

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LAPEER COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2010

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

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MICHIGAN'S OLDEST COURTHOUSE

Lapeer County Administration Office

255 Clay Street
Lapeer, Michigan 48446

phone 810 area code

667-0366

667-0369 FAX

www.lapeercountyweb.org

June 23, 2011

To the Board of Commissioners and Citizens of Lapeer County:

The Comprehensive Annual Financial Report (CAFR) of the County of Lapeer, Michigan, for the year ended December 31, 2010, 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 requires 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, 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, 2010, 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, 2010, 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 is 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 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 was 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.

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, First Michigan Bank, Flagstar, CSB, PNC, Tri-County Bank, Independent Bank, Oxford Bank, and five credit unions also offer financial services to residents.

The taxable value of property was \$2,845,481,660 as compared to \$3,127,825,150 in 2009, a decrease of approximately 9 %. During the same period, S.E.V. decreased from \$3,822,452,992 to \$3,320,773,773 down 13%. The tax levy of 3.7886 remained the same from 2009 for general County operations. In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County.

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County population in 2010 was 88,319 compared to the 2000 Census total of 87,904. While the County experienced a slight increase over the decade, the estimated peak population of 92,240 occurred in 2005, indicates a downward trend is occurring.

The average residential selling price in 2010 was \$100,365 up from \$91,423 in 2009 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 County, two State, 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 “LDC” continues to lead and coordinate economic development. During 2010, LDC assisted in the creation/retention of 217 jobs, and \$34,003,744 million of investment value occurring as a result of the efforts of the Corporation. Since its inception in 1981, the LDC has brought a private sector investment of nearly \$555,000,000 into the County and has assisted with the creation/retention of 7,165 new 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 Great Lakes Cancer Institute 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 approximately 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 to \$8.4 million with approximately \$60,922 awarded in scholarships, and \$208,907 granted to non-profit groups, educational and government institutions in 2010. The Foundation, which became independent in 2005, manages 56 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 fourteenth 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. 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. The Supreme Court selects a Judge to serve as the Chief Judge of the Circuit Court and a Judge to serve as Chief Judge of the District 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 temporally 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 was indexed to the FY 2003/2004 state payment of \$1,432,407 with annual consumer price index adjustment as allowed by PA 356. In 2010, the balance of the fund (\$1,625,587) was transferred and \$534,104 of State Revenue Sharing was received.

The County, along with other entities, was the victim of a “Ponzie” type scheme resulting in the embezzlement of \$750,000 of funds that were to be invested. The individual responsible had been a long time financial adviser and has pled guilty to fraud in the United States District Court for the Eastern District of Michigan. All legal means to recover these funds are being considered and based on the advice of counsel, will be pursued if warranted.

Growth in the tax base through 2008 produced 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 originally noted in the 2008 CAFR, trends indicating that this growth had leveled along with the slowing of the State economy, and in fact may be declining were evident. Indeed, the data from 2010 confirms the rather ominous reversal in the growth of the property tax base and consequently, tax revenue. Furthermore, the continued decrease in population, accelerated foreclosures and tax delinquencies, and a high level of unemployment are evidence of a changing economic base. Consequently, the declining revenue forecasts necessitate the need for corresponding expenditure reductions to maintain fiscal stability into the future. In 2010, \$10,088,251 was received in property tax as compared to \$10,676,987 the prior year.

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 produced for the general fund by multiplying the taxable value of property by the adopted tax rate was reduced by approximately \$594,316 that was "captured" by local government TIFA's and DDA's in 2010. It should be noted that \$160,173 that was considered "excess revenue" was returned to the County in FY 2010 from the City of Lapeer. These funds were directed to the multi-year capital budget.

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, revenue sharing, 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 and ongoing 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.

A multi-year technology plan approved by the Board of Commissioners continued into 2010. 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.

With the approval of the State Department of Health, Lapeer County also initiated a inter-county agreement to share the County Medical Officer with four other County governments.

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. During the November election, voters approved improvements to the 911 communication system. GO Bonds in the amount of \$14.475 mil were subsequently issued with a Standard & Poor's rating of "AA". Even with the new 911 issue, the County continues to maintain an extremely low debt load that remains a significant factor in the ratings. 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 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. In the present economic environment, frequent fiscal review and planning sessions occur throughout the year with the Board of Commissioners.

Major Initiatives

The implementation of the Information Systems Plan to upgrade technology throughout all Departments continued into 2010. The integration of systems, additional security applications, and backup capacity have added efficiencies to our communication capacities. The collaborative effort with the Immediate School District for Internet service and fiber optic lines remains a cost effective and productive relationship.

Recognizing that energy costs are a significant element of the operational budgets, the Grounds and Maintenance Department continued to install energy saving equipment throughout county facilities. Department staff remained involved in the analysis and implementation of programs to reduce or contain expenses with all utilities. Telephone lines have been eliminated, motion detectors installed in public areas to control light, and where appropriate lighting fixtures turned off. A continued review of energy containment methods for all County facilities remains 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, 2009. 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 2010.

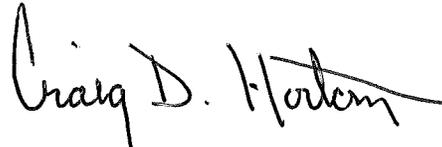
Acknowledgments: The preparation of this report could not have been accomplished without the participation of the County departments and the various elected and appointed officials. Our appreciation is extended to all who assisted in the creation of this document. We would also like to thank the Board 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

County Controller/Administrator



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, 2009

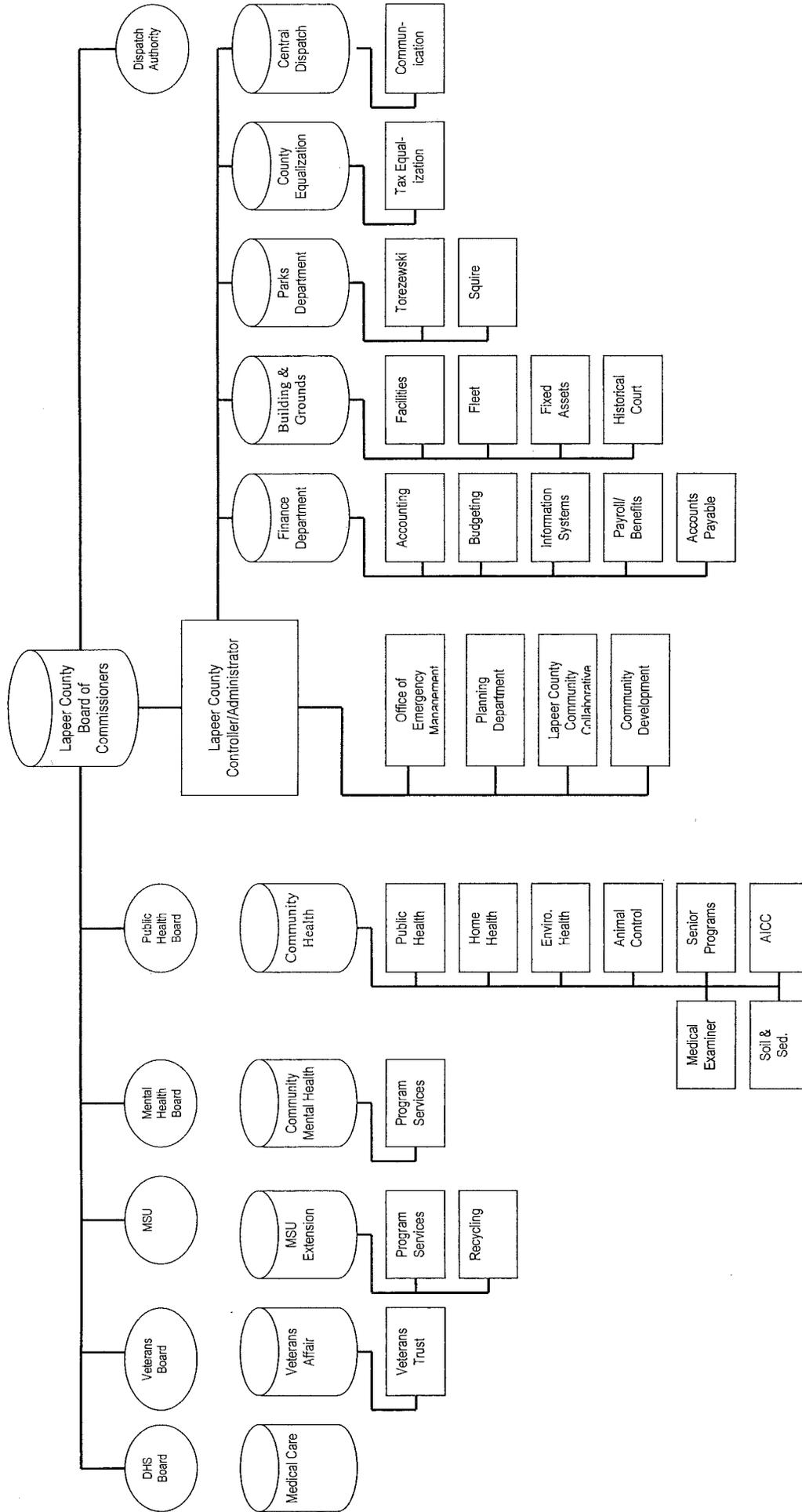
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



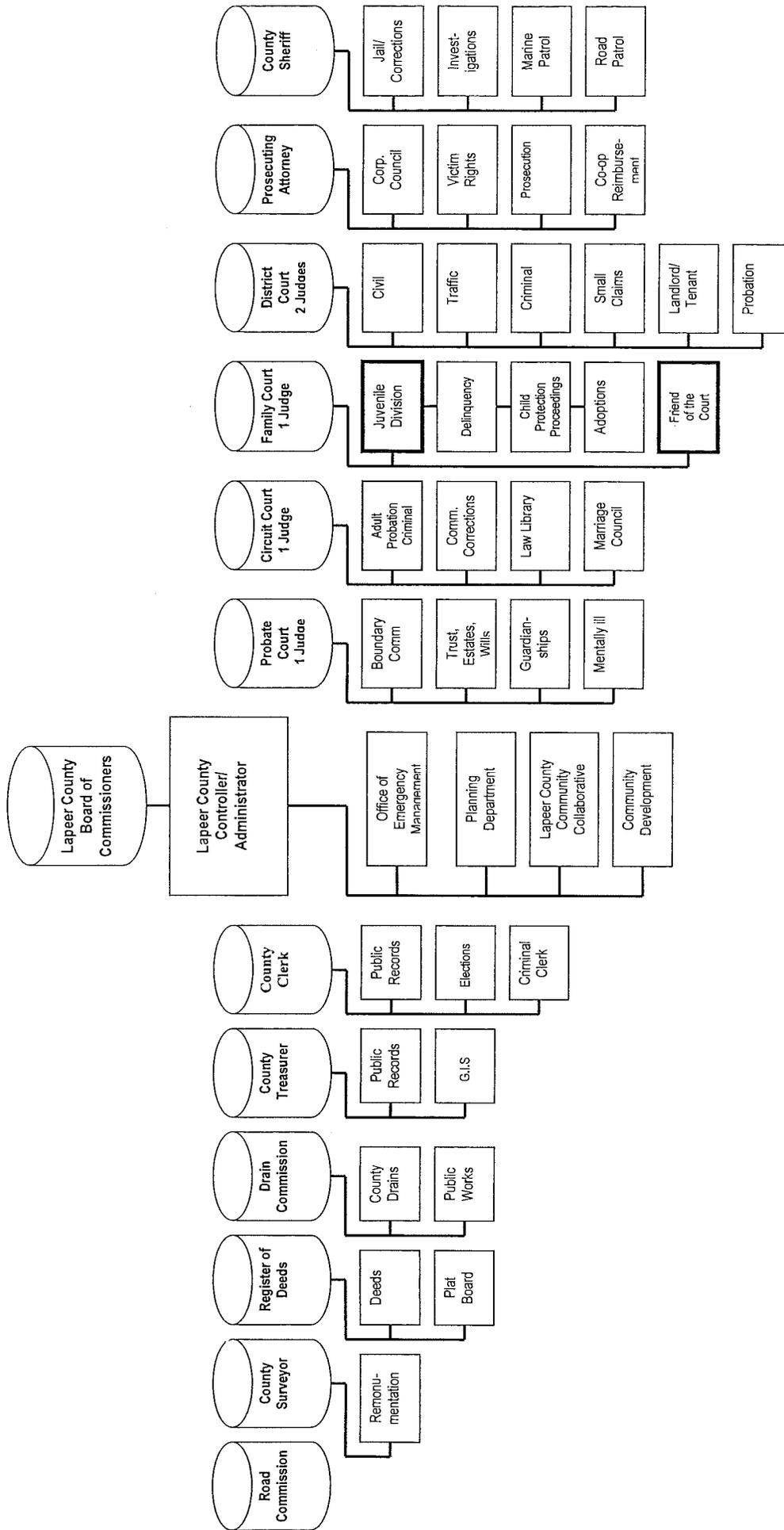
President

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

Dana M. Miller
Treasurer

Ronald J. Kalanquin
Sheriff

John Freeman
Drain Commissioner

Marlene M. Bruns
Clerk

Byron Kenschuh
Prosecuting Attorney

Ray Davis
Surveyor

Melissa R. 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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, 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 previously 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, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, on our consideration of Lapeer County, Michigan'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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Stewart, Beauvais & Whipple
Certified Public Accountants

June 23, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Lapeer's (the County) management's discussion and analysis is intended to provide the readers of the County's financial statements a general overview of the financial activities for the fiscal year ending December 31, 2010. 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 primary government improved its financial position during fiscal year 2010.
- Net assets increased \$1,889,303 to \$70,815,800 (excluding component units).
- Government activities net assets decreased \$865,771 to \$36,264,181.
- Business-type activities net assets increased \$2,755,074 to \$34,551,619.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16,081,587 decreasing \$459,309.
- The transfer out of the "Revenue Sharing Reserve Fund" (RSRF) of \$1,625,587 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 fund balance in the RSRF decreased from \$1,625,587 to \$0 accordingly. This was the final transfer and no future activity in the RSRF is expected.
- The General Fund Balance increased \$314,766 to \$4,422,705.
- The Budget Stabilization Fund balance increased from \$2,320,361 to \$2,423,282 as a result of \$102,921 in investment earnings. A financial planning objective of the County is to retain a balance equaling approximately 10% of the General Fund expenditures in this Fund.
- The County added a major fund in 2010 due to the passage of a debt tax millage to support the payment of bonds issued in early 2011 to construct and modernize the E-911 Central Dispatch System. The E-911 Debt Fund's activity consisted of the recording of taxes receivable, net of December collections, and deferral of the December 1, 2010 tax levy.
- The Community Development Fund's 2010 activity included the administration of a Federal Economic Development Grant. The grant activity increased revenue and expenditures in the fund by approximately \$620,000.

Capital and Long-Term Debt Activities:

- The County's capital assets (net of accumulated depreciation) experienced a net increase of \$4,644,472 to \$31,358,285 during the fiscal year due mainly to construction in progress of a building addition to the Medical Care Facility.
- The County paid \$155,000 in bond obligations during fiscal year 2010. The County had only one outstanding bond issue at December 31, 2010. However, the County issued \$14,475,000 of limited general obligation bonds in early 2011 to construct a new E-911 Central Dispatch System.
- The County is below its authorized debt limit of \$322,849,990.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) 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, (budget to actual comparison for the general fund and major funds), additional Supplementary Information for all non-major funds, proprietary funds and fiduciary 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. This statement format combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations. 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 occur, 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 and earned but unused employee vacation leave.)

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, legally separate Drainage Districts and a legally separate Land Bank Authority. Financial information for these component units is reported separately from the primary government 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. Included are the General Fund, the Special Revenue Funds, the Debt Service Funds, and the Capital Project Funds.

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 41 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, Community Development Fund, Local Reserve Fund and the E-911 Debt Fund, all of which are considered major funds. Data from the other 36 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.

