u>6,567</u>	<u>784</u>	<u>397</u>	<u>57,594</u>	<u>65,342</u>	<u>488,897</u>
<u>\$ 15,931</u>	<u>\$ 624</u>	<u>\$ 6,572</u>	<u>\$ 810</u>	<u>\$ 747</u>	<u>\$ 56,976</u>	<u>\$ 65,105</u>	<u>\$ 480,933</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS**

FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds	\$(	7,964)
<p>Amounts reported for governmental activities in the statement activities are different because:</p>		
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long term liabilities		396,000
Issued Bonds/Notes	(	1,373,037)
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purpose of net assets:</p>		
Increase in accrued interest payable	(	6,104)
Amortization of bond issuance costs	(	2,177)
Amortization of discount on bonds	(	1,693)
Amortization of deferred loss on refunding	(	1,756)
Revenues reported in the governmental funds when received, however, in the statement of activities when earned		996,731
Change in net assets of governmental activities	\$	-

DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
DRAINAGE DISTRICTS
DECEMBER 31, 2008

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
ASSETS					
Cash and cash equivalents	\$ 46,204	\$ 66,025	\$ 324,001	\$ -	\$ 2,824,357
Receivables -					
Special assessments	381,483	1,107,475	2,515,851	-	115,623
Due from other funds	99,484	-	174,060	128,887	-
Deposits				41,730	
Total Assets	<u>\$ 527,171</u>	<u>\$ 1,173,500</u>	<u>\$ 3,013,912</u>	<u>\$ 170,617</u>	<u>\$ 2,939,980</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 149	\$ -	\$ 113	\$ -	\$ 1,896
Due to other governmental units -					
Local	-	21,492	-	-	179,000
Due to other funds	-	107,169	-	-	748,672
Advances from primary government	-	-	-	-	-
Deferred revenue	349,038	958,407	2,246,785	-	-
Total Liabilities	<u>349,187</u>	<u>1,087,068</u>	<u>2,246,898</u>	<u>-</u>	<u>929,568</u>
Fund Balances -					
Reserved -					
Debt service	177,984	86,432	767,014	-	-
Capital projects	-	-	-	170,617	-
Unreserved - undesignated	-	-	-	-	2,010,412
Total Fund Balance	<u>177,984</u>	<u>86,432</u>	<u>767,014</u>	<u>170,617</u>	<u>2,010,412</u>
Total Liabilities and Fund Balance	<u>\$ 527,171</u>	<u>\$ 1,173,500</u>	<u>\$ 3,013,912</u>	<u>\$ 170,617</u>	<u>\$ 2,939,980</u>

Nonmajor Funds

Debt Service			Capital Projects		Total Nonmajor Funds	Total
Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving		
\$ 17,160	\$ 114,919	\$ -	\$ 157,112	\$ 29,237	\$ 318,428	\$ 3,579,015
-	253,233	-	-	-	253,233	4,373,665
-	20,495	-	-	63,755	84,250	486,681
<u>17,160</u>	<u>388,647</u>	<u>-</u>	<u>157,112</u>	<u>92,992</u>	<u>-</u>	<u>41,730</u>
<u>\$ 17,160</u>	<u>\$ 388,647</u>	<u>\$ -</u>	<u>\$ 157,112</u>	<u>\$ 92,992</u>	<u>\$ 655,911</u>	<u>\$ 8,481,091</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,158
-	-	-	-	-	-	200,492
-	-	-	4,531	-	4,531	860,372
-	-	-	-	90,000	90,000	90,000
-	224,237	-	-	-	224,237	3,778,467
<u>-</u>	<u>224,237</u>	<u>-</u>	<u>4,531</u>	<u>90,000</u>	<u>318,768</u>	<u>4,931,489</u>
17,160	164,410	-	-	-	181,570	1,213,000
-	-	-	152,581	2,992	155,573	326,190
-	-	-	-	-	-	2,010,412
<u>17,160</u>	<u>164,410</u>	<u>-</u>	<u>152,581</u>	<u>2,992</u>	<u>337,143</u>	<u>3,549,602</u>
<u>\$ 17,160</u>	<u>\$ 388,647</u>	<u>\$ -</u>	<u>\$ 157,112</u>	<u>\$ 92,992</u>	<u>\$ 655,911</u>	<u>\$ 8,481,091</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS
DECEMBER 31, 2008**

Fund Balances - Total Governmental Funds	\$ 3,549,602
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets	29,405,949
Accumulated depreciation	(12,428,613)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Special Assessments	3,778,467
An Internal Service Fund used by management to charge costs of maintenance. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	
	1,068,768
Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds/Notes payable	(4,035,934)
Bond issuance cost (netted against bonds payables)	171,708
Accrued interest on Bonds/Notes payable	(17,136)
Net Assets of governmental activities	<u>\$ 21,492,811</u>

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Revenues:					
Interest	\$ 13,782	\$ 3,018	\$ 11,799	\$ -	\$ 79,274
Other -					
Special assessments	<u>67,111</u>	191,937	269,066	-	168,025
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,750</u>
Total Revenues	<u>80,893</u>	<u>194,955</u>	<u>280,865</u>	<u>-</u>	<u>267,049</u>
Expenditures:					
Capital Outlay -					
Construction	-	-	-	388,022	-
Maintenance	-	-	-	-	411,959
Debt Service -					
Principal retirement	840,000	115,164	150,000	-	-
Interest and fiscal charges	<u>47,750</u>	<u>183,034</u>	<u>106,630</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>887,750</u>	<u>298,198</u>	<u>256,630</u>	<u>388,022</u>	<u>411,959</u>
Excess of revenues over (under) expenditures	(806,857)	(103,243)	24,235	(388,022)	(144,910)
Other Financing Sources (Uses):					
Transfers In	327,880	-	-	-	19,145
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(331,249)</u>
Total Other Sources (Uses)	<u>327,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(312,104)</u>
Net change in Fund Balances	(478,977)	(103,243)	24,235	(388,022)	(457,014)
Fund Balances at beginning of year	<u>656,961</u>	<u>189,675</u>	<u>742,779</u>	<u>558,639</u>	<u>2,467,426</u>
Fund Balances at end of year	<u>\$ 177,984</u>	<u>\$ 86,432</u>	<u>\$ 767,014</u>	<u>\$ 170,617</u>	<u>\$ 2,010,412</u>

Nonmajor Funds

Debt Service			Capital Projects		Total Nonmajor Funds	Total
360 Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving		
\$ 1,186	\$ 3,431	\$ 842	\$ 3,851	\$ 948	\$ 10,258	\$ 118,131
-	32,047	-	-	-	32,047	728,186
-	-	-	-	-	-	19,750
<u>1,186</u>	<u>35,478</u>	<u>842</u>	<u>3,851</u>	<u>948</u>	<u>42,305</u>	<u>866,067</u>
-	-	-	-	-	-	388,022
-	-	-	-	9,386	9,386	421,345
-	25,000	69,000	-	-	94,000	1,199,164
-	19,747	2,404	-	-	22,151	359,565
<u>-</u>	<u>44,747</u>	<u>71,404</u>	<u>-</u>	<u>9,386</u>	<u>125,537</u>	<u>2,368,096</u>
1,186	(9,269)	(70,562)	3,851	(8,438)	(83,232)	(1,502,029)
-	-	-	-	3,369	3,369	350,394
<u>-</u>	<u>-</u>	<u>(19,145)</u>	<u>-</u>	<u>-</u>	<u>(19,145)</u>	<u>(350,394)</u>
<u>-</u>	<u>-</u>	<u>(19,145)</u>	<u>-</u>	<u>3,369</u>	<u>(15,776)</u>	<u>-</u>
1,186	(9,269)	(89,707)	3,851	(5,069)	(99,008)	(1,502,029)
<u>15,974</u>	<u>173,679</u>	<u>89,707</u>	<u>148,730</u>	<u>8,061</u>	<u>436,151</u>	<u>5,051,631</u>
<u>\$ 17,160</u>	<u>\$ 164,410</u>	<u>\$ -</u>	<u>\$ 152,581</u>	<u>\$ 2,992</u>	<u>\$ 337,143</u>	<u>\$ 3,549,602</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances - total governmental funds	\$(1,502,029)
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	388,022
Depreciation expense	(501,886)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
	(359,932)
 The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.	
Principal payments on long term liabilities	1,199,164
Amortization of bond issuance costs	(10,101)
 An Internal Service Fund is used by management to charge costs of maintenance. The net revenues attributable to this fund are reported with governmental activities	
	50,089
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Decrease in accrued interest payable	<u>7,757</u>
Change in net assets of governmental activities	<u><u>\$(728,916)</u></u>

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
DECEMBER 31,2008**

Assets:

Current Assets -	
Cash and cash equivalents	\$ 695,335
Due from other funds	373,691
Total Assets	<u>\$ 1,069,026</u>

Liabilities:

Accounts payable	<u>\$ 258</u>
------------------	---------------

Net Assets:

Unrestricted	1,068,768
Total Net Assets	<u>\$ 1,068,768</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Operating Revenue:

Charges for services	\$ 172,795
----------------------	------------

Operating Expenses:

Administrative and Operating -	
Drain Maintenance	134,829
Depreciation	7,391
Total Operating Expenses	<u>142,220</u>

Operating income	30,575
------------------	--------

Non-Operating Revenue:

Interest	<u>19,514</u>
----------	---------------

Change in net assets	50,089
----------------------	--------

Net Assets at beginning of year	<u>1,018,679</u>
---------------------------------	------------------

Net Assets at end of year	<u>\$ 1,068,768</u>
---------------------------	---------------------

LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEARS ENDED DECEMBER 31, 2008**

Cash Flows From Operating Activities:

Receipts for services	\$ 224,866
Payments to suppliers	<u>(135,231)</u>

Net Cash Used by Operating Activities 89,635

Cash Flows From Investing Activities:

Interest earned on investments	<u>19,514</u>
--------------------------------	---------------

Net Cash Provided by Investing Activities 19,514

Net decrease in cash and cash equivalents 109,149

Cash and cash equivalents at beginning of year 586,186

Cash and Cash Equivalents at end of year \$ 695,335

Reconciliation of Operating Income to Net Cash Used

by Operating Activities:

Operating income	\$ 30,575
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	7,391
Changes in assets and liabilities:	
Accrued Liabilities	(402)
Due from Other Funds	<u>52,071</u>

Net Cash Used by Operating Activities \$ 89,635

SECTION THREE: STATISTICAL SECTION

This section of Lapeer County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required reports about the County's overall financial health. These tables are presented because they are representative of the County activity and are the statistics commonly used to assess County operations and financial position.