As required by State law, the County adopts an appropriated budget for its General and Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 17 - 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 Services funds are an accounting device used by governments 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 management programs as well as two equipment pools. 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. In addition, the Proprietary Funds are required to present a statement of cash flows, which is not required for the government-wide presentation. 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 General Agency Fund. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 28 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 31 - 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 four major governmental funds. This required supplementary information can be found on pages 70 - 75 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 76 - 112 of this report.

Government-wide Financial Analysis

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 \$70,815,800 at December 31, 2010.

Approximately 47%, or \$33,350,516 of the County's net assets, is unrestricted and available for future obligations. Approximately 43%, or \$30,693,285 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 Primary Government	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 27,264,470	\$ 23,735,565	\$ 22,892,430	\$ 24,475,575	\$ 50,156,900	48,211,140
Capital Assets	<u>16,561,442</u>	<u>17,437,207</u>	<u>14,796,843</u>	<u>9,276,606</u>	<u>31,358,285</u>	<u>26,713,813</u>
Total Assets	<u>43,825,912</u>	<u>41,172,772</u>	<u>37,689,273</u>	<u>33,752,181</u>	<u>81,515,185</u>	<u>74,924,953</u>
Long-term debt outstanding	1,435,765	1,588,308	470,051	325,225	1,905,816	1,913,533
Other Liabilities	<u>6,125,966</u>	<u>3,281,680</u>	<u>2,667,603</u>	<u>1,630,411</u>	<u>8,793,569</u>	<u>4,912,091</u>
Total Liabilities	<u>7,561,731</u>	<u>4,869,988</u>	<u>3,137,654</u>	<u>1,955,636</u>	<u>10,699,385</u>	<u>6,825,624</u>
Net Assets:						
Invested in Capital Assets, net of debt	15,896,442	16,654,707	14,796,843	9,276,606	30,693,285	25,931,313
Restricted	5,605,162	8,221,319	1,166,837	1,308,557	6,771,999	9,529,876
Unrestricted	<u>14,762,577</u>	<u>11,426,758</u>	<u>18,587,939</u>	<u>21,211,382</u>	<u>33,350,516</u>	<u>32,638,140</u>
Total Net Assets	<u>\$ 36,264,181</u>	<u>\$ 36,302,784</u>	<u>\$ 34,551,619</u>	<u>\$ 31,796,545</u>	<u>\$ 70,815,800</u>	<u>\$ 68,099,329</u>

The County's combined net assets increased from \$68,926,497 to \$70,815,800 for a net change of Governmental and Business-type activities of \$1,889,303 from the prior year. The beginning 2010 net assets for the Governmental Activities have been restated (increased by \$827,168) for a reporting entity restatement as described further in Note 16 to the financial statements.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) will reduce restricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and invested in capital assets, net of debt.

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net assets changed during 2010 and 2009.

Changes in Net Assets for Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenue:						
Program Revenue:						
Charges for services	\$ 22,291,931	\$ 22,356,919	\$ 20,552,223	\$ 18,800,309	\$ 42,844,154	\$ 41,157,228
Operating grants and Contributions	9,671,059	7,823,955	-	-	9,671,059	7,823,955
Capital Grants and Contributions	300,538	46,076	-	-	300,538	46,076
General Revenue:						
Property Taxes	12,766,862	13,944,341	930,705	1,011,140	13,697,567	14,955,481
Grants and Contributions not restricted to specific Programs-	8,975	4,875	24,765	51,997	33,740	56,872
Other	<u>392,381</u>	<u>433,575</u>	<u>115,568</u>	<u>68,471</u>	<u>507,949</u>	<u>502,046</u>
Total Revenue	<u>45,431,746</u>	<u>44,609,741</u>	<u>21,623,261</u>	<u>19,931,917</u>	<u>67,055,007</u>	<u>64,541,658</u>
Expenses:						
Legislative	290,948	275,784	-	-	290,948	275,784
Judicial	5,172,038	5,318,644	-	-	5,172,038	5,318,644
General Government	6,925,829	6,329,101	-	-	6,925,829	6,329,101
Public Safety	10,779,183	10,578,956	-	-	10,779,183	10,578,956
Public Works	810,776	380,476	-	-	810,776	380,476
Health and Welfare	21,687,405	21,212,635	-	-	21,687,405	21,212,635
Recreation and Culture	592,701	822,024	-	-	592,701	822,024
Interest on Long-Term Debt	43,334	51,166	-	-	43,334	51,166
Medical Care Facility	-	-	18,645,836	18,054,605	18,645,836	18,054,605
Delinquent Tax	-	-	<u>222,351</u>	<u>119,969</u>	<u>222,351</u>	<u>119,969</u>
Total Expenses	<u>46,302,214</u>	<u>44,968,786</u>	<u>18,868,187</u>	<u>18,174,574</u>	<u>65,170,401</u>	<u>63,143,360</u>
Change in net assets before transfers	(870,468)	(359,045)	2,755,074	1,757,343	1,884,606	1,398,298
Transfers	<u>4,697</u>	<u>46,614</u>	<u>-</u>	<u>-</u>	<u>4,697</u>	<u>46,614</u>
Change in net assets	(865,771)	(312,431)	2,755,074	1,757,343	1,889,303	1,444,912
Net assets at beginning of year, as restated	<u>37,129,952</u>	<u>36,615,215</u>	<u>31,796,545</u>	<u>30,039,202</u>	<u>68,926,497</u>	<u>66,654,417</u>
Net assets at end of year	<u>\$ 36,264,181</u>	<u>\$ 36,302,784</u>	<u>\$ 34,551,619</u>	<u>\$ 31,796,545</u>	<u>\$ 70,815,800</u>	<u>\$ 68,099,329</u>

As stated previously, the beginning 2010 net assets for the governmental activities have been increased by \$827,168 for a reporting entity restatement as described further in Note 16 to the financial statements.

Normal Impacts

There are eight basic (normal) impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition - which can reflect a declining, stable or growing economic environment and has a substantial impact on property taxes, charges for services, shared revenue or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Board Approved Rates - while certain tax rates are set by statute, the County Commissioners has significant authority to impose and periodically increase/decrease rates.

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) - certain recurring revenues (state revenue sharing, block grants, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment Income - the County's investment portfolio is managed using a shorter average maturity than most governments and the market condition may cause investment income to fluctuate more than alternative long-term options.

Expenses:

Introduction of New Programs - within the functional expenses categories (Public Safety, Public Works, Parks and Recreation, etc.) individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel - changes in service demand may cause the County Commissioners to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant percentage of the County's operating cost.

Salary Increases (cost of living, merit and market adjustment) - the ability to attract and retain human and intellectual resources requires the County to strive to approach a competitive salary range position in the marketplace.

Inflation - while overall inflation appears to be reasonably modest, the County is a major consumer of certain commodities such as chemicals and supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

Governmental Activities:

The largest revenue source for governmental activities is the allocated operating property tax. The property tax rate remained at 3.7886 in 2010 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, 78 have higher millage rates.

Although the taxable value of the property assessments decreased from \$3,127,825,150 in 2009 to \$2,845,481,660 in 2010 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 \$595,000 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. PA 357 of 2004 provided for the shift of property tax payments and the creation of the Revenue Sharing Reserve Fund (RSRF). In accordance with the Act, \$1,625,587 was transferred to the General Fund from the RSRF for operations and similar to revenue sharing, remains the second single source of revenue for the general fund. In 2010 the State Revenue Sharing was reinstated and the County received \$534,104 as of the fiscal year end.

Revenue by Source – Governmental Activities

	<u>2010</u>	<u>2009</u>
Charges for services	\$ 22,291,931	\$ 22,356,919
Operating grants and contributions	9,671,059	7,823,955
Capital grants and contributions	300,538	46,076
Property taxes	12,766,862	13,944,341
Other general revenue sources	<u>401,356</u>	<u>438,450</u>
	<u>\$ 45,431,746</u>	<u>\$ 44,609,741</u>

In total, fiscal year 2010 governmental activity revenue increased by \$822,005. Property taxes decreased by \$1,177,479 and operating grants and contributions increased by \$1,847,104, which is over 80% of the total change. Declines in property values and increased foreclosures are the main cause for the property tax decrease. The receipt of \$534,104 of state shared revenue, an Economic Development Grant of \$621,410, and other increases to federal and state grant funding are the reasons for the increase to operating grants and contributions.

Business-type Activities:

Business-type activities increased the County's net assets by \$2,755,074.

Revenue by Source – Business-Type Activities

	<u>2010</u>	<u>2009</u>
Charges for services	\$ 19,203,313	\$ 17,410,157
Interest on taxes	983,101	784,922
Fees and penalties on delinquent taxes	308,249	322,074
Other operating revenues	56,227	283,156
Property taxes	930,705	1,011,140
Donations	24,765	51,997
Interest on investments	115,568	68,471
Gain on sale of assets	<u>1,333</u>	<u>-</u>
	<u>\$ 21,623,261</u>	<u>\$ 19,931,917</u>

In total, fiscal year 2010 business-type activity revenue increased by \$1,691,344. The increase was due to increased charges for services.

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, 2010, the County's governmental funds reported combined ending fund balances of \$16,081,587 a decrease of \$459,309 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, 2010 the general fund reported a fund balance of \$4,222,705 with \$4,312,595 of that amount unreserved/undesignated. As a measure of the general fund's liquidity, the unreserved fund balance represents 22% of the total general fund expenditures and transfers.

The 2010 final budget of the general fund had projected revenues of \$17,793,883 and transfers in of \$1,632,200 with expenditures of \$17,641,318 and transfers out of \$2,772,845. The final budget anticipates expenditures over revenues of \$988,080 or approximately 5% of expenditures and transfers out.

Of the four other major government funds, Community Mental Health reported a fund balance of \$1,542,733, Community Development reported a fund balance of \$25,466, Local Reserve reported a fund balance of \$3,744,798, and E-911 Debt reported a fund balance of \$0.

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, 2010.

The Delinquent Tax Fund reported an increase in net assets of \$1,114,217 to \$16,007,798. The Medical Care Facility Fund reported an increase of \$1,640,857 to \$18,543,821.

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, 2010 amounted to \$31,358,285 (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	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,016,863	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863	\$ 1,016,863
Land improvement	392,168	424,490	364	701	392,532	425,191
Construction in progress	-	-	7,022,070	984,775	7,022,070	984,775
Buildings and improvements	14,274,615	15,032,387	7,308,757	7,744,663	21,583,372	22,777,050
Machinery and equipment	462,631	520,111	465,652	546,467	928,283	1,066,578
Vehicles	<u>415,165</u>	<u>443,356</u>	<u>-</u>	<u>-</u>	<u>415,165</u>	<u>443,356</u>
Totals	<u>\$ 16,561,442</u>	<u>\$ 17,437,207</u>	<u>\$ 14,796,843</u>	<u>\$ 9,276,606</u>	<u>\$ 31,358,285</u>	<u>\$26,713,813</u>

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

Outstanding Debt

Long-term Debt: At December 31, 2010, the County had a total debt outstanding of \$1,870,816 declining from the 2009 debt of \$1,913,533.

	Governmental Activities		Business-type Activities		Total Governmental	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 665,000	\$ 820,000	\$ -	\$ -	\$ 665,000	\$ 820,000
Accrued Vacation and Sick	495,765	645,808	249,575	246,428	745,340	892,236
Accrued Claim Liability	<u>305,000</u>	<u>160,000</u>	<u>220,476</u>	<u>78,797</u>	<u>525,476</u>	<u>238,797</u>
Totals (1)	<u>\$ 1,465,765</u>	<u>\$ 1,625,808</u>	<u>\$ 470,051</u>	<u>\$ 325,225</u>	<u>\$ 1,935,816</u>	<u>\$ 1,951,033</u>

- (1) Total does not include deferred amounts of \$(30,000) for 2010 and \$(37,500) for 2009. See Note 8 to the financial statements for additional information regarding long-term debt.

Economic Outlook

Lapeer County's use of a two year operating budget and a 10 year 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 anticipate and address long-term capital needs.

Regardless of the present balanced budget, fiscal pressures continue to exacerbate. The uncertainty of the continuation of 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. A perplexing element in the budget forecasting process is the trend of declining property values and population reductions, which will also affect annual tax revenues. The convergencies 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, 2010

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 7,907,035	\$ 12,706,862	\$ 20,613,897	\$ 6,893,699
Investments	12,015,944	3,301,038	15,316,982	1,152,436
Receivables (net of allowance)	6,373,876	6,466,193	12,840,069	9,912,528
Due from primary government	-	-	-	80,714
Prepaid items	487,404	128,806	616,210	255,415
Internal balances	(26,413)	-	(26,413)	-
Due from component unit	-	20,950	20,950	-
Inventory	2,050	138,979	141,029	887,918
Advance to component units	90,000	-	90,000	-
Other Assets	17,000	-	17,000	-
Restricted Assets -				
Cash and cash equivalents	397,574	129,602	527,176	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	1,016,863	7,022,070	8,038,933	43,598,161
Assets being depreciated	15,544,579	7,774,773	23,319,352	42,742,846
Total Assets	<u>43,825,912</u>	<u>37,689,273</u>	<u>81,515,185</u>	<u>105,523,717</u>
LIABILITIES:				
Payables and accrued liabilities	3,272,350	2,457,287	5,729,637	1,078,591
Advances and deposits	25,000	-	25,000	308,659
Due to other governmental units	-	-	-	227,403
Due to primary government	-	-	-	20,950
Due to component unit	621,410	80,714	702,124	-
Advances from primary government	-	-	-	90,000
Unearned revenue	2,207,206	-	2,207,206	-
Liabilities payable from restricted assets	-	129,602	129,602	-
Non-current liabilities -				
Net OPEB Obligation	-	-	-	2,282,552
Due within one year	818,265	224,788	1,043,053	911,010
Due in more than one year	617,500	245,263	862,763	7,751,685
Total Liabilities	<u>7,561,731</u>	<u>3,137,654</u>	<u>10,699,385</u>	<u>12,670,850</u>
NET ASSETS:				
Invested in capital assets, net of related liabilities	15,896,442	14,796,843	30,693,285	83,122,229
Restricted -				
Acquisition/construction of capital assets	693,220	-	693,220	1,445,654
Foreclosure sales	-	1,166,837	1,166,837	-
Debt Service	63,400	-	63,400	-
Health and Welfare	1,179,967	-	1,179,967	-
Public Safety	755,352	-	755,352	-
Other Purposes	2,882,323	-	2,882,323	-
Unrestricted	<u>14,793,477</u>	<u>18,587,939</u>	<u>33,381,416</u>	<u>8,284,984</u>
Total Net Assets	<u>\$ 36,264,181</u>	<u>\$ 34,551,619</u>	<u>\$ 70,815,800</u>	<u>\$ 92,852,867</u>

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 290,948	\$ -	\$ -	\$ -
Judicial	5,172,038	1,415,294	1,396,400	-
General Government	6,925,829	4,509,171	2,361,948	-
Public Safety	10,779,183	1,942,126	796,913	282,938
Public Works	810,776	-	-	-
Health and Welfare	21,687,405	14,159,046	5,072,073	17,600
Recreation and Culture	592,701	104,791	43,725	-
Interest on Long Term Debt	43,334	161,503	-	-
Total governmental activities	46,302,214	22,291,931	9,671,059	300,538
Business type activities:				
Medical Care Facility	18,645,836	19,234,378	-	-
Delinquent Tax	222,351	1,317,845	-	-
Total business type activities	18,868,187	20,552,223	-	-
Total Primary Government	65,170,401	42,844,154	9,671,059	300,538
Component Units				
Road Commission	\$ 10,684,368	\$ 1,739,628	\$ 7,596,344	\$ 1,846,039
Department of Public Works	196,366	-	-	194,457
Drainage Districts	1,239,431	183,189	-	(10,021)
Land Bank	10,337	10,120	80,214	-
Total Component Units	\$ 12,130,502	\$ 1,932,937	\$ 7,676,558	\$ 2,030,475
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Gain on sale of capital assets				
Transfers - internal activities				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year, as 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
\$(290,948)	\$ -	\$(290,948)	\$ -
(2,360,344)	-	(2,360,344)	-
(54,710)	-	(54,710)	-
(7,757,206)	-	(7,757,206)	-
(810,776)	-	(810,776)	-
(2,438,686)	-	(2,438,686)	-
(444,185)	-	(444,185)	-
118,169	-	118,169	-
<u>(14,038,686)</u>	<u>-</u>	<u>(14,038,686)</u>	<u>-</u>
-	588,542	588,542	-
-	1,095,494	1,095,494	-
-	1,684,036	1,684,036	-
<u>(14,038,686)</u>	<u>1,684,036</u>	<u>(12,354,650)</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ 497,643
-	-	-	(1,909)
-	-	-	(1,066,263)
<u>-</u>	<u>-</u>	<u>-</u>	<u>79,997</u>
\$ -	\$ -	\$ -	\$(490,532)
12,766,862	930,705	13,697,567	-
8,975	24,765	33,740	-
392,381	115,568	507,949	45,180
-	-	-	139,953
4,697	-	4,697	-
<u>13,172,915</u>	<u>1,071,038</u>	<u>14,243,953</u>	<u>185,133</u>
(865,771)	2,755,074	1,889,303	(305,399)
<u>37,129,952</u>	<u>31,796,545</u>	<u>68,926,497</u>	<u>93,158,266</u>
<u>\$ 36,264,181</u>	<u>\$ 34,551,619</u>	<u>\$ 70,815,800</u>	<u>\$ 92,852,867</u>