Contents	<u>Page Number</u>
<u>Financial Trends</u>	S-1 to S-6
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
<u>Revenue Capacity</u>	S-7 to S-13
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.</i>	
<u>Debt Capacity</u>	S-14 to S-16
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
<u>Demographic and Economic Information</u>	S-17 to S-21
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
<u>Operating Information</u>	S-22 to S-27
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and activities it performs.</i>	
<u>Miscellaneous Statistics</u>	S-28 to S-29
<i>These schedules contain miscellaneous information to help the reader assess the County Government.</i>	

LAPEER COUNTY, MICHIGAN

**GOVERNMENT-WIDE NET ASSETS BY COMPONENT
LAST FIVE YEARS (A)
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 19,575,975	\$ 19,165,973	\$ 18,342,068	\$ 17,818,625	\$ 17,396,631
Restricted	6,562,611	11,296,788	13,948,783	14,073,426	12,860,615
Unrestricted	<u>7,508,523</u>	<u>4,516,543</u>	<u>5,070,872</u>	<u>5,631,585</u>	<u>5,942,806</u>
Total Government activities net assets	<u>\$ 33,647,109</u>	<u>\$ 34,979,304</u>	<u>\$ 37,361,723</u>	<u>\$ 37,523,636</u>	<u>\$ 36,200,052</u>
Business type activities					
Invested in capital assets, net of related debt	\$ 7,145,228	\$ 7,433,275	\$ 7,007,742	\$ 7,464,355	\$ 8,831,167
Restricted	498,836	615,632	773,255	926,562	1,049,307
Unrestricted	<u>13,168,742</u>	<u>13,942,229</u>	<u>17,519,560</u>	<u>19,600,864</u>	<u>20,158,728</u>
Total business-type activities net assets	<u>\$ 20,812,806</u>	<u>\$ 21,991,136</u>	<u>\$ 25,300,557</u>	<u>\$ 27,991,781</u>	<u>\$ 30,039,202</u>
Primary government					
Invested in capital assets, net of related debt	\$ 26,721,203	\$ 26,599,248	\$ 25,349,810	\$ 25,282,980	\$ 26,227,798
Restricted	7,061,447	11,912,420	14,722,038	14,999,988	13,909,922
Unrestricted	<u>20,677,265</u>	<u>18,458,772</u>	<u>22,590,432</u>	<u>25,232,449</u>	<u>26,101,534</u>
Total primary government net assets	<u>\$ 54,459,915</u>	<u>\$ 56,970,440</u>	<u>\$ 62,662,280</u>	<u>\$ 65,515,417</u>	<u>\$ 66,239,254</u>

(A) - Lapeer County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN
GOVERNMENT-WIDE CHANGES IN NET ASSETS
LAST FIVE YEARS (A)
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental activities					
Legislative	\$ 252,618	\$ 273,694	\$ 249,736	\$ 244,333	\$ 259,301
Judicial	4,418,052	4,588,516	4,741,232	5,037,955	5,021,694
General Government	6,320,824	5,627,863	5,836,173	5,730,609	6,407,816
Public Safety	8,052,226	9,080,322	10,685,775	10,308,041	10,394,105
Public Works	378,218	486,381	451,726	466,202	384,302
Health and Welfare	21,641,181	21,418,610	19,833,250	21,500,048	21,809,561
Recreation and Culture	821,982	846,669	822,279	794,640	877,814
Other Activities	1,403,536	1,567,547	1,544,827	1,085,590	1,187,124
Interest on long term debt	33,098	66,483	63,684	60,650	57,550
Total governmental activities expenses	<u>43,321,735</u>	<u>43,956,085</u>	<u>44,228,682</u>	<u>45,228,068</u>	<u>46,399,267</u>
Business type activities					
Medical care facility	16,057,336	15,304,504	16,813,212	17,323,832	18,392,690
Delinquent tax	57,718	130,799	50,379	126,066	74,646
Total Business type activities expenses	<u>16,115,054</u>	<u>15,435,303</u>	<u>16,863,591</u>	<u>17,449,898</u>	<u>18,467,336</u>
Total primary government expenses	<u>59,436,789</u>	<u>59,391,388</u>	<u>61,092,273</u>	<u>62,677,966</u>	<u>64,866,603</u>
Program revenues					
Charges for services					
Legislative	-	-	1,119	-	-
Judicial	1,472,387	1,580,081	1,517,028	1,437,137	1,500,757
General Government	3,604,610	3,660,140	3,449,296	3,544,590	3,338,296
Public Safety	1,990,574	2,166,574	1,804,213	1,962,379	2,000,750
Public Works	90	-	-	-	-
Health and Welfare	12,184,060	2,696,314	12,382,563	14,127,168	13,901,118
Recreation and Culture	165,998	229,879	226,032	205,904	229,657
Other Activities	334,424	413,985	568,204	615,958	351,488
Interest on long term debt	207,623	207,622	231,926	148,677	161,503
Operating grants and contributions	7,660,864	17,645,715	7,694,183	7,996,328	7,777,755
Capital grants and contributions	181,941	785,924	397,396	29,445	239,556
Total governmental activities program revenues	<u>27,802,571</u>	<u>29,386,234</u>	<u>28,271,960</u>	<u>30,067,586</u>	<u>29,500,880</u>
Business type activities					
Charges for services					
Medical care facility	13,714,790	13,876,815	17,192,706	16,212,479	17,121,835
Delinquent tax	969,041	660,487	1,071,008	1,219,237	1,217,491
Operating grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>14,683,831</u>	<u>14,537,302</u>	<u>18,263,714</u>	<u>17,431,716</u>	<u>18,339,326</u>
Total primary government revenues	<u>42,486,402</u>	<u>43,923,536</u>	<u>46,535,674</u>	<u>47,499,302</u>	<u>47,840,206</u>
Net (expense) revenue					
Government activities	(15,519,164)	(14,569,851)	(15,956,722)	(15,160,482)	(16,898,387)
Business-type activities	(1,431,223)	(898,001)	1,400,123	(18,182)	(128,010)
Total primary government net expenses	<u>\$(16,950,387)</u>	<u>\$(15,467,852)</u>	<u>\$(14,556,599)</u>	<u>\$(15,178,664)</u>	<u>\$(17,026,397)</u>

Continued

LAPEER COUNTY, MICHIGAN

**GOVERNMENT-WIDE CHANGES IN NET ASSETS
LAST FIVE YEARS (A)
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues					
Governmental activities					
Property taxes	\$ 13,825,956	\$ 15,081,491	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996
Unrestricted grants and contributions	1,287,208	-	429,022	391,679	375,956
Investment earnings	537,174	567,529	1,156,276	1,262,949	931,362
Gain on Sale of capital assets	-	-	-	-	-
Transfers	803,850	253,026	781,037	6,702	125,489
Total governmental activities	<u>16,454,188</u>	<u>15,902,046</u>	<u>18,339,141</u>	<u>15,322,395</u>	<u>15,574,803</u>
Business type activities					
Property taxes	1,925,363	2,054,142	2,024,514	2,301,179	1,151,144
Unrestricted grants and contributions	317,946	311,804	395,858	29,746	48,070
Investment earnings	20,637	125,453	426,375	378,481	314,808
Loss on Sale of capital assets	-	(223)	-	-	-
Transfers	(600,000)	(414,845)	(900,000)	-	-
Total Business type activities	<u>1,663,946</u>	<u>2,076,331</u>	<u>1,946,747</u>	<u>2,709,406</u>	<u>1,514,022</u>
Total primary government expenses	<u>18,118,134</u>	<u>17,978,377</u>	<u>20,285,888</u>	<u>18,031,801</u>	<u>17,088,825</u>
Change in Net Assets					
Government activities	935,024	1,332,195	2,382,419	161,913	(1,323,584)
Business-type activities	<u>232,723</u>	<u>1,178,330</u>	<u>3,346,870</u>	<u>2,691,224</u>	<u>1,386,012</u>
Total primary government	<u>\$ 1,167,747</u>	<u>\$ 2,510,525</u>	<u>\$ 5,729,289</u>	<u>\$ 2,853,137</u>	<u>\$ 62,428</u>

(A) - Lapeer County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Lapeer County Finance Department

Concluded

LAPEER COUNTY, MICHIGAN

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

(UNAUDITED)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$ 307,200	\$ 327,575	\$ 327,575	\$ 327,575	\$ 208,000	\$ 198,596	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000
Unreserved	1,680,074	2,762,217	1,545,098	1,532,529	1,725,292	1,943,248	2,217,908	2,285,684	2,197,160	2,942,577
Total general fund	<u>\$ 1,987,274</u>	<u>\$ 3,089,792</u>	<u>\$ 1,872,673</u>	<u>\$ 1,860,104</u>	<u>\$ 1,933,292</u>	<u>\$ 2,141,844</u>	<u>\$ 2,415,908</u>	<u>\$ 2,483,684</u>	<u>\$ 2,395,160</u>	<u>\$ 3,140,577</u>
All other Governmental Funds										
Reserved	\$ 280,273	\$ 1,141,128	\$ 980,349	\$ 1,326,378	\$ 569,624	\$ 378,004	\$ 308,045	\$ 444,784	\$ 485,734	\$ 581,497
Unreserved, reported in:										
Special revenue funds	4,986,494	5,482,594	6,641,024	6,227,882	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209
Debt service funds	230,082	229,090	77,974	85,703	87,198	138,128	180,756	208,701	162,346	137,061
Capital project funds	6,792,714	1,166,834	992,832	843,372	1,364,928	1,276,701	938,570	903,985	969,575	692,566
Total all other Governmental Funds	<u>\$ 12,289,563</u>	<u>\$ 8,019,646</u>	<u>\$ 8,692,179</u>	<u>\$ 8,483,335</u>	<u>\$ 7,676,390</u>	<u>\$ 9,942,215</u>	<u>\$ 11,604,833</u>	<u>\$ 14,393,567</u>	<u>\$ 14,559,160</u>	<u>\$ 13,434,333</u>

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues									
Taxes	\$ 9,304,898	\$ 10,203,971	\$ 10,519,340	\$ 10,569,557	\$ 10,272,241	\$ 13,827,448	\$ 15,215,837	\$ 15,972,806	\$ 13,661,065
Licenses and permits	560,314	572,510	569,475	583,292	665,679	673,888	744,802	604,566	636,952
Intergovernmental	17,344,008	18,876,382	19,043,961	19,484,696	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993
Charges for services	5,960,665	6,127,686	6,147,365	6,431,061	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614
Fines and forfeits	731,825	654,474	656,205	766,103	662,086	441,379	567,729	470,635	494,446
Rents and royalties	537,044	1,402,327	1,384,982	1,391,408	284,049	455,079	454,466	498,268	424,512
Interest on long term debt	963,728	1,514,771	1,237,287	636,197	405,047	537,174	567,529	1,156,276	1,289,965
Other	1,156,953	1,106,685	1,534,138	2,292,784	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732
Total Revenues	<u>36,559,435</u>	<u>40,458,806</u>	<u>41,092,753</u>	<u>42,155,098</u>	<u>41,135,109</u>	<u>43,702,980</u>	<u>45,169,600</u>	<u>45,917,530</u>	<u>45,383,279</u>
Expenditures									
Current-									
Legislative	130,831	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333
Judicial	3,434,095	3,439,243	3,801,117	4,074,305	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981
General Government	3,370,913	3,481,487	3,941,682	4,517,676	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954
Public Safety	5,882,861	6,337,890	7,207,059	7,847,720	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522
Public Works	303,164	255,057	294,796	277,651	219,521	368,071	485,781	451,126	465,602
Health and Welfare	15,641,160	17,057,474	18,322,730	18,815,657	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120
Recreation and Culture	1,706,875	2,099,346	2,200,602	2,281,305	1,165,073	726,496	743,898	746,350	754,773
Other Activities	249,114	306,112	403,074	499,260	666,630	1,403,536	1,461,013	1,586,008	1,130,590
Capital outlay	2,533,241	8,083,491	3,526,148	1,723,173	1,166,824	929,230	841,275	312,739	387,887
Debt Service-									
Principal	1,051,806	1,747,509	700,000	755,000	100,000	115,000	110,000	155,000	150,000
Interest and Charges	625,925	495,928	416,799	383,130	107,107	92,284	59,350	56,700	53,650
Total Expenditures	<u>34,929,985</u>	<u>43,453,597</u>	<u>40,996,851</u>	<u>41,393,008</u>	<u>41,593,505</u>	<u>41,930,787</u>	<u>43,298,444</u>	<u>43,413,845</u>	<u>45,162,412</u>
Revenues over (under) expenditures	<u>1,629,450</u>	<u>(2,994,791)</u>	<u>95,902</u>	<u>762,090</u>	<u>(458,396)</u>	<u>1,772,193</u>	<u>1,871,156</u>	<u>2,503,685</u>	<u>220,867</u>
Other financing sources (uses)									
Issuance of bonds	7,177,500	-	-	-	-	1,535,000	-	-	-
Premium of refunding bonds	-	-	-	-	-	113,593	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	(1,599,309)	-	-	-
Transfers in	2,603,975	4,647,510	5,413,908	4,104,897	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699
Transfers out	(3,293,975)	(4,320,604)	(6,002,996)	(4,677,156)	(4,484,171)	(3,969,064)	(4,702,707)	(5,167,418)	(5,187,497)
Transfers to component units	(166,390)	(179,469)	(190,813)	(182,074)	(220,711)	-	-	-	-
Total other financing sources (uses)	<u>6,321,110</u>	<u>147,437</u>	<u>(779,901)</u>	<u>(754,333)</u>	<u>(232,870)</u>	<u>702,184</u>	<u>65,526</u>	<u>352,825</u>	<u>(143,798)</u>
Net change in fund balance	<u>\$ 7,950,560</u>	<u>\$(2,847,354)</u>	<u>\$(683,999)</u>	<u>\$ 7,757</u>	<u>\$(691,266)</u>	<u>\$ 2,474,377</u>	<u>\$ 1,936,682</u>	<u>\$ 2,856,510</u>	<u>\$ 77,069</u>
Debt service as a percentage of noncapital expenditures	<u>5.2%</u>	<u>6.3%</u>	<u>3.0%</u>	<u>2.9%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.5%</u>

(A) - Lapeer County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, capital outlay under GASB No. 34 has been allocated to the governmental activities to which it applies with the exception of capital project funds.

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

**GENERAL FUND CHANGES IN FUND BALANCES
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues									
Taxes	\$ 6,779,556	\$ 7,510,583	\$ 7,682,964	\$ 8,269,037	\$ 8,841,375	\$ 9,253,271	\$ 9,723,100	\$ 10,318,105	\$ 10,282,079
Licenses and permits	16,800	15,980	27,524	37,035	12,300	22,817	18,818	13,065	14,850
Intergovernmental	3,135,169	3,273,923	3,428,275	3,353,851	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177
Charges for services	2,763,557	2,744,739	2,807,435	3,143,010	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527
Fines and forfeits	292,567	306,672	282,897	321,948	405,245	367,628	445,362	350,626	388,865
Rents and royalties	172,221	297,018	183,865	168,337	-	167,314	167,920	167,953	164,344
Interest on long term debt	585,959	949,500	847,494	520,945	347,269	490,240	437,402	750,799	677,447
Other	539,069	735,623	877,357	1,870,795	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004
Total Revenues	<u>14,284,898</u>	<u>15,834,038</u>	<u>16,137,811</u>	<u>17,684,958</u>	<u>17,677,683</u>	<u>17,551,003</u>	<u>17,412,914</u>	<u>18,007,496</u>	<u>18,034,293</u>
Expenditures									
Current-									
Legislative	130,831	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333
Judicial	2,343,934	2,381,350	2,649,341	2,945,132	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549
General Government	3,370,913	3,481,487	3,873,954	4,420,123	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540
Public Safety	3,828,755	4,002,965	4,165,025	4,561,536	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975
Public Works	226,131	171,456	162,651	136,344	129,736	351,792	458,180	422,514	443,428
Health and Welfare	150,256	154,112	158,160	168,947	189,358	181,367	171,403	166,274	174,991
Recreation and Culture	196,544	190,300	211,577	218,642	242,232	243,037	230,892	242,019	248,237
Other Activities	220,479	242,615	270,773	343,802	425,239	1,147,127	1,402,842	1,586,008	1,130,590
Capital outlay	26,271	28,454	21,457	76,527	-	-	-	-	-
Total Expenditures	<u>10,494,114</u>	<u>10,802,799</u>	<u>11,695,782</u>	<u>13,089,184</u>	<u>13,748,595</u>	<u>15,107,890</u>	<u>15,934,842</u>	<u>16,343,207</u>	<u>16,606,643</u>
Revenues over expenditures	<u>3,790,784</u>	<u>5,031,239</u>	<u>4,442,029</u>	<u>4,595,774</u>	<u>3,929,088</u>	<u>2,443,113</u>	<u>1,478,072</u>	<u>1,664,289</u>	<u>1,427,650</u>
Other financing sources (uses)									
Bond note and proceeds	-	50,000	-	-	-	-	-	-	-
Transfers in	-	-	-	1,063	-	663,154	1,480,197	1,513,709	1,569,716
Transfers out	(3,224,433)	(3,799,252)	(5,468,335)	(4,427,332)	(3,635,189)	(2,897,715)	(2,684,205)	(3,110,222)	(3,085,890)
Transfers to component units	(166,390)	(179,469)	(190,813)	(182,074)	(220,711)	-	-	-	-
Total other financing uses	<u>(3,390,823)</u>	<u>(3,928,721)</u>	<u>(5,659,148)</u>	<u>(4,608,343)</u>	<u>(3,855,900)</u>	<u>(2,234,561)</u>	<u>(1,204,008)</u>	<u>(1,596,513)</u>	<u>(1,516,174)</u>
Net change in fund balance	<u>\$ 399,961</u>	<u>\$ 1,102,518</u>	<u>\$(1,217,119)</u>	<u>\$(12,569)</u>	<u>\$ 73,188</u>	<u>\$ 208,552</u>	<u>\$ 274,064</u>	<u>\$ 67,776</u>	<u>\$(88,524)</u>

(A) - Lapeer County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, capital outlay under GASB No. 34 has been allocated to the governmental activities to which it applies.