LAPEER COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Community Mental Health	Community Development	Local Reserve
ASSETS				
Assets:				
Cash and cash equivalents	\$ 135,156	\$ 348,017	\$ 2,047	\$ 184,798
Investments	7,031,920	-	-	3,000,000
Receivables -				
Current and delinquent property taxes	732,268	-	-	-
Interest and accounts	26,600	154,277	1,276,268	-
Due from other governmental units -				
Federal/State	243,633	32,894	680,247	-
Local	-	96,658	-	-
Due from other funds	79,806	-	-	-
Interfund receivables	-	2,500,000	-	560,000
Inventory	-	-	-	-
Advances to other funds	-	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	20,110	36,849	-	-
Restricted Assets -				
Cash	-	397,574	-	-
Total Assets	\$ 8,359,493	\$ 3,573,769	\$ 1,958,562	\$ 3,744,798
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 216,051	\$ 1,366,051	\$ -	\$ -
Accrued liabilities	139,612	112,066	679	-
Due to other governmental units -				
Federal/State	7,907	136,923	-	-
Local	-	311,409	-	-
Due to other funds	14,896	17,344	52	-
Due to component units	-	-	621,410	-
Interfund payables	3,500,000	-	60,000	-
Advances from other funds	-	-	-	-
Deferred revenue	58,322	87,243	1,250,955	-
Total Liabilities	3,936,788	2,031,036	1,933,096	-
Fund Balances:				
Reserved -	110,110	441,923	-	-
Unreserved -				
Designated -				
Risk Corridor Financing	-	172,719	-	-
Undesignated -				
General Fund	4,312,595	-	-	-
Special Revenue Funds	-	928,091	25,466	3,744,798
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Total Equity	4,422,705	1,542,733	25,466	3,744,798
Total Liabilities and Fund Equity	\$ 8,359,493	\$ 3,573,769	\$ 1,958,562	\$ 3,744,798

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

E-911 Debt	Other Governmental Funds	Total Governmental Funds
\$ 235,863	\$ 3,352,080	\$ 4,257,961
-	1,984,024	12,015,944
1,845,320	421,502	2,999,090
-	-	1,457,145
-	906,940	1,863,714
-	57,263	153,921
-	-	79,806
-	676,676	3,736,676
-	2,050	2,050
-	-	7,500
-	-	90,000
-	53,298	110,257
-	-	397,574
<u>\$ 2,081,183</u>	<u>\$ 7,453,833</u>	<u>\$ 27,171,638</u>
\$ -	\$ 197,740	\$ 1,779,842
-	162,945	415,302
-	265,456	410,286
-	-	311,409
-	110,789	143,081
-	-	621,410
-	176,676	3,736,676
-	7,500	7,500
2,081,183	186,842	3,664,545
<u>2,081,183</u>	<u>1,107,948</u>	<u>11,090,051</u>
-	55,348	607,381
-	-	172,719
-	-	4,312,595
-	5,533,917	10,232,272
-	63,400	63,400
-	693,220	693,220
<u>-</u>	<u>6,345,885</u>	<u>16,081,587</u>
<u>\$ 2,081,183</u>	<u>\$ 7,453,833</u>	<u>\$ 27,171,638</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, 2010**

Fund Balances - total governmental funds	\$	16,081,587
<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		31,407,557
Accumulated depreciation	(	17,559,575)
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.</p>		
Housing Rehabilitation Loan		1,250,955
Other		106,384
<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	(	45,438)
<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>		
		19,715
<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>		
		55,723
<p>Internal Service Funds used by management to charge cost of health, unemployment and worker's compensation expenses and claims, and retirement contributions, post-employment health care 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>		
		6,208,580
<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>		
Accrued compensated absences	(	495,765)
Bonds payable	(	665,000)
Insurance claims payable	(	95,000)
Accrued interest on bonds/notes payable	(	5,542)
		36,264,181
Net Assets of governmental activities	\$	36,264,181

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Community Mental Health	Community Development	Local Reserve
Revenues:				
Taxes	\$ 10,185,744	\$ -	\$ -	\$ -
Licenses and permits	32,051	-	-	-
Intergovernmental	1,849,879	2,104,370	791,330	-
Charges for services	2,255,845	12,792,906	-	-
Fines and forfeits	326,271	-	-	-
Rents and royalties	160,712	-	-	-
Interest	266,795	12,511	-	5,613
Other	3,441,681	124,981	2,044	-
Total Revenues	18,518,978	15,034,768	793,374	5,613
Expenditures:				
Current -				
Legislative	290,948	-	-	-
Judicial	3,710,484	-	-	-
General Government	5,211,179	-	-	-
Public Safety	5,801,534	-	-	-
Public Works	297,441	-	596,096	-
Health and Welfare	198,156	15,096,625	208,569	-
Recreation and Cultural	273,511	-	-	-
Other Activities	1,254,825	-	-	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	17,038,078	15,096,625	804,665	-
Revenues over (under) expenditures	1,480,900	(61,857)	(11,291)	5,613
Other Financing Sources (Uses):				
Transfers in	1,625,587	200,000	25,000	-
Transfers out	(2,791,721)	-	-	-
Total Other Financing Sources (Uses)	(1,166,134)	200,000	25,000	-
Net change in Fund Balances	314,766	138,143	13,709	5,613
Fund Balances at beginning of year	4,107,939	1,404,590	11,757	3,739,185
Fund Balances at end of year	\$ 4,422,705	\$ 1,542,733	\$ 25,466	\$ 3,744,798

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

E-911 Debt	Other Governmental Fund	Total Governmental Funds
\$ -	\$ 2,590,933	\$ 12,776,677
-	486,532	518,583
-	5,103,975	9,849,554
-	1,953,874	17,002,625
-	93,086	419,357
-	221,742	382,454
-	107,462	392,381
-	409,181	3,977,887
<u>-</u>	<u>10,966,785</u>	<u>45,319,518</u>
-	-	290,948
-	1,461,554	5,172,038
-	178,904	5,390,083
-	4,711,739	10,513,273
-	4,456	897,993
-	6,046,235	21,549,585
-	238,592	512,103
-	-	1,254,825
-	4,584	4,584
-	155,000	155,000
-	37,125	37,125
<u>-</u>	<u>12,838,189</u>	<u>45,777,557</u>
<u>-</u>	<u>(1,871,404)</u>	<u>(458,039)</u>
-	3,307,856	5,158,443
<u>-</u>	<u>(2,367,992)</u>	<u>(5,159,713)</u>
<u>-</u>	<u>939,864</u>	<u>(1,270)</u>
-	(931,540)	(459,309)
<u>-</u>	<u>7,277,425</u>	<u>16,540,896</u>
<u>\$ -</u>	<u>\$ 6,345,885</u>	<u>\$ 16,081,587</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, 2010**

Net change in fund balances - total governmental funds	\$(	459,309)
<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		136,156
Depreciation expense	(	876,830)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		112,228
<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 of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long-term liabilities		155,000
<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		1,291
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 worker's compensation expenses and claims, retirement contributions, post-employment health care and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.</p>		
	(	91,850)
<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>		
Decrease in compensated absences		150,043
Decrease in accrued insurance claims payable		15,000
		15,000
Change in net assets of governmental activities	\$(	865,771)

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

	<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	\$ 3,358,178	\$ 9,348,684	\$ 12,706,862	\$ 3,649,074
Investments	330,607	2,970,431	3,301,038	-
Accounts receivable-				
Current and delinquent taxes	816,094	3,222,951	4,039,045	-
Accounts (net of allowance for doubtful accounts)	1,820,832	-	1,820,832	6
Accrued interest	1,921	604,395	606,316	-
Deposit with agent	-	-	-	17,000
Inventories	138,979	-	138,979	-
Prepaid items	128,806	-	128,806	377,147
Due from other funds	-	-	-	36,862
Due from component unit	-	20,950	20,950	-
Restricted Assets -				
Cash and cash equivalents	129,602	-	129,602	-
Total Current Assets	<u>6,725,019</u>	<u>16,167,411</u>	<u>22,892,430</u>	<u>4,080,089</u>
Capital Assets:				
Property, plant and equipment net of accumulated depreciation	14,790,393	6,450	14,796,843	2,713,460
Total Assets	<u>21,515,412</u>	<u>16,173,861</u>	<u>37,689,273</u>	<u>6,793,549</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	1,647,756	2,459	1,650,215	349,969
Accrued liabilities	433,800	-	433,800	-
Advances and deposits	-	-	-	25,000
Due to other governmental units -				
Federal/State	290,382	-	290,382	-
Local	-	82,890	82,890	-
Due to component unit	-	80,714	80,714	-
Current portion of-				
Worker's compensation claims	100,000	-	100,000	175,000
Accrued vacation and sick	124,788	-	124,788	-
Liabilities payable from restricted assets -				
Patient trust liability	46,559	-	46,559	-
Patient deposits	83,043	-	83,043	-
Total Current Liabilities	<u>2,726,328</u>	<u>166,063</u>	<u>2,892,391</u>	<u>549,969</u>

Continued

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010**

	<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 Fund</u>
Long-Term Liabilities (less current portions):				
Accrued vacation and sick	\$ 124,787	\$ -	\$ 124,787	\$ -
Accrued workers' compensation claims	120,476	-	120,476	35,000
Total Long-Term Liabilities	<u>245,263</u>	<u>-</u>	<u>245,263</u>	<u>35,000</u>
Total Liabilities	<u>2,971,591</u>	<u>166,063</u>	<u>3,137,654</u>	<u>584,969</u>
NET ASSETS:				
Invested in capital assets, net of related debt	14,790,393	6,450	14,796,843	2,713,460
Restricted -				
Foreclosure sales	-	1,166,837	1,166,837	-
Unrestricted	<u>3,753,428</u>	<u>14,834,511</u>	<u>18,587,939</u>	<u>3,495,120</u>
Total Net Assets	<u>\$ 18,543,821</u>	<u>\$ 16,007,798</u>	<u>\$ 34,551,619</u>	<u>\$ 6,208,580</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, 2010**

	Business Type Activities-Enterprise Funds			Governmental
	Medical	Delinquent	Total	Activities
	Care Facility			Tax	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 19,176,818	\$ 26,495	\$ 19,203,313	\$ 6,392,888
Interest on taxes	-	983,101	983,101	-
Fees and penalties on delinquent taxes	-	308,249	308,249	-
Other	56,227	-	56,227	-
Total Operating Revenues	<u>19,233,045</u>	<u>1,317,845</u>	<u>20,550,890</u>	<u>6,392,888</u>
Operating Expenses:				
Administrative and general	3,105,424	80,252	3,185,676	435,915
Maintenance	1,236,513	-	1,236,513	-
Nursing	8,381,474	-	8,381,474	-
Daycare	297,157	-	297,157	-
Other services	4,529,188	141,382	4,670,570	-
Insurance and claims	-	-	-	3,923,895
Retirement contributions	-	-	-	1,741,972
Depreciation and amortization	572,601	717	573,318	419,120
Total Operating Expenses	<u>18,122,357</u>	<u>222,351</u>	<u>18,344,708</u>	<u>6,520,902</u>
Operating Income (Loss)	<u>1,110,688</u>	<u>1,095,494</u>	<u>2,206,182</u>	<u>(128,014)</u>
Non-Operating Revenues (Expenses):				
Donations	24,765	-	24,765	-
Property taxes	930,705	-	930,705	-
Interest on investments	96,845	18,723	115,568	3,599
Maintenance of effort	(523,479)	-	(523,479)	-
Gain on sale of assets	1,333	-	1,333	26,598
Total Non-Operating Revenues	<u>530,169</u>	<u>18,723</u>	<u>548,892</u>	<u>30,197</u>
Net Income (Loss) Before Transfers	1,640,857	1,114,217	2,755,074	(97,817)
Transfers:				
Transfers in	-	-	-	5,967
Change in Net Assets	1,640,857	1,114,217	2,755,074	(91,850)
Net Assets at beginning of year	<u>16,902,964</u>	<u>14,893,581</u>	<u>31,796,545</u>	<u>6,300,430</u>
Net Assets end of year	<u>\$ 18,543,821</u>	<u>\$ 16,007,798</u>	<u>\$ 34,551,619</u>	<u>\$ 6,208,580</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, 2010**

	Business Type Activities-Enterprise Funds			Governmental
	Medical	Delinquent Tax	Total	Activities
	Care Facility			Internal Service Funds
Cash Flows From Operating Activities:				
Cash receipts from customers	\$ 20,452,074	\$ 8,788,031	\$ 29,240,105	\$ 6,391,206
Cash payments to employees	(9,958,195)	-	(9,958,195)	-
Cash payments to suppliers	(7,073,817)	(7,165,485)	(14,239,302)	(5,940,855)
Other cash receipts	56,227	-	56,227	-
Net Cash Provided by Operating Activities	<u>3,476,289</u>	<u>1,622,546</u>	<u>5,098,835</u>	<u>450,351</u>
Cash Flows From Noncapital Financing Activities:				
Patient trust deposits	21,018	-	21,018	-
Payment of advance from other funds	-	-	-	(108,000)
Interfund transfers	-	-	-	5,967
Net Cash Provided (Used) By Noncapital Financing Activities	<u>21,018</u>	<u>-</u>	<u>21,018</u>	<u>(102,033)</u>
Cash Flows From Capital and Related Financing Activities:				
Property taxes and contributions	1,036,256	-	1,036,256	-
Good faith deposit received	-	-	-	25,000
Acquisition of capital assets	(6,092,833)	-	(6,092,833)	(284,029)
Proceeds from sale of capital assets	1,333	-	1,333	26,598
Net Cash Used by Capital and Related Financing Activities	<u>(5,055,244)</u>	<u>-</u>	<u>(5,055,244)</u>	<u>(232,431)</u>
Cash Flows From Investing Activities:				
Sale of investments	2,595,670	-	2,595,670	-
Purchase of investments	-	(2,970,431)	(2,970,431)	-
Interest earned	111,139	18,723	129,862	3,599
Net Cash Provided by Investing Activities	<u>2,706,809</u>	<u>(2,951,708)</u>	<u>(244,899)</u>	<u>3,599</u>
Net Increase in Cash and Cash Equivalents	1,148,872	(1,329,162)	(180,290)	119,486
Cash and cash equivalents at beginning of year	<u>2,338,908</u>	<u>10,677,846</u>	<u>13,016,754</u>	<u>3,529,588</u>
Cash and cash equivalents at end of year	<u>\$ 3,487,780</u>	<u>\$ 9,348,684</u>	<u>\$ 12,836,464</u>	<u>\$ 3,649,074</u>
Statement of Net Assets -				
Cash and Cash Equivalent -				
Current assets	3,358,178	9,348,684	12,706,862	3,649,074
Temporarily restricted assets	129,602	-	129,602	-
Cash and cash equivalents at end of year	<u>\$ 3,487,780</u>	<u>\$ 9,348,684</u>	<u>\$ 12,836,464</u>	<u>\$ 3,649,074</u>