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended December 31,	Tax Year	Assessed Value of Real Property				Assessed Value of Personal Property	Total Assessed Value	Total Assessed Value Captured	Total Direct Tax Rate	Total Estimated Actual Value
		Residential Property	Agricultural Property	Commercial Property	Other Property					
1999	1998	\$ 1,704,024,927	\$ 266,148,365	\$ 143,656,967	\$ 38,022,581	\$ 155,642,257	\$ 2,307,495,097	\$ 77,809,488	4.0977	\$ 4,614,990,194
2000	1999	\$ 1,945,941,039	\$ 284,194,478	\$ 153,504,578	\$ 53,259,490	\$ 157,656,879	\$ 2,594,556,464	\$ 77,265,527	4.0977	\$ 5,189,112,928
2001	2000	\$ 2,156,154,421	\$ 361,950,894	\$ 203,175,808	\$ 57,213,986	\$ 167,488,640	\$ 2,945,983,749	\$ 98,261,356	3.9901	\$ 5,891,967,498
2002	2001	\$ 2,376,858,559	\$ 414,968,942	\$ 213,162,109	\$ 65,336,304	\$ 174,233,809	\$ 3,244,559,723	\$ 103,433,247	3.9454	\$ 6,489,119,446
2003	2002	\$ 2,556,306,399	\$ 448,224,584	\$ 246,079,606	\$ 82,489,628	\$ 173,032,010	\$ 3,506,132,227	\$ 114,269,022	3.8941	\$ 7,012,264,454
2004	2003	\$ 2,719,638,942	\$ 452,467,363	\$ 273,278,745	\$ 86,901,323	\$ 169,103,295	\$ 3,701,389,668	\$ 119,857,158	3.8539	\$ 7,402,779,336
2005	2004	\$ 2,907,988,203	\$ 513,809,132	\$ 308,289,264	\$ 97,695,138	\$ 177,164,475	\$ 4,004,946,212	\$ 126,686,310	3.8165	\$ 8,009,892,424
2006	2005	\$ 3,089,983,948	\$ 496,143,179	\$ 328,283,473	\$ 122,033,651	\$ 184,700,861	\$ 4,221,145,112	\$ 138,691,363	3.7886	\$ 8,442,290,224
2007	2006	\$ 3,171,262,397	\$ 511,502,613	\$ 344,229,658	\$ 120,089,567	\$ 180,491,191	\$ 4,327,575,426	\$ 155,457,319	3.7886	\$ 8,655,150,852
2008	2007	\$ 3,109,529,326	\$ 517,647,550	\$ 354,253,141	\$ 120,857,634	\$ 190,091,879	\$ 4,292,379,530	\$ 174,647,548	3.7886	\$ 8,584,759,060

Notes:

In 1994 the electors of the State of Michigan approved an amendment to the Michigan Constitution permitting the legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implemented this constitutional amendment, added a new measure of property value known as "Taxable Value". Beginning in 1995, taxable property has two valuations - State Equalization Value ("S.E.V.") and Taxable Value. The S.E.V. is 50% of the Total Estimated Value of the Property, and property taxes are levied on the Taxable value.

The Captured amount refers to the total taxable assessed value captured by the local TIFA's and DDA's

Source: Lapeer County Equalization departments Report of Assessment Roll Changes (Form L-4022)

LAPEER COUNTY, MICHIGAN

**PROPERTY RATES-ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
County-										
Operating	4.0977	4.0977	3.9901	3.9454	3.8941	3.8539	3.8165	3.7886	3.7886	3.7886
Extra Voted	<u>2.5620</u>	<u>2.4942</u>	<u>1.7459</u>	<u>1.7325</u>	<u>1.7098</u>	<u>1.8200</u>	<u>1.8021</u>	<u>1.7888</u>	<u>0.9757</u>	<u>0.5756</u>
Total County	<u>6.6597</u>	<u>6.5919</u>	<u>5.7360</u>	<u>5.6779</u>	<u>5.6039</u>	<u>5.6739</u>	<u>5.6186</u>	<u>5.5774</u>	<u>4.7643</u>	<u>4.3642</u>
Townships-										
Almont	2.9874	2.341	2.8951	3.8704	3.6763	3.8195	3.7556	3.7556	5.0056	4.5616
Arcadia	1.5812	1.5468	1.5140	1.5085	1.4757	1.4509	1.4305	1.4149	2.3149	2.3096
Attica	2.5472	2.6205	4.2470	4.1806	4.0997	4.0413	3.9624	3.3695	4.3695	4.3695
Burlington	1.7541	1.7428	1.7063	1.6769	1.6626	1.6463	1.6188	1.6003	2.4969	2.4969
Burnside	1.6937	1.6772	1.6585	1.6462	1.6172	1.5966	1.5966	1.5966	2.4788	2.4535
Deerfield	1.5356	1.4755	1.4744	1.4107	1.3586	1.3185	1.4012	1.6349	2.5267	2.5122
Dryden	5.6356	4.8820	4.7392	4.6911	4.6537	4.5652	4.6975	4.6252	4.6252	4.6252
Elba	3.0274	3.0329	2.9752	2.9212	2.8717	2.9389	2.9006	3.1285	4.0285	4.0285
Goodland	2.4254	1.5625	1.5215	1.5209	1.5012	1.4915	1.4625	1.4332	2.3332	2.3217
Hadley	2.4285	2.4416	2.3431	2.2440	2.1803	2.1003	2.0237	1.9367	2.7812	2.7699
Imlay	1.6547	1.6401	2.6501	2.5634	2.5017	2.4629	2.4535	1.9790	2.9702	2.9702
Lapeer	1.6811	1.6743	1.6510	1.6570	1.6402	1.6287	1.6148	1.8572	2.7572	2.7572
Marathon	1.5530	1.5408	1.5221	1.7461	1.4424	1.4206	1.4071	1.3927	2.2927	2.2927
Mayfield	1.6703	1.6452	1.6216	1.6066	1.5948	1.5823	1.5720	1.8091	2.7053	2.7053
Metamora	4.6253	5.3822	4.6892	4.5718	4.5667	4.6333	4.5845	4.4955	5.3965	5.3955
North Branch	3.1095	3.1151	3.0854	3.0480	3.0144	2.9595	2.9458	2.9207	3.9174	4.8965
Oregon	1.6140	1.6074	1.5786	1.5554	1.5298	1.5030	1.4807	1.7238	2.6238	2.6238
Rich	1.7491	1.7164	1.6904	4.5568	4.5128	4.4256	4.5856	4.5035	5.4035	5.4035
Cities-										
Imlay City	17.7500	17.7500	16.7500	17.7500	17.7500	17.7500	19.7627	20.2061	20.5000	18.4500
City of Lapeer	8.7911	8.7911	8.7911	8.7911	8.7911	8.7911	9.8000	10.0500	10.9500	10.9500
Brown City	17.0000	18.0289	18.0206	18.0094	17.9962	17.9633	17.9716	18.1233	18.1233	18.1233

Continued

LAPEER COUNTY, MICHIGAN

**PROPERTY RATES-ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Villages-										
Almont	16.6526	15.9486	15.4714	14.9314	14.6769	14.5044	14.6711	14.1004	13.0070	13.6177
Clifford	21.7608	21.7608	21.6534	21.3587	21.1034	21.1034	16.1034	19.6034	19.1700	19.1700
Columbiaville	14.7463	14.6607	14.5404	14.3150	14.0616	13.7480	13.5184	13.2101	13.1241	13.1241
Dryden	10.7750	10.5765	10.3734	10.1182	10.0433	10.0021	9.8110	9.8110	9.8110	9.8110
Metamora	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711
North Branch	15.5358	15.2902	15.2871	15.2703	14.9831	14.8991	14.8215	14.7918	14.6483	14.6483
Otter Lake	12.0000	12.0000	14.0000	14.3672	13.8586	13.3638	12.6688	13.2483	12.8932	12.7720
Local School Districts-										
Almont	14.4500	14.4500	14.4500	17.8613	13.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	14.2400	14.2400	14.2400	15.9718	13.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	6.0000	6.0000	11.9980	17.7948	10.9980	11.9980	11.9980	11.9980	11.9980	11.9980
Capac	9.9000	9.9000	9.9000	17.9748	8.9000	9.9000	9.9000	9.9000	9.9000	9.9000
Davison	9.5394	9.3774	9.2390	17.8525	8.4428	9.4191	9.4016	9.3325	9.3316	9.2616
Dryden	7.5000	7.7000	7.7000	18.0000	7.2400	8.2400	8.2400	8.2400	8.2400	8.2400
Goodrich	13.0000	13.7500	13.7500	17.9973	12.7500	13.7500	13.7498	13.7500	13.7500	13.7500
Imlay	12.7000	14.4500	12.2000	18.0000	11.0635	11.0000	11.7500	11.7500	11.7500	11.7500
Kingston	11.0200	12.3000	12.3000	0.0000	11.6400	12.6400	12.5000	12.2500	12.1500	12.0500
Lakeville	6.0000	11.9500	11.9500	18.0000	10.9500	10.7500	10.7000	10.3400	10.1000	9.9000
Lapeer	6.6000	6.6000	6.3750	18.0000	7.2500	8.2320	8.2194	8.2038	8.2038	8.2000
Marlette	6.0000	6.6000	6.0000	17.8293	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Mayville	6.1200	6.6000	6.0000	17.8578	5.0000	12.0000	12.0000	12.0000	12.0000	10.5000
North Branch	13.3000	13.3000	13.3000	17.7750	12.3000	13.3000	13.0000	13.0000	13.0000	13.0000
Oxford	13.0000	13.3000	13.0000	16.3326	12.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.1605	3.1189	3.0773	3.0467	3.0084	2.9794	2.9509	2.9295	2.9295	2.9295

Concluded

Notes:

1. Rates are stated in dollars per one thousand of state-equalized valuation.
2. Rates are levied in December of the year preceding the County's fiscal year end.

Source: County Equalization Department

LAPEER COUNTY, MICHIGAN
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>Current Year (2008)</u>			<u>Historical Year (1999)</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DTE Energy	54,247,754	1	1.70%	46,827,393	1	2.56%
Consumers Energy	12,861,030	2	0.40%	13,761,545	2	0.73%
International Transmillsion Co.	12,111,028	3	0.42%	N/A	N/A	N/A
Pinnacle Foods	12,004,811	4	0.38%	7,282,900	4	0.39%
Lapeer Metal Products	7,765,019	5	0.24%	N/A	N/A	N/A
Meijer, Inc.	6,090,608	6	0.19%	5,389,200	6	0.29%
Great Lakes Gas Transmission	5,990,576	7	0.19%	8,290,993	3	0.44%
Toyo Seat USA Corp.	5,741,102	8	0.18%	N/A	N/A	N/A
Durakon Industries, Inc.	5,050,045	9	0.16%	3,880,169	9	0.21%
Wal-Mart Stores, Inc.	4,768,901	10	0.15%	3,290,993	N/A	N/A
Total	<u><u>\$ 126,630,874</u></u>		<u><u>4.01%</u></u>	<u><u>\$ 88,723,193</u></u>		<u><u>4.62%</u></u>

Source: Lapeer County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**PROPERTY TAX LEVIES AND COLLECTIONS
ALL TAXING UNITS WITHIN THE COUNTY
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Levy Year	Original Levy for Year	Adjustments to Original Levy	Total Adjusted Levy	Total collections Current Year		Collections in Subsequent Years	Total collections to Date	
					Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected		Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
1999	1998	\$ 50,021,210	(379,919)	\$ 49,642,291	\$ 44,206,957	89.05	\$ 5,435,334	\$ 49,642,291	100%
2000	1999	\$ 53,838,490	(451,766)	\$ 53,405,052	\$ 47,304,472	88.58	\$ 6,100,580	\$ 53,405,052	100%
2001	2000	\$ 57,816,914	(455,356)	\$ 57,192,846	\$ 50,967,164	89.11	\$ 6,225,682	\$ 57,192,846	100%
2002	2001	\$ 60,652,832	(598,160)	\$ 60,054,672	\$ 54,165,151	90.19	\$ 5,889,063	\$ 60,054,214	100%
2003	2002	\$ 63,756,492	(1,272,037)	\$ 62,484,455	\$ 56,708,306	90.76	\$ 5,773,490	\$ 62,481,796	100%
2004	2003	\$ 67,302,042	(381,562)	\$ 66,920,480	\$ 61,037,274	91.21	\$ 5,877,490	\$ 66,914,532	100%
2005	2004	\$ 74,528,140	(562,368)	\$ 73,965,772	\$ 67,342,098	91.04	\$ 6,614,998	\$ 73,957,096	100%
2006	2005	\$ 79,929,310	(488,237)	\$ 79,441,073	\$ 72,500,633	91.26	\$ 6,830,738	\$ 79,331,371	100%
2007	2006	\$ 84,997,424	(343,361)	\$ 84,654,063	\$ 76,964,520	90.92	\$ 6,130,923	\$ 83,095,443	100%
2008	2007	\$ 88,981,038	(426,757)	\$ 88,554,280	\$ 80,629,430	91.05	\$ 6,422,866	\$ 80,629,430	91%

Notes:
Current property tax collections are made by the individual taxing units of Lapeer County. On approximately March 1, of each year, the County Treasurer "settles" with the treasurer of each taxing unit, accounting for all current property taxes collected, as well as purchasing (in normal case) all delinquent real property taxes from the units via the County's delinquent Tax Revolving Fund.

The levies and collections shown above represent all taxes levied and collected by the individual taxing units on a current basis.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**PROPERTY TAX LEVIES AND COLLECTIONS
COUNTY OPERATING LEVY ONLY
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Levy Year	Original Levy for Year	Adjustments to Original Levy	Total Adjusted Levy	Total collections Current Year		Collections in Subsequent Years	Total collections to Date	
					Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected		Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
1999	1998	\$ 7,049,818	(5,455)	\$ 7,044,363	\$ 6,308,343	89.55	\$ 736,020	\$ 7,044,363	100%
2000	1999	\$ 7,680,288	(9,610)	\$ 7,670,678	\$ 6,915,652	90.16	\$ 755,026	\$ 7,670,678	100%
2001	2000	\$ 8,127,949	(10,089)	\$ 8,117,860	\$ 7,295,980	89.88	\$ 821,880	\$ 8,117,860	100%
2002	2001	\$ 8,693,372	(85)	\$ 8,693,592	\$ 7,904,912	90.93	\$ 788,055	\$ 8,692,967	100%
2003	2002	\$ 9,265,797	(8,383)	\$ 9,257,414	\$ 8,437,468	91.14	\$ 819,530	\$ 9,256,998	100%
2004	2003	\$ 9,272,473	(14,058)	\$ 9,658,415	\$ 8,776,707	90.87	\$ 880,571	\$ 9,657,278	100%
2005	2004	\$ 10,146,331	(18,260)	\$ 10,128,070	\$ 9,176,986	90.61	\$ 948,237	\$ 10,125,223	100%
2006	2005	\$ 10,705,364	(15,437)	\$ 10,689,927	\$ 9,826,649	91.92	\$ 849,418	\$ 10,676,067	100%
2007	2006	\$ 11,326,328	(1,106)	\$ 11,325,222	\$ 9,934,719	87.72	\$ 1,286,291	\$ 11,221,010	100%
2008	2007	\$ 11,854,843	(21,991)	\$ 11,832,852	\$ 10,472,228	88.50	\$ 105,199	\$ 10,542,140	99%

Notes:

1. Property taxes for general fund operating shifted its levy from December 1 to July 1 of each year starting in 2004. This schedule does not reflect the change of tax collection due to the shift of levy from December 1 to July 1.
2. Property taxes are levied each July 1; property taxes are budgeted and recognized as revenue in the year following levy year in the General Fund, County Library and Senior Millage (Special Revenue) Funds and the E-911 (Debt Service) Fund. Property taxes are recognized as revenue in the year of the levy in the Medical Care Facility Enterprise Fund because it operates on the accrued basis of accounting.
3. The County operates a Delinquent Tax Revolving Fund whereby (in the normal case) all outstanding delinquent real taxes receivable are purchased from the taxing units. All units including General, Special Revenue, Debt Service and Enterprise Funds receive full payment for all real taxes levied under this arrangement.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**DRAIN SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Levy Year	Total Adjusted Levy	Total collections Current Year	
			Current Amt. of Collections Thru March 1	Percentage of Adjusted Levy Collected
1999	1998	\$ 661,372	\$ 661,372	100%
2000	1999	\$ 889,768	\$ 889,768	100%
2001	2000	\$ 534,463	\$ 534,463	100%
2002	2001	\$ 413,300	\$ 413,300	100%
2003	2002	\$ 543,486	\$ 543,486	100%
2004	2003	\$ 487,705	\$ 487,705	100%
2005	2004	\$ 420,383	\$ 420,383	100%
2006	2005	\$ 432,740	\$ 432,740	100%
2007	2006	\$ 836,022	\$ 836,022	100%
2008	2007	\$ 557,007	\$ 557,007	100%

Notes:

1. Special Assessments are levied each December 1; assessments are recognized as revenue in the year following the levy year.
2. The County operates a Delinquent Tax Revolving Fund whereby (in the normal case) all outstanding assessments receivable are purchased from the taxing units. All units receive full payment for all assessments levied under this arrangement.
3. Drain special assessments are levied annually (with one year payback periods) against the benefited properties.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>County Population</u>	<u>Average Per Capita Income</u>	<u>Assessed Value of Taxable Property</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Personal Income</u>	<u>Percentage of Actual Value of Taxable Property</u>	<u>Per Capita</u>
1999	1998	87,080	\$ 26,647	\$ 2,026,587,049	\$ 13,285,000	0.62%	0.58%	152.26
2000	1999	88,329	\$ 28,087	\$ 2,307,495,097	\$ 12,339,000	0.53%	0.48%	139.69
2001	2000	89,530	\$ 27,685	\$ 2,594,556,464	\$ 11,351,000	0.46%	0.39%	126.78
2002	2001	90,720	\$ 27,290	\$ 2,945,983,749	\$ 12,553,000	0.51%	0.39%	138.37
2003	2002	91,454	\$ 28,240	\$ 3,244,559,723	\$ 11,315,000	4.60%	0.32%	123.72
2004	2003	92,317	\$ 28,060	\$ 3,506,132,227	\$ 10,081,000	0.39%	0.27%	109.20
2005	2004	93,220	\$ 28,686	\$ 3,701,389,668	\$ 8,677,000	0.33%	0.22%	93.08
2006	2005	93,761	\$ 28,729	\$ 4,004,946,212	\$ 7,197,000	0.27%	0.17%	76.76
2007	2006	95,682	\$ 28,989	\$ 4,221,145,112	\$ 5,572,000	0.20%	0.13%	58.23
2008	2007	95,262	\$ 29,101	\$ 4,327,575,426	\$ 4,041,000	0.15%	0.09%	42.42