Continued

LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Business Type Activities-Enterprise Funds			Governmental
	Medical	Delinquent	Total	Activities
	Care Facility	Tax		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss) for the year	\$ 1,110,688	\$ 1,095,494	\$ 2,206,182	\$(128,014)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation and amortization	572,601	717	573,318	419,120
Maintenance of effort	(523,479)	-	(523,479)	-
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	1,275,256	198,435	1,473,691	-
Due from other funds	-	257,813	257,813	(15,885)
Due from component unit	-	(20,950)	(20,950)	-
Prepaid and deposits	(9,966)	-	(9,966)	(106,006)
Inventory	(18,703)	-	(18,703)	-
Increase (decrease) in-				
Accounts payable	1,021,236	(1,597)	1,019,639	121,136
Accrued liabilities	(19,732)	(515)	(20,247)	160,000
Due to other funds	-	(71)	(71)	-
Due to component unit	-	80,714	80,714	-
Due to other governmental units	68,388	12,506	80,894	-
Net Cash Provided By Operating Activities	\$ 3,476,289	\$ 1,622,546	\$ 5,098,835	\$ 450,351

Concluded

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

LAPEER COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 2,219,052
LIABILITIES:	
Due to individuals and agencies	\$ 1,067,094
Due to other governmental units	<u>1,151,958</u>
Total Liabilities	<u>\$ 2,219,052</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, 2010**

	Road Commission	Board of Public Works	Drainage Districts	Land Bank	Totals
ASSETS					
Cash and cash equivalents	\$ 3,539,239	\$ 433,917	\$ 2,885,888	\$ 34,655	\$ 6,893,699
Investments	-	-	1,152,436	-	1,152,436
Receivables	1,977,723	4,666,558	3,268,247	-	9,912,528
Due from primary government	-	-	-	80,714	80,714
Inventories	861,658	-	-	26,260	887,918
Prepayments and deposits	84,798	-	170,617	-	255,415
Capital Assets (net of accumulated depreciation)					
Assets not being depreciated	39,594,680	-	4,003,481	-	43,598,161
Assets being depreciated	30,809,567	-	11,933,279	-	42,742,846
Total Assets	<u>76,867,665</u>	<u>5,100,475</u>	<u>23,413,948</u>	<u>141,629</u>	<u>105,523,717</u>
LIABILITIES					
Payables and current liabilities	896,364	-	130,317	-	1,026,681
Accrued interest	4,402	33,902	13,606	-	51,910
Advances and deposits	308,659	-	-	-	308,659
Due to other governmental units	227,403	-	-	-	227,403
Due to primary government	-	-	-	20,950	20,950
Advance from primary government	-	-	90,000	-	90,000
Non-current liabilities -					
Net OPEB Obligation	2,282,552	-	-	-	2,282,552
Due within one year	236,976	384,374	289,660	-	911,010
Due in more than one year	247,334	4,682,199	2,822,152	-	7,751,685
Total Liabilities	<u>4,203,690</u>	<u>5,100,475</u>	<u>3,345,735</u>	<u>20,950</u>	<u>12,670,850</u>
NET ASSETS					
Invested in capital assets, net of related liabilities	70,297,281	-	12,824,948	-	83,122,229
Restricted for:					
Debt service	-	-	1,445,654	-	1,445,654
Unrestricted	2,366,694	-	5,797,611	120,679	8,284,984
Total net assets	<u>\$ 72,663,975</u>	<u>\$ -</u>	<u>\$ 20,068,213</u>	<u>\$ 120,679</u>	<u>\$ 92,852,867</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, 2010**

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Land Bank</u>	<u>Total</u>
Expenses:					
General government	\$ -	\$ -	\$ -	\$ 10,337	\$ 10,337
Public works	-	196,366	1,239,431	-	1,435,797
Highways and streets	10,684,368	-	-	-	10,684,368
Total Expenses	<u>10,684,368</u>	<u>196,366</u>	<u>1,239,431</u>	<u>10,337</u>	<u>12,130,502</u>
Program revenues:					
Charges for services	1,739,628	-	183,189	10,120	1,932,937
Operating grants and contributions	7,596,344	-	-	80,214	7,676,558
Capital grants and contributions	1,846,039	194,457	(10,021)	-	2,030,475
Total program revenues	<u>11,182,011</u>	<u>194,457</u>	<u>173,168</u>	<u>90,334</u>	<u>11,639,970</u>
Net program expense	<u>497,643</u>	<u>(1,909)</u>	<u>(1,066,263)</u>	<u>79,997</u>	<u>(490,532)</u>
General revenues:					
Unrestricted investment income	-	1,909	43,230	41	45,180
Gain on sale of capital assets	139,953	-	-	-	139,953
Total General Revenues	<u>139,953</u>	<u>1,909</u>	<u>43,230</u>	<u>41</u>	<u>185,133</u>
Change in Net Assets	637,596	-	(1,023,033)	80,038	(305,399)
Net assets, beginning of year	<u>72,026,379</u>	<u>-</u>	<u>21,091,246</u>	<u>40,641</u>	<u>93,158,266</u>
Net assets, end of year	<u>\$ 72,663,975</u>	<u>\$ -</u>	<u>\$ 20,068,213</u>	<u>\$ 120,679</u>	<u>\$ 92,852,867</u>

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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.

BLENDED 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 local, state and federal trunklines within Lapeer County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance 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, 2010

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) and 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.

LAPEER COUNTY LAND BANK AUTHORITY established pursuant to the Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Lapeer County Treasurer. The Land Bank Authority is governed by a five-member board including the Lapeer County Treasurer, who is, by law, its Chairperson, and four other members appointed by the Lapeer County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

COMPONENT UNIT FINANCIAL STATEMENTS - Complete financial statements of the Lapeer County Road Commission and Lapeer County Land Bank Authority, which are audited separately, may be obtained from the entity's administration office at the following locations:

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

Lapeer County Land Bank Authority
255 Clay Street 3rd Floor Room 302
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 and Component Units operate and are reported on a December 31 year end, with the exception of the Road Commission, Community Mental Health, Health Department, Personal Care Aide Program, Community Grants, Law Enforcement, Thumb Narcotics Unit, Department of Human Services, Multi Purpose Collaborative Body and Child Care funds, which operate and are reported as of September 30.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Agency funds do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables). 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.

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 revenues to be available if they are normally collected within 60 days of the end of the current fiscal period 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.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

State shared revenues, 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.

Community 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.

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 a community development infrastructure project and permit fees.

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

E-911 Debt Fund - is used to account for the accumulation of resources for and the payment of principal, interest and related costs of the bonded debt associated with the 911 Central Dispatch System.

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 foreclosures.

Additionally, the County 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

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, worker's compensation, retirement and supplemental health care benefit programs, equipment acquisition and replacement, and health care, and to account for the payment of related insurance claims, retirement and supplemental health care contributions, and expenses.

Fiduciary Fund Type -

Agency Funds - are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds, including tax collections, payroll liabilities, and library penal fines.

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 sales and services. Operating expenses for Enterprise and Internal Service Funds include costs of sales and services, administrative expenses, retirement and supplemental health care contributions, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

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.

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

The County maintains a common checking account for its operating 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 pooled 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 and are reported as cash and cash equivalents.

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 valued 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 accounts.

Inventories and Prepaid Items -

All inventories are valued at cost using the first in/first out (FIFO) method, except for the Road Commission (component unit) inventory that is stated at average cost and Land Bank Authority (component unit) that uses the specific identification method. Inventories are recorded as expenditures when purchased, except for the Personal Care Aide Program Fund, the Road Commission, Land Bank Authority and Medical Care Facility, which are recognized using the consumption method (recorded as expenditures when used).

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Certain payments to vendors reflect costs applicable to future 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 and the Medicaid Care Facility levy are recognized in the year of the levy. The E-911 Debt Fund taxes 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, .3300 mills for Medical Care Facility and .7500 mills for E-911 Central Dispatch.

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.

Property, plant and equipment 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, 2010

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

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation leave under formulas and conditions specified in the contracts. All vested vacation is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for this amount 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 financing 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 Financial Report will be issued prior to August 31, 2011, under separate cover as supplementary information to the Annual Financial Report.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

Upcoming Accounting Change -

The Governmental Accounting Standards Board (GASB) recently issued Statement 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing fund type definitions. This statement establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The new pronouncement is effective for the County's year ending December 31, 2011. The County's administration is currently evaluating the impact of the pronouncement on its financial statements.

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 except for transfers out, which are at the account level, and the Special Revenue Funds at the functional 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 functional 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 unexpended 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, 2010**

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

Similar procedures are followed in the case of the Component Units included in the Reporting Entity of Lapeer County, except that the respective Administrator/Director of each performs the function described above rather than the County Administrator. Budgetary comparisons have not been made for the component unit financial statements but are available in the Road Commission's separately issued component unit financial statements.

During the year ended December 31, 2010, 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 except for transfers out, which are at the account level, and functional level for the Special Revenue Funds as follows:

Expenditures Over Appropriations -

<u>Fund Type/Function/Activity/Account</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Variance</u>
PRIMARY GOVERNMENT -			
General Fund -			
General Government			
Drain Commissioner	\$ 400,259	\$ 400,346	\$ 87
Health and Welfare			
Medical Examiner	67,698	69,553	1,855
Recreation and Cultural			
Cooperative Extension	263,646	264,259	613
Other			
Bonds and Insurance	481,903	490,431	8,528
Write-off of Investments	-	750,000	750,000
Transfers Out			
Friend of the Court	293,855	378,855	85,000
Health Department -			
Operations	450,373	460,873	10,500
Liquor Tax	156,070	156,415	345
County Surveyor	-	9,008	9,008
Rental Property	-	28,000	28,000
Community Development	-	25,000	25,000
Cooperative Extension	1,164	1,778	614
Community Development -			
Public Works	-	596,096	596,096
Health and Welfare	185,001	208,569	23,568

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

<u>Fund Type/Function/Activity/Account</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Variance</u>
Nonmajor Special Revenue Funds -			
Judicial			
Friend of the Court	\$ 1,450,478	\$ 1,450,925	\$ 447
General Government			
Rental Property	50,628	50,821	193
Health and Welfare			
Health Department	2,941,149	3,112,316	171,167
Department of Human Services	30,309	170,222	139,913
Public Safety			
Community Grants	429,553	429,902	349
Emergency Management	78,788	358,850	280,062
Law Enforcement Programs	108,694	149,532	40,838
Transfer Out			
Senior Millage	500,000	742,405	242,405

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.

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.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Carrying Amount -

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash on Hand	\$ 14,575	\$ 350	\$ 300	\$ 15,225
Deposits with Financial Institutions	<u>23,524,110</u>	<u>4,202,556</u>	<u>2,218,752</u>	<u>29,945,418</u>
	<u>23,538,685</u>	<u>4,202,906</u>	<u>2,219,052</u>	<u>29,960,643</u>
Investments				
Corporate Bonds	262,320	49,656	-	311,976
Municipal Bonds	2,200,325	103,017	-	2,303,342
U.S. Government Securities	9,363,341	-	-	9,363,341
Mutual Funds	1,069,059	354,483	-	1,423,542
Investment Trust Funds	<u>24,325</u>	<u>3,336,073</u>	<u>-</u>	<u>3,360,398</u>
Total Investments	<u>12,919,370</u>	<u>3,843,229</u>	<u>-</u>	<u>16,762,599</u>
Total Cash on Hand, Deposits and Investments	<u>\$ 36,458,055</u>	<u>\$ 8,046,135</u>	<u>\$ 2,219,052</u>	<u>\$ 46,723,242</u>

Reconciliation to Combined Balance Sheet

Reported as Cash and Cash Equivalents -				
Cash on Hand	\$ 14,575	\$ 350	\$ 300	\$ 15,225
Cash in Checking/Money Market/Savings	21,102,173	3,557,276	2,218,752	26,878,201
Investment Trust Funds	<u>24,325</u>	<u>3,336,073</u>	<u>-</u>	<u>3,360,398</u>
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	<u>21,141,073</u>	<u>6,893,699</u>	<u>2,219,052</u>	<u>30,253,824</u>
Reported as Investments -				
Corporate Bonds	262,320	49,656	-	311,976
Municipal Bonds	2,200,325	103,017	-	2,303,342
U.S. Government Securities	9,363,341	-	-	9,363,341
Certificates of Deposit	2,421,937	645,280	-	3,067,217
Mutual Funds	<u>1,069,059</u>	<u>354,483</u>	<u>-</u>	<u>1,423,542</u>
Total Investments Reported on Combined Balance Sheet	<u>15,316,982</u>	<u>1,152,436</u>	<u>-</u>	<u>16,469,418</u>
Grand Total - Combined Balance Sheet	<u>\$ 36,458,055</u>	<u>\$ 8,046,135</u>	<u>\$ 2,219,052</u>	<u>\$ 46,723,242</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

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.

Deposit insurance regulations provide that deposits of governmental units are to be separately insured for the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts (unlimited insurance for non-interest bearing accounts in a participating financial institution).

As of January 1, 2011, regulations regarding the amount and accounts that are covered by the Federal Depository Insurance Corporation (FDIC) changed significantly. As a result the amount of deposits covered by the FDIC insurance and the amount uninsured may be significantly different from the amounts at December 31, 2010.

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, 2010, the book value of the County's deposits was \$29,945,418 with a corresponding bank balance of \$30,904,997. Insured deposits were \$5,575,818, and the remaining \$25,329,179 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.

The common account is utilized by most of the funds and component units within the reporting entity. The common account consists of checking and savings accounts. Segregation of the bank balance between the primary government and component units was not practical. The bank balance of the common checking account was included as part of the primary government's demand deposits for the determination of Deposit Insurance coverage.

The County believes that due to the dollar amounts of cash deposits and the limits of Deposit 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.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Investments -

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage</u>
U.S. Government Securities	\$ 9,363,341	55.8 %
Investment Trust Funds	3,360,398	20.0
Mutual Funds	1,423,542	8.6
Municipal Bonds	2,303,342	13.7
Corporate Bonds	<u>311,976</u>	<u>1.9</u>
Total	<u>\$ 16,762,599</u>	100.00 %

Credit Risk - Investments - The County has \$3,360,398 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trusts have been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government -				
MBIA Michigan CLASS	\$ 24,248	AAAm	S & P	46
Comerica - J Fund	77	Not Rated	N/A	63
Component Unit -				
Chase - Sweep Investment Accounts	3,336,073	Aaa	Moody's	34

These investment pools have been reported in the financial statements as cash equivalents because they 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.

In addition to the investment trusts described on the previous page, the County also held investments excluding U.S. government securities and mutual funds, which had the following Moody ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 67,526	AAA
661,755	AA2
1,264,794	AA3
103,017	A3
15,427	A1
258,349	BAA1
<u>244,450</u>	No Rating
<u>\$ 2,615,318</u>	

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 County Treasurer and evidenced by safekeeping receipts. As of December 31, 2010, \$11,978,659 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 formal investment policy attempts to minimize risk by diversifying its investments by maturity dates, individual financial institutions, and/or security type, so that potential loss on individual securities do not exceed the income generated from the remainder of the portfolio. However, the County's policy does not restrict the amount that can be invested with any one issuer, financial institution or type of investment.

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
Municipal Bonds	\$ 2,303,342	\$ 313,422	\$ 1,959,028	\$ 20,302	\$ 10,590
Corporate Bonds	311,976	67,644	244,332	-	-
Total Investments	<u>\$ 2,615,318</u>	<u>\$ 381,066</u>	<u>\$ 2,203,360</u>	<u>\$ 20,302</u>	<u>\$ 10,590</u>

During the year ended December 31, 2010, \$750,000 of the funds provided to an agent of an external securities management firm, for investing on behalf of the County, were misappropriated by the agent. It is unknown at this time what portion of these funds will be recovered. However, the county is aggressively pursuing the return of these funds. The County recognized a \$750,000 write-off of these investments in 2010.