Notes:

Property Value data can be found in Schedule S-7

County Population and Per Capita Income can be found in Schedule S-17

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**COMPUTATION OF DIRECT AND OVERLAPPING LONG-TERM BONDED DEBT
DECEMBER 31, 2008
(UNAUDITED)**

	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
Direct Debt:			
Building Authority	\$ 980,000	\$ -	\$ 980,000
Water	3,233,761	3,233,761	-
Drain	4,035,934	2,915,000	1,120,934
Wastewater	1,275,000	1,275,000	-
Sewer	1,786,000	1,786,000	-
MTF Notes	1,050,000	1,050,000	-
	<u>\$ 12,360,695</u>	<u>\$ 10,259,761</u>	<u>\$ 2,100,934</u>
Overlapping Debt of County:			
Villages			5,922,512
Cities			6,736,664
Townships			4,148,144
School Districts			197,714,422
Intermediate School Districts			4,128,462
Community College			1,395,613
			<u>220,045,817</u>
Total Overlapping Debt			<u>220,045,817</u>
Total County Net Direct and Overlapping Debt			<u>\$ 222,146,751</u>
 Legal Debt Margin Calculation for 2008			
Assessed Value			\$ 4,327,575,426
Debt limit (10% of assessed value)			432,757,543
Debt applicable to limit - general obligation bonds			4,041,000
Legal debt margin			\$ 428,716,543

Source: Municipal Advisory Counsel of Michigan and Oppenheimer & Co Inc.
and County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Levy Year	State Equalized Value of Property	10% Legal Debt Limit	General Bonded Debt	Legal Debt Margin	Percentage of Adjusted Levy Collected
1999	1998	\$ 2,026,584,049	\$ 202,658,405	\$ 16,397,904	\$ 186,260,501	0.08
2000	1999	\$ 2,307,495,097	\$ 230,749,510	\$ 15,424,325	\$ 215,325,185	0.07
2001	2000	\$ 2,596,452,794	\$ 259,645,279	\$ 12,705,079	\$ 246,940,200	0.05
2002	2001	\$ 2,945,993,749	\$ 294,599,375	\$ 15,668,162	\$ 278,931,213	0.05
2003	2002	\$ 3,244,559,723	\$ 324,455,972	\$ 14,838,099	\$ 309,617,873	0.05
2004	2003	\$ 3,510,193,880	\$ 351,019,388	\$ 13,339,507	\$ 337,679,881	0.04
2005	2004	\$ 3,701,389,668	\$ 370,138,967	\$ 14,326,507	\$ 355,812,460	0.04
2006	2005	\$ 4,004,172,237	\$ 400,417,224	\$ 13,717,605	\$ 386,699,619	0.03
2007	2006	\$ 4,221,145,112	\$ 422,114,511	\$ 12,742,822	\$ 409,371,689	0.03
2008	2007	\$ 4,327,575,426	\$ 432,757,543	\$ 11,310,695	\$ 421,446,848	0.03

Notes:

1. State Finance Law limits the County's outstanding general obligation long-term debt to no more than 10 percent of the assessed value of property. The legal margin is the difference between the debt limit and the County's debt outstanding applicable to the limit, and represents the County's legal borrowing authority.
2. The long-term debt does not include accumulated vacation, sick, compensatory time and insurance liability claims.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

DEMOGRAPHICS AND ECONOMIC STATISTICS LAST TEN YEARS (UNAUDITED)

Fiscal Year	Population I	Personal Income II	Per Capita Personal Income III	K - 12 School Enrollment IV	Unemployment Rate V
1998	86,299	\$ 2,149,191,000	\$ 24,904	15,173	5.07%
1999	87,080	\$ 2,320,420,000	\$ 26,647	15,145	4.58%
2000	88,329	\$ 2,480,897,000	\$ 28,087	15,121	4.33%
2001	89,530	\$ 2,478,625,000	\$ 27,685	15,255	6.51%
2002	90,720	\$ 2,475,760,000	\$ 27,290	15,392	7.58%
2003	91,454	\$ 2,582,646,000	\$ 28,240	15,433	8.08%
2004	92,317	\$ 2,590,374,000	\$ 28,060	15,462	7.79%
2005	93,220	\$ 2,674,133,000	\$ 28,686	15,376	7.84%
2006	97,761	\$ 2,743,000,000	\$ 29,697	15,257	7.83%
2007	92012	\$ 2,786,000,000	\$ 30,279	14,916	8.48%
2008	95,262	\$ 2,772,000,000	\$ 29,099	16,116	12.70%

Sources:

- I Population - Bureau of Economic Analysis
- II Personal Income - Bureau of Economic Analysis
- III Per Capita Income - Bureau of Economic Analysis
- IV School Enrollment - Lapeer County ISD (Intermediate School District)
- V Unemployment Rate - Michigan Department of Labor and Economic Growth

LAPEER COUNTY, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Current Fiscal Year (2008)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
Lapeer Regional Medical Center	Health Care	800	1
Lapeer Community Schools	Education	779	2
Lapeer County	Government	506	3
Walmart	Retail	400	4
North Branch Area Schools	Education	400	4
Thumb Correctional Facility	State Prison	350	5
Pinnacle Foods	Food Processing	300	6
Durakon	Truck Bed Liners	275	7
Kroger Foods	Retail	268	8
Champion Bus	Manufacturing	250	9
Imlay City Schools	Education	241	10
Almont Community Schools	Education	230	11
Toyo Seat USA Corp	Automotive Supplier	225	12
Dott Industries, Inc.	Plastic Injection Molds	220	13
Metamora Products Corp	Injection Molding	205	14
The County Press (HQ)	Newspaper Publishing	200	15
MK Chambers Co.	Screw Maching Shop	200	15
Home Depot	Retail	200	15
Imlay City Plastic	Injection Molding	200	15
Carlisle Industries	Automotive Headliners	160	16
Wellington - Almont, LLC	Metal Stamping	160	16
Lapeer I.S.D.	Education	158	17
Kamax, L.P.	Automotive Supplier	150	18
American Shower & Bath	Bathtubs & Shower Stalls	150	18
TOTAL: TOP 10		4,569	
TOTAL: TOP 15		6,249	
TOTAL: TOP 20		7,027	

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

continued

LAPEER COUNTY, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Historical Fiscal Year (1998)

<u>Employers</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
Lapeer Regional Medical Center	Health Care	989	1
Lapeer Community Schools	Education	805	2
Lapeer County	Government	542	3
Lapeer Metal Products	Metal Stamping	500	4
Johnson Controls, Inc.	Automotive Supplier	440	5
Metamora Products Corp.	Injection Molding	360	6
Cambridge Industries	Manufacturing	350	7
Durakon	Truck Bed Liners	340	8
Vlasic Foods	Food Processing	300	9
Toyo Seat USA Corp.	Automotive Supplier	275	10
Albar Industries, Inc.	Manufacturing	250	11
MK Chambers Co.	Screw Machine Shop	250	12
Champion Motor Coach	Manufacturing	250	13
Carlisle Industries	Automotive Headliners	225	14
Deco Plate. A division of DOTT	Manufacturing	225	15
		<hr/> <hr/>	
TOTAL: TOP 10		4,901	
TOTAL: TOP 15		6,101	

concluded

LAPEER COUNTY, MICHIGAN

**PROPERTY VALUES
LAST TEN YEARS
(UNAUDITED)**

Year	State Equalized Value (S.E.V.)	Taxable Value	Estimated Property Value (S.E.V. x 2)
1999	2,307,495,097	1,874,360,817	4,614,990,194
2000	2,596,452,794	2,009,003,207	5,192,905,588
2001	2,945,993,749	2,179,025,395	5,891,987,498
2002	3,244,559,723	2,348,559,163	6,489,119,446
2003	3,510,193,880	2,483,938,539	7,020,387,760
2004	3,701,389,668	2,632,809,751	7,402,779,336
2005	4,004,172,237	2,805,165,220	8,008,344,474
2006	4,221,145,112	2,989,701,382	8,442,290,224
2007	4,327,575,426	3,129,128,779	8,655,150,852
2008	4,292,379,530	3,127,825,150	8,584,759,060

Notes:

In 1994 the electors of the State of Michigan approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment, added a new measure of property value known as "Taxable Value". Beginning in 1995, taxable property has two valuations - State Equalized Value ("SEV") and Taxable Value. Property taxes are levied on Taxable Value.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

EMPLOYMENT BY INDUSTRY 2000 U.S. CENSUS (UNAUDITED)

The following table reflects the breakdown of employment by category and industry for the County of Lapeer residents and the State of Michigan as of the 2000 U.S. Census:

<u>Category</u>	County of Lapeer		State of Michigan	
	Number of Workers	% of Total Workers	Number of Workers	% of Total Workers
Management, Professional & Related Service Occupations	11,043	26.93 %	1,459,767	31.48 %
Sales and Office Occupations	5,608	13.67	687,336	14.82
Farming, Fishing and Forestry	8,581	20.92	1,187,015	25.60
Construction, Extraction & Maintenance	165	0.40	21,120	0.46
Production, Transp. & Mat. Moving	5,687	13.87	425,291	9.17
	9,928	24.21	856,932	18.48
Total	41,012	100.00 %	4,637,461	100.00 %