NOTE 4 - RECEIVABLES:

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

	Governmental Activities	Business-type Activities
Property Taxes	\$ 2,999,090	\$ 4,039,045
Interest and Accounts	1,457,151	2,757,548
Intergovernmental -		
Federal/State	1,863,714	-
Local	153,921	-
	6,473,876	6,796,593
Less - allowance for uncollectible	(100,000)	(330,400)
	<u>\$ 6,373,876</u>	<u>\$ 6,466,193</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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>
General Fund	Grants	\$ 58,322	\$ -
Community Mental Health	Grants and Fees	-	87,243
Community Development	Revolving Loan	1,250,955	-
E-911 Debt Fund	Property Taxes	-	2,081,183
Non-Major Governmental Funds	Fees	-	28,780
	Grants	<u>148,062</u>	<u>10,000</u>
Total deferred/unearned revenues in governmental funds		<u>\$ 1,457,339</u>	<u>\$ 2,207,206</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

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

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2010</u>
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863
Capital Assets, being depreciated:				
Buildings	25,380,202	51,296	-	25,431,498
Improvement other than Buildings	1,620,462	-	-	1,620,462
Machinery and Equipment	7,654,927	177,162	-	7,832,089
Vehicles	<u>1,776,077</u>	<u>191,727</u>	<u>136,391</u>	<u>1,831,413</u>
Total Capital Assets being depreciated	<u>36,431,668</u>	<u>420,185</u>	<u>136,391</u>	<u>36,715,462</u>
Less Accumulated Depreciation for:				
Buildings	10,347,815	809,068	-	11,156,883
Improvements other than Buildings	1,195,972	32,322	-	1,228,294
Machinery and Equipment	7,134,816	234,642	-	7,369,458
Vehicles	<u>1,332,721</u>	<u>219,918</u>	<u>136,391</u>	<u>1,416,248</u>
Total Accumulated Depreciation	<u>20,011,324</u>	<u>1,295,950</u>	<u>136,391</u>	<u>21,170,883</u>
Total Capital Assets Being Depreciated, net	<u>16,420,344</u>	<u>(875,765)</u>	<u>-</u>	<u>15,544,579</u>
Governmental Activities Capital Assets, net	<u>\$ 17,437,207</u>	<u>\$(875,765)</u>	<u>\$ -</u>	<u>\$ 16,561,442</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2010</u>
Business-type Activities:				
Capital Assets, not being depreciated:				
Construction in Progress	\$ 984,775	\$ 6,037,295	\$ -	\$ 7,022,070
Capital Assets, being depreciated:				
Buildings	13,663,699	-	-	13,663,699
Improvement other than Buildings	6,750	-	-	6,750
Machinery and Equipment	<u>3,208,405</u>	<u>55,538</u>	<u>2,308</u>	<u>3,261,635</u>
Total Capital Assets, being depreciated	<u>16,878,854</u>	<u>55,538</u>	<u>2,308</u>	<u>16,932,084</u>
Less Accumulated Depreciation for:				
Buildings	5,919,036	435,906	-	6,354,942
Improvements other than Buildings	6,049	337	-	6,386
Machinery and Equipment	<u>2,661,938</u>	<u>136,353</u>	<u>2,308</u>	<u>2,795,983</u>
Total Accumulated Depreciation	<u>8,587,023</u>	<u>572,596</u>	<u>2,308</u>	<u>9,157,311</u>
Total Capital Assets Being Depreciated, net	<u>8,291,831</u>	<u>(517,058)</u>	<u>-</u>	<u>7,774,773</u>
Business Activities Capital Assets, net	<u>\$ 9,276,606</u>	<u>\$ 5,520,237</u>	<u>\$ -</u>	<u>\$ 14,796,843</u>

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

Governmental Activities:	
General Government	\$ 348,147
Public Safety	265,911
Public Works	600
Health and Welfare	186,158
Recreation and Cultural	<u>76,014</u>
Depreciation Expense-Governmental Activities	876,830
Depreciation in the Internal Service Funds	<u>419,120</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,295,950</u>
Business-type Activities:	
Medical Care Facility	\$ 571,879
Delinquent Tax Revolving	<u>717</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 572,596</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Discretely Presented Component Units

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

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Capital Assets, not being depreciated -				
Land Improvements	\$ 2,809,103	\$ -	\$ -	\$ 2,809,103
Construction in Progress	1,194,378	-	-	1,194,378
Total Capital Assets, not being depreciated	<u>4,003,481</u>	<u>-</u>	<u>-</u>	<u>4,003,481</u>
Capital Assets, being depreciated -				
Equipment	728,927	-	-	728,927
Infrastructure	25,041,791	-	-	25,041,791
Total Capital Assets Being Depreciated	<u>25,770,718</u>	<u>-</u>	<u>-</u>	<u>25,770,718</u>
Less Accumulated Depreciation for -				
Equipment	728,927	-	-	728,927
Infrastructure	12,588,224	520,288	-	13,108,512
Total Depreciation	<u>13,317,151</u>	<u>520,288</u>	<u>-</u>	<u>13,837,439</u>
Total Capital Assets Being Depreciated, net	<u>12,453,567</u>	<u>(520,288)</u>	<u>-</u>	<u>11,933,279</u>
Drain Commissioner Capital Assets, net	<u>\$ 16,457,048</u>	<u>\$(520,288)</u>	<u>\$ -</u>	<u>\$ 15,936,760</u>

Depreciation expense was \$520,288 for 2010.

Road Commission: Capital asset activity for the Road Commission for the year ended September 30, 2010 was as follows:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Capital Assets, not being depreciated -				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land Improvements	37,752,669	1,502,458	-	39,255,127
Right of Ways	180,046	-	-	180,046
Total Capital Assets, not being depreciated	<u>38,092,222</u>	<u>1,502,458</u>	<u>-</u>	<u>39,594,680</u>

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Capital Assets, being depreciated -				
Building and Improvements	1,932,201	-	-	1,932,201
Road Equipment	6,981,043	632,987	408,888	7,205,142
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	40,131,998	2,253,688	2,234,590	40,151,096
Bridges	13,770,867	353,911	-	14,124,778
Traffic Signals	83,723	-	-	83,723
Depletable Assets -				
Gravel Pits	205,130	-	-	205,130
	<u>63,837,348</u>	<u>3,240,586</u>	<u>2,643,478</u>	<u>64,434,456</u>
Less - Accumulated Depreciation for -				
Buildings and Improvements	1,429,927	50,428	-	1,480,355
Road Equipment	5,727,009	522,259	362,289	5,886,979
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	20,649,098	2,308,578	2,234,590	20,723,086
Bridges	4,343,095	283,301	-	4,626,396
Traffic Signals	41,404	-	-	41,404
Depletable Assets	134,283	-	-	134,283
	<u>33,057,202</u>	<u>3,164,566</u>	<u>2,596,879</u>	<u>33,624,889</u>
Total Capital Assets, being depreciated, net	<u>30,780,146</u>	<u>76,020</u>	<u>46,599</u>	<u>30,809,567</u>
Governmental Activity Capital Assets, net	<u>\$ 68,872,368</u>	<u>\$ 1,578,478</u>	<u>\$ 46,599</u>	<u>\$ 70,404,247</u>

Total depreciation for the year ended September 30, 2010 was \$3,164,566. 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:

	Governmental Activities	Business-type Activities
Accounts Payable/Accrued Liabilities	\$ 2,112,467	\$ 1,650,215
Accrued Interest	5,542	-
Wages and Fringe Benefits	432,646	433,800
Intergovernmental -		
Federal/State	410,286	290,382
Local	311,409	82,890
	<u>\$ 3,272,350</u>	<u>\$ 2,457,287</u>
Payables from Restricted Assets		
Patient Trust Liability	\$ -	\$ 46,559
Patient Deposits	-	83,043
	<u>\$ -</u>	<u>\$ 129,602</u>

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of December 31, 2010 is as follows:

Due To/From Other Funds -

	Receivable	Payable
General Fund -	\$ 79,806	\$ 14,896
Community Mental Health -	-	17,344
Community Development -	-	52
Nonmajor Special Revenue Funds -		
Parks Department	-	164
E-911	-	3,864
Friend of the Court	-	1,146
Health Department	-	5,638
Personal Care Aid	-	1,273
Animal Control	-	299
Budget Stabilization	-	79,705
Emergency Management	-	70
Community Grants	-	306
Police Service Contracts	-	2,169
Law Enforcement	-	397
Child Care	-	14,892
Multi Purpose Collaborative Body	-	866
Total per Financial Statements	79,806	143,081
Internal Service Funds -		
Unemployment	1,926	-
Worker's Compensation	1,926	-
Equipment Acquisition & Replacement	14,203	-
Pension Trust Fund	18,807	-
	36,862	-
Total per Financial Statements	116,668	143,081
Adjustments for September 30, year-end funds	26,413	-
Total	\$ 143,081	\$ 143,081

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 to primary government funds, as shown on the accompanying financial statements, reporting more than due from primary government funds by \$26,413, was attributable to transactions with funds reported on a September 30 year-end.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Due To/From Primary Government and Component Units -

	<u>Receivable</u>	<u>Payable</u>
Primary Government -		
DTR Fund	\$ 20,950 (1)	\$ 80,714 (3)
Community Development	-	621,410 (2)
Component Unit -		
Adjustment for September 30 year end fund	621,410 (2)	-
Land Bank Authority	80,714 (3)	20,950 (1)
	<u>\$ 723,074</u>	<u>\$ 723,074</u>

- (1) Loan to acquire inventory
- (2) CDBG funds due to Road Commission for reimbursement
- (3) Excess sale proceeds owed to Land Bank Authority

Advances From/To Other Funds -

	<u>Receivable</u>	<u>Payable</u>
General and Expense Revenue Funds		
Mental Health	\$ 7,500	\$ -
Multi Purpose Collaborative Body	-	7,500
	<u>\$ 7,500</u>	<u>\$ 7,500</u>

The advance was executed in order to assist with cash flow.

Advances From/To Primary Government & Component Units -

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

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

Interfund Receivable/Payable -

	<u>Receivable</u>	<u>Payable</u>
Primary Government -		
Governmental Funds -		
General Fund	\$ -	\$ 3,500,000
Community Mental Health	2,500,000	-
Community Development	-	60,000
Local Reserve	560,000	-
Senior Millage	500,000	-
Friend of the Court	-	132,404
Community Grants	-	20,839
Lapeer Area Youth Coordinator	-	1,738
Multi Purpose Collaborative Body	-	21,695
Jail	176,676	-
	<u>\$ 3,736,676</u>	<u>\$ 3,736,676</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

The interfund receivable/payable balances at December 31, 2010 represent short-term borrowing between funds to cover negative cash balances in the common checking account in accordance with County Board of Commissioner's Policy.

Transfers In and Out -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks Department	(1) General Fund	\$ 157,761
Friend of the Court	(1) General Fund	378,855
Community Mental Health	(1) General Fund	200,000
Health Department	(1) General Fund	460,873
Health Department	(1) General Fund	10,245
Health Department	(1) General Fund	156,415
Animal Control	(1) General Fund	55,947
County Surveyor	(1) General Fund	9,008
Environment/Recycling	(1) General Fund	4,456
Community Development	(1) General Fund	25,000
Emergency Management	(1) General Fund	51,880
Police Service Contracts	(1) General Fund	294,788
Law Enforcement Programs	(1) General Fund	4,814
Law Enforcement Grants	(1) General Fund	40,515
Law Library	(1) General Fund	4,500
Community Corrections	(1) General Fund	66,500
Cooperative Extension	(1) General Fund	1,778
Department of Social Services	(1) General Fund	30,000
Child Care	(1) General Fund	772,000
Multi Purpose Collaborative Body	(1) General Fund	32,419
Rental Property	(1) General Fund	28,000
Personal Care Aide Program	(2) Senior Millage Fund	742,405
General Fund	(4) Revenue Sharing Reserve	1,625,587
Internal Service Fund -		
Equipment Acquisition and Replacement	(3) General Fund	<u>5,967</u>
Total Transfers Out Per Fund Financial Statements		5,159,713
Adjusted for September 30, year-end funds		<u>4,697</u>
Total Transfers In		<u>\$ 5,164,410</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 \$5,164,410 and total transfers out were \$5,159,713. The difference between these amounts, \$4,697, 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, 2010**

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, 2010:

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Governmental Funds -					
General Obligation Bonds	\$ 820,000	\$ -	\$ 155,000	\$ 665,000	\$ 145,000
Accrued Claims Liability	110,000	156,885	171,885	95,000	10,000
Accrued Vacation	645,808	495,765	645,808	495,765	495,765
Add (Less) Deferred Amounts For -					
Issuance Premium	56,797	-	11,359	45,438	11,359
Bond Issuance Costs	(24,643)	-	(4,928)	(19,715)	(4,928)
Refunding Loss	(69,654)	-	(13,931)	(55,723)	(13,931)
Total Governmental Funds	<u>1,538,308</u>	<u>652,650</u>	<u>965,193</u>	<u>1,225,765</u>	<u>643,265</u>
Internal Service Funds -					
Worker's Compensation Fund -					
Accrued Claims Liabilities	<u>50,000</u>	<u>333,747</u>	<u>173,747</u>	<u>210,000</u>	<u>175,000</u>
Total Governmental Activities	<u>1,588,308</u>	<u>986,397</u>	<u>1,138,940</u>	<u>1,435,765</u>	<u>818,265</u>
<u>Business-type Activities:</u>					
Medical Care Facility -					
Accrued Claims Liabilities	78,797	327,427	185,748	220,476	100,000
Accrued Vacation and Sick	<u>246,428</u>	<u>835,497</u>	<u>832,350</u>	<u>249,575</u>	<u>124,788</u>
Total Business-type Activities	<u>325,225</u>	<u>1,162,924</u>	<u>1,018,098</u>	<u>470,051</u>	<u>224,788</u>
Total Primary Government	<u>\$ 1,913,533</u>	<u>\$ 2,149,321</u>	<u>\$ 2,157,038</u>	<u>\$ 1,905,816</u>	<u>\$ 1,043,053</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.

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 \$145,000 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.

\$ 665,000

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

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, 2010, the defeased bonds outstanding amounts to \$550,000 for the 1994 issue.

Accrued Claims Liability -

The County has estimated accrued liability claims, including an estimate for claims incurred but not reported (IBNR), administered through Citizen Management Inc. The dollar amount of these estimated claims is \$95,000 at December 31, 2010.

The County has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2010. The dollar amount of these claims reported as a liability on the balance sheet of the Worker's Compensation Fund is \$210,000 at December 31, 2010.

The Medical Care Facility has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2010. The dollar amount of these claims reported as a liability on the balance sheet of the Medical Care Facility (Enterprise) Fund is \$220,476 at December 31, 2010.

Accrued Vacation and Sick - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$249,575 has been recorded as a long-term liability of the respective funds. The governmental fund portion of \$495,765, as well as the enterprise fund portion, has been recorded in the government-wide financial statements as a long-term liability. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee is charged.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2010, for the following bonds and notes (excluding accrued vacation and sick and accrued insurance claims) of the Primary Government are as follows:

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2011	\$ 145,000	\$ 29,625
2012	170,000	21,750
2013	165,000	13,375
2014	185,000	4,625
	<u>\$ 665,000</u>	<u>\$ 69,375</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, 2010 and both Board of Public Works and Drainage Districts for the year ended December 31, 2010:

	Balance Jan/Oct. 1, 2009	Additions	Reductions	Balance Sept/Dec. 31, 2010	Due Within One Year
Road Commission -					
MTF Notes	\$ 630,000	\$ -	\$ 420,000	\$ 210,000	\$ 130,000
Installment Purchase Agreement	390,814	-	283,838	106,976	106,976
Accrued Vacation	145,828	21,506	-	167,334	-
OPEB Obligation	<u>1,429,182</u>	<u>853,370</u>	<u>-</u>	<u>2,282,552</u>	<u>-</u>
Total Road Commission	<u>2,595,824</u>	<u>874,876</u>	<u>703,838</u>	<u>2,766,862</u>	<u>236,976</u>
Board of Public Works -					
General Obligation Bonds	2,720,000	-	615,000	2,105,000	220,000
Michigan State Revolving Loan	3,149,069	-	165,000	2,984,069	170,000
Less Deferred Amount for:					
Issuance Costs	(10,882)	-	(2,177)	(8,705)	(2,177)
Bond Discount	(8,778)	-	(1,756)	(7,022)	(1,756)
Refunding Loss	(8,462)	-	(1,693)	(6,769)	(1,693)
Total Board of Public Works	<u>5,840,947</u>	<u>-</u>	<u>774,374</u>	<u>5,066,573</u>	<u>384,374</u>
Drainage District -					
Drain Bonds	3,713,086	-	449,768	3,263,318	299,761
Less Deferred Amount for:					
Bond Issuance Costs	(161,607)	-	(10,101)	(151,506)	(10,101)
Total Drainage District	<u>3,551,479</u>	<u>-</u>	<u>439,667</u>	<u>3,111,812</u>	<u>289,660</u>
Total Component Units	<u>\$ 11,988,250</u>	<u>\$ 874,876</u>	<u>\$ 1,917,879</u>	<u>\$ 10,945,247</u>	<u>\$ 911,010</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 work incidental thereto pursuant to Act 202.

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. The final principal payment of \$50,000 is due on August 1, 2011, with interest ranging from 4.45% to 4.60% due on February 1 and August 1. At September 30, 2010, the outstanding principal balance is \$50,000.

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 4.00% to 4.10% due on February 1 and August 1 of each year. At September 30, 2010, the outstanding balance is \$160,000.

The annual requirements to amortize long-term liabilities outstanding at September 30, 2010, except for compensated absences and OPEB obligations, are as follows:

<u>Year Ending September 30,</u>	<u>MTF Notes - Series 2002</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 130,000	\$ 8,562
2012	<u>80,000</u>	<u>3,169</u>
	<u>\$ 210,000</u>	<u>\$ 11,731</u>

Installment Purchase Agreement

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 final payment of \$106,976 is due on November 17, 2010 with interest at 3.3% in the amount of \$9,367 also due on November 17, 2010. At September 30, 2010, the outstanding principal balance is \$106,976.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 \$167,334 at September 30, 2010.

Other Postemployment Benefits -

The Lapeer County Road Commission provides postemployment health care benefits to eligible retirees and their families, as described in Note 10.

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 townships, 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	4.50 - 4.90	\$ 1,590,000
Governmental Activities - refunding	3.75 - 4.00	<u>515,000</u>
		<u>\$ 2,105,000</u>

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 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. Accordingly, the trust account's assets and liabilities for the defeased bond issue is not included in the County's financial statements. At December 31, 2010, the bond outstanding of \$580,000 is 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, 2010 is \$520,000.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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
2011	\$ 100,000	\$ 75,522	\$ 120,000	\$ 17,660
2012	105,000	71,023	130,000	12,940
2013	110,000	66,298	130,000	7,935
2014	115,000	61,348	135,000	2,700
2015	120,000	56,058	-	-
2016-2020	700,000	188,328	-	-
2021-2024	340,000	25,235	-	-
	<u>\$ 1,590,000</u>	<u>\$ 543,812</u>	<u>\$ 515,000</u>	<u>\$ 41,235</u>

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, 2010 through 2019, in amounts ranging from \$50,000 to \$61,507 with interest of 2.50% 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, 2010, Lapeer County Board of Public Works has drawn \$2,032,694 from the authorized amount. The principal payments will be due in annual installments on October 1, 2010 through 2028, in amounts ranging from \$90,000 to \$125,000 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, 2010**

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

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, 2010, Lapeer County Board of Public Works has drawn \$694,868 from the authorized amount. The principal payments will be due in annual installments on October 1, 2010 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.

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

Year Ending December 31,	Michigan Revolving Loans	
	Principal	Interest
2011	\$ 170,000	\$ 64,723
2012	170,000	60,923
2013	180,000	57,061
2014	180,000	53,030
2015	185,000	48,998
2016-2020	941,507	179,929
2021-2025	765,000	91,222
2026-2028	<u>392,562</u>	<u>14,722</u>
	<u>\$ 2,984,069</u>	<u>\$ 570,608</u>

Governmental Activities (G.O. Bonds) -

	Interest Rate	
Sewage Disposal Systems Improvement Bonds - Series 2002 (Village of Almont)	4.50 - 4.90 %	\$ 1,590,000

Governmental Activities (G.O. Refunding) -

Wastewater Treatment System Refunding Bonds - Series 2006 (Village of Dryden)	3.75 - 4.00	<u>515,000</u>
		<u>\$ 2,105,000</u>

Governmental Activities (Revolving Loans) -

1998 Water System (Village of Dryden)	2.50	\$ 516,507
2007 Water System (Village of Almont)	2.125	1,862,694
2007 Water System (Village of Dryden)	2.125	<u>604,868</u>
		<u>\$ 2,984,069</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, Public 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, 2010**

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

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 through 2017 with interest due semi-annually at interest rates ranging from 4.0% to 6.0%. Lapeer County's balance at December 31, 2010 was \$873,319.

The balance at December 31, 2010 is as follows:

Governmental Activities -	<u>Interest Rate</u>	
Drain Bonds -		
Winn Lake District	5.00 - 5.60	\$ 310,000
Imlay-Bigelow and Branches Drainage District	4.20 - 4.70	2,080,000
Mill Creek Intercounty Drain	5.00 - 6.00	<u>873,318</u>
		<u>\$ 3,263,318</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>
2011	\$ 299,761	\$ 132,975
2012	299,761	119,193
2013	299,761	106,987
2014	299,762	95,257
2015	304,762	83,019
2016-2020	1,104,511	255,115
2021-2025	<u>655,000</u>	<u>72,841</u>
	<u>\$ 3,263,318</u>	<u>\$ 865,387</u>

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.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 2010 was 11.88% for sheriff's department employees, 8.24% for former Medical Care Facility union employees and 12.49% for non-union employees at the Medical Care Facility, 8.53% for Department of Senior Activities and Health Department employees, 8.86% for general non-union employees, 13.26% for Central Dispatch employees, and 7.63% for elected commissioners. Also, the County is required to contribute 9.90% for union Community Mental Health employees, 11.12% for non-union Community Mental Health employees, and 9.19% for General Teamsters. The County elected to charge higher rates for certain employee groups to improve their funding levels. During 2010, the actual contribution rates used for the Community Mental Health union, Community Mental Health non-union, Central Dispatch, and General Teamsters were 13.52%, 18.99%, 17.75%, and 12.70%, respectively. 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, 2010, the County's annual pension cost of \$1,741,972 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2008 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 8.40% 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, 2008, was 28 years.

Three-Year Trend Information

Schedule of Employer Contributions

Fiscal Year Ending <u>December 31,</u>	Annual Pension Costs (APC)	Percentage of APC Net <u>Contribution</u>	Pension <u>Obligation</u>
2008	\$ 1,819,812	100 %	-
2009	1,693,950	100	-
2010	1,741,972	100	-

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2007	\$ 61,321,749	\$ 67,484,457	\$ 6,162,708	91 %	\$ 24,095,799	26 %
2008	64,884,220	72,924,490	8,040,270	89	24,246,001	33
2009	69,487,923	75,451,001	5,963,078	92	27,718,957	22

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, 2010, employer contributions totaling \$378,169 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2008.

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-vested 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.

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 Road Commissioners and the employees' unions.

The Retiree Health Plan does not issue a publicly available financial report.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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, 2010, employer contributions of \$254,541 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	100,043
Adjustment to annual required contribution	<u>(90,862)</u>
Annual OPEB cost (expense)	1,107,911
Contributions made	<u>(254,541)</u>
Increase in net OPEB obligation	853,370
NET OPEB obligation – beginning of year	<u>1,429,182</u>
NET OPEB obligation – end of year	<u>\$ 2,282,552</u>

Three-Year Trend Information

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change in Net OPEB Obligation</u>	<u>Ending Net OPEB Obligation</u>
2008	\$ 1,098,730	43.19 %	\$ 674,156	\$ 674,156
2009	1,103,061	31.55	755,026	1,429,182
2010	1,107,911	22.97	853,370	2,282,552

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>UAAL as a % of Covered Payroll [(b-a)/c]</u>
2008	\$ -	\$ 11,116,553	\$ 11,116,553	0 %	\$ 2,776,247	400 %
2009	-	12,219,614	12,219,614	0	2,764,258	442

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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.

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.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

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 worker's compensation, unemployment, retirement, health insurance and health care savings 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 worker's 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 \$325,000. 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.

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.

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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:

Type of Risk	Maximum Retention per Occurrence
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 2010, the Stop Loss Program limited the retention for Lapeer County to \$270,000 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.

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

	General Fund		Medical Care Facility		Worker's Compensation	
	2010	2009	2010	2009	2010	2009
Unpaid claims, beginning of year	\$ 110,000	\$ 50,000	\$ 78,797	\$ 186,915	\$ 50,000	\$ 69,000
Incurred claims (including IBNR's)	156,885	313,297	327,427	217,734	333,747	54,300
Claims Paid	(171,885)	(253,297)	(185,748)	(325,852)	(173,747)	(73,300)
Unpaid claims, end of year	95,000	110,000	220,476	78,797	210,000	50,000
Less current portion	(10,000)	(10,000)	(100,000)	(20,000)	(175,000)	(9,500)
Long-term Liabilities	<u>\$ 85,000</u>	<u>\$ 100,000</u>	<u>\$ 120,476</u>	<u>\$ 58,797</u>	<u>\$ 35,000</u>	<u>\$ 40,500</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Component Unit - Road Commission -

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

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 - CONSTRUCTION CONTRACT COMMITMENTS:

The County has construction activities reported in the Medical Care Facility Fund. The construction is for building additions to the Medical Care Facility in order to provide more private rooms for residents. At December 31, 2010, the County had committed \$8,445,707 for construction contracts and had spent \$5,668,668 through the end of the year leaving \$2,777,039 remaining on the commitments.

NOTE 14 - 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, 2010**

NOTE 15 - FUND EQUITY:

RESTRICTED NET ASSETS -

The net assets on the government-wide financial statements of the Primary Government have been restricted for the following purposes at December 31, 2010:

	Enabling Legislation	Other	Total
Governmental Activities:			
Investment in capital assets, net of related debt:			
Capital Assets	\$ -	\$ 16,561,442	\$ 16,561,442
Less related debt - General Obligation Bonds	-	(665,000)	(<u>665,000</u>)
			<u>15,896,442</u>
Acquisition/construction of capital assets:			
Jail	-	629,558	629,558
Capital Construction & Improvement	-	30,000	30,000
Old Courthouse	-	33,662	<u>33,662</u>
			<u>693,220</u>
Debt Service:			
Mental Health Debt Fund	-	63,400	<u>63,400</u>
Health and Welfare:			
Community Mental Health	-	428,474	428,474
Community Development	-	25,466	25,466
Senior Millage	755,045	-	755,045
Veterans' Trust	-	1,882	<u>1,882</u>
			<u>1,210,867</u>
Public Safety:			
E-911	737,338	-	737,338
Thumb Narcotics Unit	-	18,014	<u>18,014</u>
			<u>755,352</u>
Other:			
Friend of Court	-	5,946	5,946
Register of Deeds Automation	-	427,249	427,249
Budget Stabilization	-	2,423,282	2,423,282
Law Library	-	25,846	<u>25,846</u>
			<u>2,882,323</u>
Total Governmental Activities Restricted Net Assets			<u>\$ 21,501,604</u>
Business-type Activities:			
Investment in capital assets	-	14,796,843	14,796,843
Other:			
Foreclosure sales	-	1,166,837	<u>1,166,837</u>
Total Business-type Activities Restricted Net Assets			<u>\$ 15,963,680</u>

LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 - FUND EQUITY - (cont'd):

The restricted net assets reporting treatment at December 31, 2010 relating to the Budget Stabilization and certain other net assets is anticipated to no longer apply upon the adoption of GASB Statement No. 54 in 2011.

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, 2010:

Fund Type/Fund	Description	Amount
General Fund	Advance to Other Funds/Component Units	\$ 90,000
	Prepaid Expenditures	<u>20,110</u>
		<u>110,110</u>
Special Revenue Funds -		
Community Mental Health	Prepaid Expenditures	36,849
	Advance to Other Funds	7,500
	Accrued Vacation and Sick	121,454
	Risk Corridor Financing	<u>276,120</u>
		<u>441,923</u>
E-911		Prepaid Expenditures
40,814		
Law Library	Prepaid Expenditures	5,269
Health Department	Prepaid Expenditures	7,160
Personal Care Aide		
Program	Inventory	2,050
Emergency Management	Prepaid Expenditures	<u>55</u>
		<u>55,348</u>
Total Reserved Fund Balance		<u>\$ 607,381</u>

NOTE 16 - REPORTING ENTITY RESTATEMENT:

The Retirement and Public Employee Health Care Funds have been added as internal service funds effective January 1, 2010. Prior to this date, these funds were the Pension Trust and Public Employee Health Care Trust funds and reported as part of the fiduciary fund types. The change was made because the County believes the internal service fund accounting treatment is more appropriate since it has been determined that the funds are not legally restricted in a Trust. The change resulted in the increase to the unrestricted net assets of the governmental activities at January 1, 2010 of \$827,168. The internal service funds unrestricted net assets were increased by \$343,571 and \$483,597 to establish the Retirement and Public Employee Health Care Funds, respectively.

NOTE 17 - SUBSEQUENT EVENT:

On April 12, 2011, the County issued \$14,475,000 limited general obligation bonds to construct new facilities to house, equip and modernize the 911 Central Dispatch System.