The following table reflects the breakdown of employment by major industry groups for the County of Lapeer residents and the State of Michigan as of the 2000 U.S. Census:

<u>Category</u>	County of Lapeer		State of Michigan	
	Number of Workers	% of Total Workers	Number of Workers	% of Total Workers
Agriculture, Forestry, Mining & Fishing	610	1.49 %	49,496	1.07 %
Construction	3,767	9.19	278,079	6.00
Manufacturing	12,237	29.84	1,045,651	22.55
Wholesale Trade	767	1.87	151,656	3.27
Retail Trade	4,486	10.94	550,918	11.88
Transportation, Warehousing & Utilities	1,433	3.49	191,799	4.14
Information	655	1.60	98,887	2.13
Finance, Insurance, Real Estate & Rental	1,499	3.66	246,633	5.32
Professional, Scientific, Management, Administrative & Waste Services	2,537	6.19	371,119	8.00
Educational, Health & Social Services	7,209	17.58	921,395	19.87
Arts, Entertainment, Recreation, Accommodation & Food Services	2,298	5.60	351,229	7.57
Public Administration	1,255	3.06	167,731	3.62
Other Categories of Employment	2,259	5.51	212,868	4.59
Total	41,012	100.00 %	4,637,461	100.00 %

Source: U. S. Department of Commerce - Bureau of Census - 2000

LAPEER COUNTY, MICHIGAN

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEE POSITIONS BY FUNCTION
LAST TEN YEARS

(UNAUDITED)

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Legislative										
Board of Commissioners	5.0	5.0	5.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0
Administrative	3.0	3.0	2.2	2.9	3.0	3.0	2.9	3.0	3.0	3.0
Judicial										
Circuit Court	7.1	7.1	6.9	7.0	7.0	6.9	7.0	7.0	7.0	14.9
District Court	22.8	22.6	22.6	22.5	22.1	22.3	22.7	22.7	23.0	22.4
Friend of the Court	21.4	21.1	20.6	20.3	18.9	18.9	18.9	18.9	18.9	19.0
Probate Court	12.8	12.7	12.8	12.9	12.5	12.9	12.8	12.5	12.8	4.0
Community Corrections	1.5	2.7	2.5	2.5	3.5	3.6	3.6	3.7	3.7	3.6
Child Care	2.5	0.2	2.0	2.0	2.3	3.5	3.0	2.3	3.3	3.8
General Government										
County Clerk	7.0	7.0	7.5	7.3	7.8	7.8	7.8	8.0	8.0	8.0
Equalization	3.6	3.9	3.4	3.9	3.1	1.4	1.0	1.0	1.0	1.0
Prosecuting Attorney	12.9	12.8	13.8	14.4	15.9	16.0	15.9	15.9	16.0	16.0
Register of Deeds	4.7	5.4	5.4	5.3	5.9	6.0	5.8	5.5	4.9	5.0
County Treasurer	4.5	4.6	4.5	4.6	4.4	5.7	6.1	6.2	6.1	6.4
G.I.S.	1.0	1.0	1.0	1.0	1.0	0.3	0.0	0.0	0.0	0.0
Data Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	3.9	3.9	4.6	4.4	4.0	4.0	3.9	4.0	4.0	4.0
Building and Grounds	9.2	9.1	8.4	8.0	6.9	6.7	7.0	7.0	7.0	6.0
Drain Office	6.4	6.6	6.6	6.9	6.9	6.8	6.0	6.0	6.0	6.0
MSU Extension	5.6	5.9	0.0	4.8	4.9	4.7	4.7	4.6	4.8	4.4
County Surveyor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Sheriffs Department	53.0	53.0	51.9	50.5	52.1	51.2	50.4	50.7	51.2	51.7
County Jail	28.6	29.1	29.5	29.9	29.1	29.4	29.2	29.3	29.9	29.8
Central Dispatch	16.3	17.2	18.6	18.5	19.0	19.5	18.8	18.4	19.0	18.7
Animal Control	5.8	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Emergency Operations	0.5	0.5	1.0	1.0	1.2	1.4	1.0	1.4	1.1	1.0
Health and Welfare										
Parks Department	9.8	10.5	10.9	12.6	11.4	10.9	11.8	11.0	10.8	11.6
Community Health										
Public Health	72.9	71.4	69.7	67.8	64.6	65.1	64.5	68.1	67.0	61.5
Senior Services	8.4	9.1	9.1	8.5	7.9	7.5	7.2	5.9		
Community Mental Health	70.2	76.5	79.8	77.3	75.6	75.8	70.1	70.8	69.7	68.6
Multi-Purpose	4.2	5.4	6.1	6.8	6.7	6.2	6.8	6.4	6.0	5.5
Veterans	2.0	2.0	2.0	2.0	2.0	2.0	1.6	1.0	1.0	1.0
Community Development	0.8	1.3	1.6	1.0	1.8	2.4	3.0	3.8	3.9	3.7
	409.4	407.2	406.1	418.6	415.5	415.9	407.5	409.1	403.1	394.6

Note: A full-time employees receive pay for 2,080 hours per year, therefore a full-time equivalent is calculated by dividing total labor hours for each department by 2,080.

LAPEER COUNTY, MICHIGAN

**OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)**

FUNCTION	2004	2005	2006	2007	2008
LEGISLATIVE					
<u>Board of Commissioners</u>					
Full Board Meetings	25	26	26	26	24
Committee of the Whole Meetings	21	N/A	25	25	24
Other Special Meeting/Hearings Held	2	3	3	4	0
Board Motions Acted Upon	561	481	450	412	446
JUDICIAL					
<u>40th Circuit Court</u>					
PPO's Issued	357	380	348	302	279
Appeals	56	70	48	50	65
Domestic Cases	738	692	684	711	669
Civil Cases	326	324	334	318	313
Adoption	41	43	37	32	51
Child Protection	26	20	33	34	32
Juvenile	397	359	411	359	311
Criminal	328	315	391	392	376
<u>71-A District Court</u>					
<u>Criminal</u>					
Felonies	608	640	701	653	646
Drunk Driving	773	975	884	815	769
Traffic Offenses	9,340	8,692	8,387	8,841	9,193
Misdemeanors	1,704	1,706	1,569	1,568	1,387
Non-Traffic Offenses	506	1193	885	1020	813
<u>Civil</u>					
General Civil	1,630	1,850	2,009	2,676	3,004
Landlord/Tenant	629	654	700	663	813
Small Claims	631	593	746	738	657
<u>Probate/Family Court</u>					
<u>Civil</u>					
Conservatorship/Protective Orders	34	37	48	39	28
Estates	176	191	163	174	173
Guardianships	91	98	84	95	97
Judicial Admin/Mental Commitments	55	56	69	67	54
Trusts	2	6	5	4	7
Wills for Safe Keeping	65	77	74	94	78
<u>Friend of the Court</u>					
Caseload	7,719	5,991	5,942	5,922	5,951
Children IV-D Cases	8,226	8,659	7,982	7,821	8,025
Bench Warrants Issued	694	463	509	574	635
Referee Hearings Conducted	3,419	2,280	N/A	4,257	4,707
Cases Mediated	292	195	N/A	25	29
PUBLIC SAFETY					
<u>Community Corrections</u>					
Clients - Community Service	N/A	N/A	N/A	51	28
Clients - Jail Crew	N/A	N/A	N/A	66	64
Clients - Day Reporting	N/A	N/A	N/A	64	80
Drunk Driver Jail Reduction Program	N/A	N/A	N/A	33	43
Jail Beds Saved	N/A	N/A	N/A	5737	7638

Continued

LAPEER COUNTY, MICHIGAN

**OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)**

FUNCTION	2004	2005	2006	2007	2008
<u>Prosecuting Attorney</u>					
Felony Cases Authorized	1,038	713	763	730	732
Domestic Violence - Felony	21	20	26	24	23
Misdemeanor Cases Filed	2,740	2,442	2,463	2,379	3,014
Misdemeanor Domestic Violence	182	140	196	182	184
Juvenile Petitions Filed	329	311	359	312	405
Juvenile Domestic Violence Authorized	7	6	19	13	19
Victim Rights - Eligible Victims	915	844	939	866	821
Victims Rights Domestic Fel/Misd/Juv	210	166	241	219	
Drug - Misdemeanor/Felony Authorized	353	407	433	412	415
Drunk Driving Misd/Felony	780	915	872	836	730
Non-Support	102	85	109	186	120
Paternity	47	41	84	82	76
<u>Sheriff's Department</u>					
Jail Bookings	3077	3454	3477	3531	N/A
Calls Answered	18,961	23,958	23,918	24,878	N/A
Fatal Crashes	12	20	7	11	N/A
Personal Injury Crashes	581	553	530	480	N/A
Property Damage Crashes	3083	2832	2652	2780	N/A
Private Property Crashes	138	132	114	132	N/A
Detective Bureau Arrests	409	320	365	216	N/A
Secondary Road Patrol Tickets Issued	563	647	615	355	N/A
Purchase Permits Issued	1,828	1,814	1,762	1,839	N/A
Marine Division Patrol Hours	408	376	857	1017	N/A
Township Complaints Responded To	14,165	17,693	17,071	N/A	N/A
<u>E-911 Central Dispatch</u>					
Hardware/Landline Calls	13,921	13,168	14,435	10,486	11,201
Wireless Calls	17,072	17,331	14,816	18,411	18,697
VOIP	UNK	UNK	298	394	387
Non-Emergency Calls	77,331	87,175	84,508	80,147	82,075
CAD Reports/Dispatch	65,145	70,950	71,351	72,915	74,951
<u>Emergency Management</u>					
EMAC Meetings Held	12	6	4	4	4
Local Meetings Attended	40	43	46	44	42
Regional Homeland Security Meetings	0	0	3	48	43
Disaster Exercise Planning Meetings	3	4	5	4	6
District Meetings Attended	6	6	6	6	6
EAG Plan Updates/Policies Written	3	3	5	7	4
Quarterly Reports Completed	9	10	8	9	9
Trainings Hosted	5	4	6	4	3
Tier II Plans Filed	52	50	47	51	49
Special Events Planned	5	6	8	10	4
Identification Badges Created	250	200	100	50	75
HEALTH AND WELFARE					
<u>Parks Department</u>					
Water Park Attendance	19,640	30,425	23,307	20,969	24,634
Reservation Attendance	9,885	11,180	11,000	8,915	11,740
Winter Park Attendance	2,847	1,530	200	830	1,265
Special Events Attendance	0	0	1500	2500	3300
<u>Health Department</u>					
<u>Medical Examiner</u>					
Medical Examiner Cases	66	66	59	52	56
Cremation Permits	174	177	164	200	216
Hospice	37	14	15	38	54