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, 2010

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 10,717,000	\$ 10,198,500	\$ 10,185,744	\$(12,756)
Licenses and permits	27,530	29,780	32,051	2,271
Intergovernmental -				
Federal/State	1,357,000	1,479,173	1,849,879	370,706
Charges for services	2,044,418	2,044,418	2,255,845	211,427
Fines and forfeits	292,300	292,300	326,271	33,971
Interest and rent	760,713	460,713	427,507	(33,206)
Other	3,288,999	3,288,999	3,441,681	152,682
Total Revenues	<u>18,487,960</u>	<u>17,793,883</u>	<u>18,518,978</u>	<u>725,095</u>
Expenditures:				
Legislative:				
Board of Commissioners	294,270	299,694	290,948	8,746
Judicial:				
Circuit Court	1,169,507	1,153,812	1,146,388	7,424
District Court	1,666,495	1,600,574	1,583,815	16,759
Jury Board	4,390	4,512	4,508	4
Indigent Counsel	491,940	491,940	446,715	45,225
Probate Court	586,429	579,505	504,981	74,524
Adult Probation	24,133	24,133	24,077	56
	<u>3,942,894</u>	<u>3,854,476</u>	<u>3,710,484</u>	<u>143,992</u>
General Government:				
Administrative	271,099	273,974	272,638	1,336
Elections	145,157	145,907	119,473	26,434
Professional Services	329,274	319,274	141,010	178,264
County Clerk	590,092	595,858	592,791	3,067
Tax Equalization	244,191	244,695	244,695	-
Prosecuting Attorney	1,341,769	1,218,551	1,201,904	16,647
Register of Deeds	347,383	296,235	286,154	10,081
County Treasurer	366,937	387,712	385,712	2,000
Computer Operations	217,306	206,024	176,617	29,407
Accounting	329,674	324,435	311,348	13,087
Building Operations	405,558	400,558	343,177	57,381
Building and Grounds	831,046	819,104	735,314	83,790
Drain Commissioner	396,021	400,259	400,346	(87)
Boundary Commission	400	400	-	400
	<u>5,815,907</u>	<u>5,632,986</u>	<u>5,211,179</u>	<u>421,807</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, 2010**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Public Safety:				
Sheriff	\$ 2,956,213	\$ 2,880,594	\$ 2,880,558	\$ 36
Criminal Justice Training	9,524	9,524	9,524	-
Marine Safety	10,821	9,821	5,017	4,804
Jail/Feeding Prisoners	2,941,092	2,891,506	2,880,471	11,035
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	36,097	29,940	25,964	3,976
PLAT Board	607	607	-	607
	<u>5,955,354</u>	<u>5,822,992</u>	<u>5,801,534</u>	<u>21,458</u>
Public Works:				
Road Commission	259,010	259,010	232,794	26,216
Drains - County at Large	120,000	120,000	64,647	55,353
	<u>379,010</u>	<u>379,010</u>	<u>297,441</u>	<u>81,569</u>
Health and Welfare:				
Medical Examiner	63,623	67,698	69,553	(1,855)
Veterans' Burial	38,127	12,387	7,860	4,527
Veterans' Affairs	116,956	121,599	120,743	856
Veterans' Relief	1,000	1,000	-	1,000
Lapeer Development Corporation	7,000	7,000	7,000	-
	<u>226,706</u>	<u>209,684</u>	<u>205,156</u>	<u>4,528</u>
Recreation and Cultural:				
Conservation Activities	3,500	3,500	2,252	1,248
Cooperative Extension	281,618	263,646	264,259	(613)
	<u>285,118</u>	<u>267,146</u>	<u>266,511</u>	<u>635</u>
Other:				
Bonds and Insurance	501,903	481,903	490,431	(8,528)
Memberships and Dues	15,085	15,085	14,394	691
Contingency	878,813	678,342	-	678,342
Write-off of Investments	-	-	750,000	(750,000)
	<u>1,395,801</u>	<u>1,175,330</u>	<u>1,254,825</u>	<u>(79,495)</u>
 Total Expenditures	 <u>18,295,060</u>	 <u>17,641,318</u>	 <u>17,038,078</u>	 <u>603,240</u>
 Revenues over expenditures	 <u>192,900</u>	 <u>152,565</u>	 <u>1,480,900</u>	 <u>1,328,335</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, 2010**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Other Financing Sources (Uses):				
Transfer In	\$ 1,681,500	\$ 1,632,200	\$ 1,625,587	\$(6,613)
Transfers Out				
Special Revenue Funds -				
Parks Department	(254,800)	(157,761)	(157,761)	-
Friend of the Court	(307,855)	(293,855)	(378,855)	(85,000)
Health Department				
Operations	(550,373)	(450,373)	(460,873)	(10,500)
Cigarette tax	(21,332)	(21,332)	(10,245)	11,087
Liquor tax	(156,070)	(156,070)	(156,415)	(345)
Mental Health	(291,781)	(200,000)	(200,000)	-
Animal Control	(55,947)	(55,947)	(55,947)	-
Environment/Recycling	(12,000)	(6,000)	(4,456)	1,544
County Surveyor	-	-	(9,008)	(9,008)
Rental Property	-	-	(28,000)	(28,000)
Emergency Management	(51,880)	(51,880)	(51,880)	-
Community Corrections	(66,570)	(66,570)	(66,500)	70
Police Service Contracts	(307,742)	(307,742)	(294,788)	12,954
Law Enforcement - Marine Division	(4,814)	(4,814)	(4,814)	-
Law Enforcement	(30,915)	(40,515)	(40,515)	-
Law Library	(4,500)	(4,500)	(4,500)	-
Community Development	-	-	(25,000)	(25,000)
Cooperative Extension	(3,499)	(1,164)	(1,778)	(614)
Department of Human Services	(30,309)	(30,309)	(30,000)	309
Child Care	(853,802)	(853,802)	(772,000)	81,802
Multi Purpose Collaborative Body	(32,419)	(32,419)	(32,419)	-
Internal Service Funds -				
Equipment Acquisition & Replacement	(37,792)	(37,792)	(5,967)	31,825
Total Transfers Out	(3,074,400)	(2,772,845)	(2,791,721)	(18,876)
Total Transfers	(1,392,900)	(1,140,645)	(1,166,134)	(25,489)
Net change in Fund Balance	(1,200,000)	(988,080)	314,766	1,302,846
Fund Balance at beginning of year	4,107,939	4,107,939	4,107,939	-
Fund Balance at end of year	\$ 2,907,939	\$ 3,119,859	\$ 4,422,705	\$ 1,302,846

Concluded

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, 2010**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental -				
Federal/State	\$ 2,183,448	\$ 2,179,919	\$ 2,104,370	\$(75,549)
Charges for services	12,872,416	12,872,416	12,792,906	(79,510)
Interest	11,750	11,750	12,511	761
Other	110,119	110,119	124,981	14,862
Total Revenues	<u>15,177,733</u>	<u>15,174,204</u>	<u>15,034,768</u>	<u>(139,436)</u>
Expenditures:				
Health and Welfare	<u>15,377,733</u>	<u>15,374,204</u>	<u>15,096,625</u>	<u>277,579</u>
Revenues under expenditures	(200,000)	(200,000)	(61,857)	138,143
Other Financing Sources:				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in Fund Balance	-	-	138,143	138,143
Fund Balance at beginning of year	<u>1,404,590</u>	<u>1,404,590</u>	<u>1,404,590</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,404,590</u></u>	<u><u>\$ 1,404,590</u></u>	<u><u>\$ 1,542,733</u></u>	<u><u>\$ 138,143</u></u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental -				
Federal/State	\$ 219,470	\$ 171,201	\$ 791,330	\$ 620,129
Charges for services	13,800	13,800	-	(13,800)
Other	-	-	2,044	2,044
Total Revenues	<u>233,270</u>	<u>185,001</u>	<u>793,374</u>	<u>608,373</u>
Expenditures:				
Public Works	-	-	596,096	(596,096)
Health and Welfare	233,270	185,001	208,569	(23,568)
Total Expenditures	<u>233,270</u>	<u>185,001</u>	<u>804,665</u>	<u>(619,664)</u>
Revenue under expenditures	-	-	(11,291)	(11,291)
Other Financing Sources:				
Transfers in	-	-	25,000	25,000
Net change in Fund Balance	-	-	13,709	13,709
Fund Balance at beginning of year	<u>11,757</u>	<u>11,757</u>	<u>11,757</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 11,757</u></u>	<u><u>\$ 11,757</u></u>	<u><u>\$ 25,466</u></u>	<u><u>\$ 13,709</u></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, 2010**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 550,000	\$ 550,000	\$ -	\$(550,000)
Interest	-	-	5,613	5,613
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>5,613</u>	<u>(544,387)</u>
Expenditures:				
Health and Welfare	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Net change in Fund Balance	-	-	5,613	5,613
Fund Balance at beginning of year	<u>3,739,185</u>	<u>3,739,185</u>	<u>3,739,185</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,739,185</u></u>	<u><u>\$ 3,739,185</u></u>	<u><u>\$ 3,744,798</u></u>	<u><u>\$ 5,613</u></u>

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 appropriations.

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 Program - 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.

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

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.

Senior Millage - 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 remaining special revenue funds are Community Grants, Thumb Narcotics Unit, Police Service Contracts, Law Enforcement, 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:

Community 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, 2010

Special Revenue Funds

ASSETS	<u>Parks Department</u>	<u>Polly Ann Trail</u>	<u>E-911</u>	<u>Friend of the Court</u>	<u>Family Marriage Counseling</u>
Cash and cash equivalents	\$ 86,690	\$ 302	\$ 277,080	\$ -	\$ 44,788
Investments	-	-	-	-	-
Receivables -					
Accounts and interest	-	-	390,547	-	-
Due from other governmental units -					
Federal/State	-	-	-	245,829	-
Local	-	-	57,263	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	40,814	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 86,690</u>	<u>\$ 302</u>	<u>\$ 765,704</u>	<u>\$ 245,829</u>	<u>\$ 44,788</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 3,049	\$ -	\$ 2,770	\$ 2,547	\$ -
Accrued liabilities	2,199	-	21,732	15,247	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	164	-	3,864	1,146	-
Interfund payables	-	-	-	132,404	-
Advances from other funds	-	-	-	-	-
Deferred revenue	10,000	-	-	88,539	-
Total Liabilities	<u>15,412</u>	<u>-</u>	<u>28,366</u>	<u>239,883</u>	<u>-</u>
 Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	40,814	-	-
Unreserved	71,278	302	696,524	5,946	44,788
Total Fund Balance	<u>71,278</u>	<u>302</u>	<u>737,338</u>	<u>5,946</u>	<u>44,788</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 86,690</u>	<u>\$ 302</u>	<u>\$ 765,704</u>	<u>\$ 245,829</u>	<u>\$ 44,788</u>

Special Revenue Funds

<u>Health Department</u>	<u>Personal Care Aide Program</u>	<u>Animal Control</u>	<u>Environmental/ Recycling</u>	<u>Emergency Disaster</u>	<u>County Surveyor</u>	<u>Register of Deeds Automation</u>
\$ 152,807	\$ 94,836	\$ 78,573	\$ -	\$ 34,100	\$ 1,939	\$ 430,312
-	-	-	-	-	-	-
22,012	-	-	-	-	-	-
188,688	30,205	-	-	-	29,129	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,050	-	-	-	-	-
7,160	-	-	-	-	-	-
<u>\$ 370,667</u>	<u>\$ 127,091</u>	<u>\$ 78,573</u>	<u>\$ -</u>	<u>\$ 34,100</u>	<u>\$ 31,068</u>	<u>\$ 430,312</u>
\$ 13,637	\$ 33,034	\$ 867	\$ -	\$ -	\$ 1,939	\$ 3,063
61,857	18,035	2,600	-	-	-	-
250,456	-	-	-	-	-	-
5,638	1,273	299	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,794	-	28,780	-	-	29,129	-
<u>344,382</u>	<u>52,342</u>	<u>32,546</u>	<u>-</u>	<u>-</u>	<u>31,068</u>	<u>3,063</u>
-	2,050	-	-	-	-	-
7,160	-	-	-	-	-	-
19,125	72,699	46,027	-	34,100	-	427,249
<u>26,285</u>	<u>74,749</u>	<u>46,027</u>	<u>-</u>	<u>34,100</u>	<u>-</u>	<u>427,249</u>
<u>\$ 370,667</u>	<u>\$ 127,091</u>	<u>\$ 78,573</u>	<u>\$ -</u>	<u>\$ 34,100</u>	<u>\$ 31,068</u>	<u>\$ 430,312</u>

Continued

LAPEER COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
ASSETS					
Cash and cash equivalents	\$ 510,020	\$ 2,770	\$ 11,997	\$ -	\$ 23,866
Investments	1,984,024	-	-	-	-
Receivables -					
Accounts and interest	8,943	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	11,854	61,992	42,002
Local	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	55	-	-
Total Assets	\$ 2,502,987	\$ 2,770	\$ 23,906	\$ 61,992	\$ 65,868
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ 2,483	\$ 80	\$ 11,746	\$ 47,854
Accrued liabilities	-	-	935	3,905	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	79,705	-	70	306	-
Interfund payables	-	-	-	20,839	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	79,705	2,483	1,085	36,796	47,854
Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	55	-	-
Unreserved	2,423,282	287	22,766	25,196	18,014
Total Fund Balance	2,423,282	287	22,821	25,196	18,014
Total Liabilities and Fund Balance	\$ 2,502,987	\$ 2,770	\$ 23,906	\$ 61,992	\$ 65,868

Special Revenue Funds

Police Service Contracts	Law Enforcement Program	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Revenue Sharing Reserve
\$ 8,410	\$ 200,745	\$ 9,518	\$ 101,931	\$ 109,835	\$ 21,022	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
124,869	-	-	3,424	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,269	-
<u>\$ 133,279</u>	<u>\$ 200,745</u>	<u>\$ 9,518</u>	<u>\$ 105,355</u>	<u>\$ 109,835</u>	<u>\$ 26,291</u>	<u>\$ -</u>
\$ -	\$ 468	\$ -	\$ 1,384	\$ 595	\$ 445	\$ -
17,400	-	-	3,057	-	-	-
-	-	-	-	-	-	-
2,169	-	-	397	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>19,569</u>	<u>468</u>	<u>-</u>	<u>4,838</u>	<u>595</u>	<u>445</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	5,269	-
<u>113,710</u>	<u>200,277</u>	<u>9,518</u>	<u>100,517</u>	<u>109,240</u>	<u>20,577</u>	<u>-</u>
<u>113,710</u>	<u>200,277</u>	<u>9,518</u>	<u>100,517</u>	<u>109,240</u>	<u>25,846</u>	<u>-</u>
<u>\$ 133,279</u>	<u>\$ 200,745</u>	<u>\$ 9,518</u>	<u>\$ 105,355</u>	<u>\$ 109,835</u>	<u>\$ 26,291</u>	<u>\$ -</u>

Continued

LAPEER COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds				
	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services	Child Care	Veterans' Trust
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 51,717	\$ 261,910	\$ 1,676
Investments	-	-	-	-	-
Receivables -					
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	1,738	-	-	116,445	206
Local	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
	<u>1,738</u>	<u>-</u>	<u>51,717</u>	<u>378,355</u>	<u>1,882</u>
Total Assets	<u>\$ 1,738</u>	<u>\$ -</u>	<u>\$ 51,717</u>	<u>\$ 378,355</u>	<u>\$ 1,882</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 20,311	\$ 49,008	\$ -
Accrued liabilities	-	-	-	6,760	-
Due to other governmental units -					
Federal/State	-	-	15,000	-	-
Due to other funds	-	-	-	14,892	-
Interfund payables	1,738	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	17,600	-
Total Liabilities	<u>1,738</u>	<u>-</u>	<u>35,311</u>	<u>88,260</u>	<u>-</u>
Fund Balance:					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	-	-	16,406	290,095	1,882
Total Fund Balance	<u>-</u>	<u>-</u>	<u>16,406</u>	<u>290,095</u>	<u>1,882</u>
Total Liabilities and Fund Balance	<u>\$ 1,738</u>	<u>\$ -</u>	<u>\$ 51,717</u>	<u>\$ 378,355</u>	<u>\$ 1,882</u>

Special Revenue Funds			Debt Service Fund	Capital Project Funds			Total
K.I.N.D.	Multi Purpose Collaborative Body	Senior Millage	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	
\$ 77	\$ -	\$ 255,115	\$ 63,400	\$ 452,882	\$ 30,000	\$ 33,762	\$ 3,352,080
-	-	-	-	-	-	-	1,984,024
-	-	-	-	-	-	-	421,502
-	50,559	-	-	-	-	-	906,940
-	-	-	-	-	-	-	57,263
-	-	500,000	-	176,676	-	-	676,676
-	-	-	-	-	-	-	2,050
-	-	-	-	-	-	-	53,298
<u>\$ 77</u>	<u>\$ 50,559</u>	<u>\$ 755,115</u>	<u>\$ 63,400</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 33,762</u>	<u>\$ 7,453,833</u>
\$ -	\$ 2,290	\$ 70	\$ -	\$ -	\$ -	\$ 100	\$ 197,740
-	9,218	-	-	-	-	-	162,945
-	-	-	-	-	-	-	265,456
-	866	-	-	-	-	-	110,789
-	21,695	-	-	-	-	-	176,676
-	7,500	-	-	-	-	-	7,500
-	-	-	-	-	-	-	186,842
-	41,569	70	-	-	-	100	1,107,948
-	-	-	-	-	-	-	2,050
-	-	-	-	-	-	-	53,298
77	8,990	755,045	63,400	629,558	30,000	33,662	6,290,537
77	8,990	755,045	63,400	629,558	30,000	33,662	6,345,885
<u>\$ 77</u>	<u>\$ 50,559</u>	<u>\$ 755,115</u>	<u>\$ 63,400</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 33,762</u>	<u>\$ 7,453,833</u>