Continued

LAPEER COUNTY, MICHIGAN

**OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)**

FUNCTION	2004	2005	2006	2007	2008
<u>Health Department (Cont'd)</u>					
<u>Animal Control</u>					
Animal Control Complaints	N/A	2582	2836	2485	2573
Animals Held at Shelter	N/A	2256	2275	2718	2275
Animals Picked Up	N/A	508	686	466	443
Animal Bites - Cases	N/A	314	300	262	220
Animals Tested for Rabies	N/A	N/A	99	85	157
Animal Rabies Cases	N/A	N/A	4	3	8
<u>Environmental Health Division</u>					
EH - Sewage Applications	881	811	343	215	24
EH - Sewage Permits	811	652	364	199	136
EH - Well Permits	823	794	472	353	232
Food Service Inspections	704	728	678	576	605
<u>Home Health Division</u>					
Home Health Clients	388	349	316	298	209
<u>Public Health Nursing</u>					
Maternal Infant Health Visits	2,851	2,173	2,578	3,250	3,152
<u>Immunizations</u>					
Childhood Immunizations Given	N/A	N/A	5233	4074	3654
Adult Immunizations Given	N/A	N/A	747	1121	1423
Total Immunizations Given	4,499	4,280	5,980	5,195	5,080
<u>WIC Program</u>					
Individuals Participating in WIC	1,584	1,597	1,548	1,713	1,855
<u>Hearing & Vision Screening</u>					
Hearing & Vision Screening Cases	13,440	12,878	10,251	10,358	11,094
<u>AICC Program</u>					
AICC Clients	365	321	343	396	437
<u>Senior Programs</u>					
Home-Delivered Meals	N/A	N/A	100593	100920	109168
Congregate Meals	N/A	N/A	5469	7411	9935
Medication Management Clients	N/A	N/A	7	13	5
Personal Care/Homemaker Clients	N/A	N/A	230	241	170
Case Coordination Clients	N/A	N/A	73	99	43
Care Management Clients	N/A	N/A	32	32	32
Health Screening Clients	N/A	N/A	23	23	22
Chore Maintenance Clients	N/A	N/A	148	145	142
Respite Care Clients	N/A	N/A	79	100	74
<u>Mental Health</u>					
Adults with Psychiatric Disorders	688	966	873	788	864
Persons with Developmental Disabilities	308	334	321	324	305
Children with Emotional Disturbances	204	191	194	153	200
GENERAL GOVERNMENT					
<u>County Clerk</u>					
<u>Circuit Court Division</u>					
Criminal Cases Filed	325	321	392	398	383
All Other Cases Filed	1,503	1,476	1,453	1,411	1,338
Adult Probation Receipts	1,055	1,119	1,093	1,271	1,344
<u>Vital Records Division</u>					
Marriage License Applications	576	576	563	568	514
Assumed Names	1,272	1,124	1,014	899	817
Notary Bonds	292	232	240	222	195
Death Certificates Filed	496	488	470	500	522
Birth Certificates Filed	860	812	632	603	564
Voter Registrations	8,771	6,239	5,993	5,569	6,810
Concealed Pistol Permits	751	603	375	285	538

Continued

LAPEER COUNTY, MICHIGAN

**OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)**

FUNCTION	2004	2005	2006	2007	2008
GENERAL GOVERNMENT (Cont'd)					
<u>Register of Deeds</u>					
Warranty Deeds	2438	2318	1593	1209	912
Quit Claim Deeds	1593	1526	1382	1340	1211
Death Certificates	272	220	218	224	211
Land Contracts	25	34	18	20	7
Memo Land Contracts	137	121	81	69	70
Misc. Recordings	3231	3342	3052	3586	4626
Mortgages	9702	8488	6597	4543	2840
Discharges	8212	7112	5704	4472	3048
Assignment of Mortgages	1248	990	1003	1233	669
Misc. Mortgage Recordings	2531	2689	2628	2370	2427
UCC Financing Filings	142	120	137	170	274
<u>Community Development</u>					
<u>Housing Divison</u>					
CDBG Homes Improved	16	14	15	14	9
CDBG - Senior Clients	4	3	5	2	2
CDBG - Handicapped Clients	5	6	4	7	2
<u>Soil & Sedimentation</u>					
SESC Permits Issued	182	174	158	215	298
<u>Drain Commissioner</u>					
Drains (&Other) Maintained	99	77	86	71	79
Drains Sprayed	17	17	18	11	18
Drains Assessed	54	41	45	59	57
Plan Reviews	11	10	8	6	6
Act 40 Permits Issued	14	13	13	11	14
<u>Treasurer</u>					
Total Number of Parcels	45,970	47,180	47,057	47,395	50,077
Number of Delinquent Parcels	4,650	4,885	4,937	5,060	5,510
Parcels Forfeited	470	416	495	666	932
Taxable Value	2,632,809,751	2,805,164,853	2,989,701,382	3,129,128,779	3,195,751,102
C.E.V.	3,701,389,668	4,004,172,237	4,221,145,112	4,327,575,426	4,292,379,530
<u>Collaborative Planning Commission</u>					
Rezoning/Text Amendment Reviews	22	24	36	23	13
<u>Building & Grounds</u>					
Work Orders Completed	N/A	N/A	1037	969	903

Concluded

N/A - Information is Not Available at this Time

LAPEER COUNTY, MICHIGAN

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST THREE YEARS (A)**

(UNAUDITED)

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Legislative			
Computers	10	10	10
Judicial			
Court Rooms	6	6	6
Vehicles	9	9	9
Computers	72	74	98
* Network Printers/Copiers	17	17	14
General Government			
All County Buildings	11	12	12
Vehicles not reported elsewhere	15	15	19
Computers	67	69	83
* Network Printers/Copiers	25	26	18
Public Safety			
Jail Beds Available	123	123	123
Vehicles			
Patrol	18	18	20
Other	22	22	25
Computers	48	53	59
* Network Printers/Copiers	10	11	10
Health and Welfare			
Vehicles	22	22	22
Park Acreage			
Torzewski	70	70	70
Squire	80	808	80
Other	1	8	8
Computers	203	203	202
* Network Printers/Copiers	70	75	20

(A) Notes: Data was only available back to 2006.

Source: Lapeer County Finance Department

* In 2009 Printers was changed to Network Printers and Copiers

LAPEER COUNTY, MICHIGAN

**DESCRIPTION OF INSURANCE COVERAGE IN FORCE
DECEMBER 31, 2008
(UNAUDITED)**

Lapeer County became a member of the Michigan Municipal Risk Management Authority in 1985. The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations. This program covers the Public Officials Surety Bond and Faithful Performance as well as General Liability, Law Enforcement Officers, Business Auto, Building and Contents, Boiler and Machinery, Errors and Omissions, and Umbrella Coverage. The total amount of liability coverage for the County amounts to \$10,000,000. The County's total contribution for 2008 is approximately \$ 392,555 reported in the General Fund.

Lapeer County is self-insured for Workers' Compensation for claims up to an annual aggregate amount of \$300,000. The County is insured for the amount of claims in excess of such limitation to a maximum of \$3,000,000. The County is then self-insured for annual aggregate claims in excess of insurance coverage. The County's total expenditures for claims and insurance costs reported in the Workers' Compensation Fund for 2008 is \$38,152. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2008 is \$828,794.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2008 is \$20,599. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2008 is \$200,786.77.

LAPEER COUNTY, MICHIGAN

OTHER STATISTICS DECEMBER 31, 2008 (UNAUDITED)

Form of Government

The County's legislative body is a seven-member Board of Commissioners elected by districts to two-year terms. The Board annually elects from within its ranks a Chairperson and Vice-Chairperson by majority vote.

The County operates under the Controller/Administrator form of government.

Location

Lapeer County covers an area of approximately 666 square miles in the thumb area of Michigan's lower peninsula and is located 56 miles north of Detroit and 48 miles west of the Canadian border on I-69, between Port Huron and Flint. The County is accessible by four major highways, M-21, M-24, M-90, M-53 and the Interstate.