Concluded

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Special Revenue Funds

	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	\$ -	\$ -	\$ 1,826,007	\$ -	\$ -
Licenses and permits	-	-	-	-	7,780
Intergovernmental -					
Federal/State	33,504	10,221	-	969,462	-
Charges for services	82,110	-	-	107,917	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	7,100	-	30,031	-	-
Interest	-	-	2,350	-	-
Other	15,581	-	-	28	-
Total Revenues	<u>138,295</u>	<u>10,221</u>	<u>1,858,388</u>	<u>1,077,407</u>	<u>7,780</u>
Expenditures:					
Current -					
Judicial	-	-	-	1,450,925	1,957
General Government	-	-	-	-	-
Public Safety	-	-	1,809,786	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	227,242	9,979	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>227,242</u>	<u>9,979</u>	<u>1,809,786</u>	<u>1,450,925</u>	<u>1,957</u>
Revenues over (under) expenditures	<u>(88,947)</u>	<u>242</u>	<u>48,602</u>	<u>(373,518)</u>	<u>5,823</u>
Other Financing Sources (Uses):					
Transfers In	157,761	-	-	378,855	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>157,761</u>	<u>-</u>	<u>-</u>	<u>378,855</u>	<u>-</u>
Net change in Fund Balances	68,814	242	48,602	5,337	5,823
Fund Balances at beginning of year	<u>2,464</u>	<u>60</u>	<u>688,736</u>	<u>609</u>	<u>38,965</u>
Fund Balances at end of year	<u>\$ 71,278</u>	<u>\$ 302</u>	<u>\$ 737,338</u>	<u>\$ 5,946</u>	<u>\$ 44,788</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
284,289	-	194,463	-	-	-	-
1,641,563	430,350	-	-	-	39,540	-
386,285	-	34,080	-	-	-	79,440
1,183	-	9,607	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,836
188,068	46,051	2,475	-	-	-	-
<u>2,501,388</u>	<u>476,401</u>	<u>240,625</u>	<u>-</u>	<u>-</u>	<u>39,540</u>	<u>81,276</u>
-	-	-	-	-	-	-
-	-	-	-	-	48,548	72,717
-	-	265,357	-	-	-	-
-	-	-	4,456	-	-	-
3,112,316	1,153,054	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,112,316</u>	<u>1,153,054</u>	<u>265,357</u>	<u>4,456</u>	<u>-</u>	<u>48,548</u>	<u>72,717</u>
(610,928)	(676,653)	(24,732)	(4,456)	-	(9,008)	8,559
632,231	742,405	55,947	4,456	-	9,008	-
-	-	-	-	-	-	-
<u>632,231</u>	<u>742,405</u>	<u>55,947</u>	<u>4,456</u>	<u>-</u>	<u>9,008</u>	<u>-</u>
21,303	65,752	31,215	-	-	-	8,559
4,982	8,997	14,812	-	34,100	-	418,690
<u>\$ 26,285</u>	<u>\$ 74,749</u>	<u>\$ 46,027</u>	<u>\$ -</u>	<u>\$ 34,100</u>	<u>\$ -</u>	<u>\$ 427,249</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	-	-	308,114	285,146	221,648
Charges for services	-	-	720	92,470	-
Fines and forfeits	-	-	-	-	20,576
Rents and royalties	-	23,108	-	-	-
Interest	102,921	-	-	-	216
Other	-	-	1,518	10,392	15,130
Total Revenues	102,921	23,108	310,352	388,008	257,570
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	50,821	-	-	-
Public Safety	-	-	358,850	429,902	269,435
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	-	50,821	358,850	429,902	269,435
Revenues over (under) expenditures	102,921	(27,713)	(48,498)	(41,894)	(11,865)
Other Financing Sources (Uses):					
Transfers In	-	28,000	51,880	66,500	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	-	28,000	51,880	66,500	-
Net change in Fund Balances	102,921	287	3,382	24,606	(11,865)
Fund Balances at beginning of year	2,320,361	-	19,439	590	29,879
Fund Balances at end of year	\$ 2,423,282	\$ 287	\$ 22,821	\$ 25,196	\$ 18,014

Special Revenue Funds

Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Revenue Sharing Reserve
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	124,957	-	121,210	-	-	-
931,781	21,717	-	15,425	-	-	-
-	-	-	-	30,761	6,500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	23,118	-	-	-	-	-
<u>931,781</u>	<u>169,792</u>	<u>-</u>	<u>136,635</u>	<u>30,761</u>	<u>6,500</u>	<u>-</u>
-	-	-	-	-	8,672	-
-	-	-	-	-	-	-
1,235,142	149,532	-	171,311	22,424	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,235,142</u>	<u>149,532</u>	<u>-</u>	<u>171,311</u>	<u>22,424</u>	<u>8,672</u>	<u>-</u>
<u>(303,361)</u>	<u>20,260</u>	<u>-</u>	<u>(34,676)</u>	<u>8,337</u>	<u>(2,172)</u>	<u>-</u>
294,788	4,814	-	40,515	-	4,500	-
-	-	-	-	-	-	(1,625,587)
<u>294,788</u>	<u>4,814</u>	<u>-</u>	<u>40,515</u>	<u>-</u>	<u>4,500</u>	<u>(1,625,587)</u>
(8,573)	25,074	-	5,839	8,337	2,328	(1,625,587)
<u>122,283</u>	<u>175,203</u>	<u>9,518</u>	<u>94,678</u>	<u>100,903</u>	<u>23,518</u>	<u>1,625,587</u>
<u>\$ 113,710</u>	<u>\$ 200,277</u>	<u>\$ 9,518</u>	<u>\$ 100,517</u>	<u>\$ 109,240</u>	<u>\$ 25,846</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, 2010**

	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	4,870	-	151,333	491,499	5,626
Charges for services	-	-	-	166,794	-
Fines and forfeits	-	-	-	24,459	-
Rents and royalties	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	54,699	-
Total Revenues	<u>4,870</u>	<u>-</u>	<u>151,333</u>	<u>737,451</u>	<u>5,626</u>
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	6,818	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	170,222	1,219,809	4,192
Recreation and Cultural	-	1,371	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>6,818</u>	<u>1,371</u>	<u>170,222</u>	<u>1,219,809</u>	<u>4,192</u>
Revenues over (under) expenditures	<u>(1,948)</u>	<u>(1,371)</u>	<u>(18,889)</u>	<u>(482,358)</u>	<u>1,434</u>
Other Financing Sources (Uses):					
Transfers In	1,777	-	30,000	772,000	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>1,777</u>	<u>-</u>	<u>30,000</u>	<u>772,000</u>	<u>-</u>
Net change in Fund Balances	(171)	(1,371)	11,111	289,642	1,434
Fund Balances at beginning of year	-	-	-	-	-
Fund Balances at beginning of year	<u>171</u>	<u>1,371</u>	<u>5,295</u>	<u>453</u>	<u>448</u>
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,406</u>	<u>\$ 290,095</u>	<u>\$ 1,882</u>

Special Revenue Funds			Debt Service Fund	Capital Project Funds			
K.I.N.D.	Multi Purpose Collaborative Body	Senior Millage	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total
\$ -	\$ -	\$ 764,926	\$ -	\$ -	\$ -	\$ -	\$ 2,590,933
-	-	-	-	-	-	-	486,532
-	264,932	-	-	-	-	-	5,103,975
-	35,135	-	-	-	-	-	1,953,874
-	-	-	-	-	-	-	93,086
-	-	-	161,503	-	-	-	221,742
-	-	-	139	-	-	-	107,462
-	43,146	-	-	-	-	8,975	409,181
-	<u>343,213</u>	<u>764,926</u>	<u>161,642</u>	<u>-</u>	<u>-</u>	<u>8,975</u>	<u>10,966,785</u>
-	-	-	-	-	-	-	1,461,554
-	-	-	-	-	-	-	178,904
-	-	-	-	-	-	-	4,711,739
-	-	-	-	-	-	-	4,456
-	369,645	16,997	-	-	-	-	6,046,235
-	-	-	-	-	-	-	238,592
-	-	-	-	-	-	4,584	4,584
-	-	-	155,000	-	-	-	155,000
-	-	-	37,125	-	-	-	37,125
-	<u>369,645</u>	<u>16,997</u>	<u>192,125</u>	<u>-</u>	<u>-</u>	<u>4,584</u>	<u>12,838,189</u>
-	<u>(26,432)</u>	<u>747,929</u>	<u>(30,483)</u>	<u>-</u>	<u>-</u>	<u>4,391</u>	<u>(1,871,404)</u>
-	32,419	-	-	-	-	-	3,307,856
-	-	(742,405)	-	-	-	-	(2,367,992)
-	<u>32,419</u>	<u>(742,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939,864</u>
-	5,987	5,524	(30,483)	-	-	4,391	(931,540)
<u>77</u>	<u>3,003</u>	<u>749,521</u>	<u>93,883</u>	<u>629,558</u>	<u>30,000</u>	<u>29,271</u>	<u>7,277,425</u>
<u>\$ 77</u>	<u>\$ 8,990</u>	<u>\$ 755,045</u>	<u>\$ 63,400</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 33,662</u>	<u>\$ 6,345,885</u>

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
PARKS DEPARTMENT			
Revenues:			
Intergovernmental -			
State	\$ -	\$ 33,504	\$ 33,504
Charges for services	62,272	82,110	19,838
Rent and royalties	7,000	7,100	100
Other	16,000	15,581	(419)
Total Revenues	<u>85,272</u>	<u>138,295</u>	<u>53,023</u>
Expenditures:			
Recreation and Cultural	<u>243,033</u>	<u>227,242</u>	<u>15,791</u>
Revenues under expenditures	(157,761)	(88,947)	68,814
Other Financing Sources:			
Transfers in	<u>157,761</u>	<u>157,761</u>	<u>-</u>
Net change in Fund Balance	-	68,814	68,814
Fund Balance at beginning of year	<u>2,464</u>	<u>2,464</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,464</u></u>	<u><u>\$ 71,278</u></u>	<u><u>\$ 68,814</u></u>

POLLY ANN TRAIL

Revenues:			
Intergovernmental -			
Federal/State	\$ 20,000	\$ 10,221	\$(9,779)
Expenditures:			
Recreation and Cultural	<u>20,000</u>	<u>9,979</u>	<u>10,021</u>
Net change in Fund Balance	-	242	242
Fund Balance at beginning of year	<u>60</u>	<u>60</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 60</u></u>	<u><u>\$ 302</u></u>	<u><u>\$ 242</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
E - 911			
Revenues:			
Taxes	\$ 1,680,812	\$ 1,826,007	\$ 145,195
Interest	23,663	2,350	(21,313)
Rent and royalties	21,238	30,031	8,793
Total Revenues	<u>1,725,713</u>	<u>1,858,388</u>	<u>132,675</u>
Expenditures:			
Public Safety	<u>1,888,713</u>	<u>1,809,786</u>	<u>78,927</u>
Net change in Fund Balance	(163,000)	48,602	211,602
Fund Balance at beginning of year	<u>688,736</u>	<u>688,736</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 525,736</u></u>	<u><u>\$ 737,338</u></u>	<u><u>\$ 211,602</u></u>

FRIEND OF THE COURT

Revenues:			
Intergovernmental - Federal/State	\$ 920,855	\$ 969,462	\$ 48,607
Charges for services	116,200	107,917	(8,283)
Other	37,000	28	(36,972)
Total Revenues	<u>1,074,055</u>	<u>1,077,407</u>	<u>3,352</u>
Expenditures:			
Judicial	<u>1,450,478</u>	<u>1,450,925</u>	<u>(447)</u>
Revenues under expenditures	(376,423)	(373,518)	2,905
Other Financing Sources:			
Transfers in	<u>376,423</u>	<u>378,855</u>	<u>2,432</u>
Net change in Fund Balance	-	5,337	5,337
Fund Balance at beginning of year	<u>609</u>	<u>609</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 609</u></u>	<u><u>\$ 5,946</u></u>	<u><u>\$ 5,337</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FAMILY MARRIAGE COUNSELING			
Revenues:			
Licenses and permits	\$ 7,500	\$ 7,780	\$ 280
Expenditures:			
Judicial	<u>7,500</u>	<u>1,957</u>	<u>5,543</u>
Net change in Fund Balance	-	5,823	5,823
Fund Balance at beginning of year	<u>38,965</u>	<u>38,965</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 38,965</u></u>	<u><u>\$ 44,788</u></u>	<u><u>\$ 5,823</u></u>

HEALTH DEPARTMENT

Revenues:			
Licenses and permits	\$ 265,450	\$ 284,289	\$ 18,839
Intergovernmental - Federal/State	1,353,575	1,641,563	287,988
Charges for services	397,750	386,285	(11,465)
Fines and forfeits	1,000	1,183	183
Other	185,099	188,068	2,969
Total Revenues	<u>2,202,874</u>	<u>2,501,388</u>	<u>298,514</u>
Expenditures:			
Health and Welfare	<u>2,941,149</u>	<u>3,112,316</u>	<u>(171,167)</u>
Revenues under expenditures	(738,275)	(610,928)	127,347
Other Financing Sources:			
Transfers in	<u>738,275</u>	<u>632,231</u>	<u>(106,044)</u>
Net change in Fund Balance	-	21,303	21,303
Fund Balance at beginning of year	<u>4,982</u>	<u>4,982</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 4,982</u></u>	<u><u>\$ 26,285</u></u>	<u><u>\$ 21,303</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
PERSONAL CARE AIDE PROGRAM			
Revenues:			
Intergovernmental -			
Federal/State	\$ 430,914	\$ 430,350	\$(564)
Other	<u>47,000</u>	<u>46,051</u>	<u>(949)</u>
Total Revenues	477,914	476,401	(1,513)
Expenditures:			
Health and Welfare	<u>1,220,319</u>	<u>1,153,054</u>	<u>67,265</u>
Revenues under expenditures	(742,405)	(676,653)	65,752
Other Financing Sources:			
Transfers in	<u>742,405</u>	<u>742,405</u>	<u>-</u>
Net change in Fund Balance	-	65,752	65,752
Fund Balance at beginning of year	<u>8,997</u>	<u>8,997</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 8,997</u>	<u>\$ 74,749</u>	<u>\$ 65,752</u>

ANIMAL CONTROL

Revenues:			
Licenses and permits	\$ 192,000	\$ 194,463	\$ 2,463
Charges for services	26,000	34,080	8,080
Fines and forfeits	5,000	9,607	4,607
Other	<u>1,000</u>	<u>2,475</u>	<u>1,475</u>
Total Revenues	224,000	240,625	16,625
Expenditures:			
Public Safety	<u>279,947</u>	<u>265,357</u>	<u>14,590</u>
Revenues under expenditures	(55,947)	(24,732)	31,215
Other Financing Sources:			
Transfers in	<u>55,947</u>	<u>55,947</u>	<u>-</u>
Net change in Fund Balance	-	31,215	31,215
Fund Balance at beginning of year	<u>14,812</u>	<u>14,812</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 14,812</u>	<u>\$ 46,027</u>	<u>\$ 31,215</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, 2010**

	Final Budget	Actual	Variance Positive (Negative)
ENVIRONMENTAL/RECYCLING			
Revenues:			
Intergovernmental -			
Federal/State	\$ 7,500	\$ -	\$(7,500)
Expenditures:			
Public Works	19,500	4,456	15,044
Revenues under expenditures	(12,000)	(4,456)	7,544
Other Financing Sources:			
Transfers in	12,000	4,456	(7,544)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

COUNTY SURVEYOR

Revenues:			
Intergovernmental -			
Federal/State	\$ 48,548	\$ 39,540	\$(9,008)
Expenditures:			
General Government	48,548	48,548	-
Revenues under expenditures	-	(9,008)	(9,008)
Other Financing Sources:			
Transfers in	-	9,008	9,008
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

REGISTER OF DEEDS AUTOMATION

Revenues:			
Charges for services	\$ 90,000	\$ 79,440	\$(10,560)
Interest	4,363	1,836	(2,527)
Total Revenues	94,363	81,276	(13,087)
Expenditures:			
General Government	94,363	72,717	21,646
Net change in Fund Balance	-	8,559	8,559
Fund Balance at beginning of year	418,690	418,690	-
Fund Balance at end of year	\$ 418,690	\$ 427,249	\$ 8,559

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BUDGET STABILIZATION			
Revenues:			
Interest	\$ -	\$ 102,921	\$ 102,921
Net change in Fund Balance	-	102,921	102,921
Fund Balance at beginning of year	<u>2,320,361</u>	<u>2,320,361</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 2,320,361</u>	<u>\$ 2,423,282</u>	<u>\$ 102,921</u>
RENTAL PROPERTY			
Revenues:			
Rent and royalties	\$ 50,628	\$ 23,108	\$(27,520)
Expenditures:			
General Government	<u>50,628</u>	<u>50,821</u>	<u>(193)</u>
Revenues under expenditures	-	(27,713)	(27,713)
Other Financing Sources:			
Transfers in	<u>-</u>	<u>28,000</u>	<u>28,000</u>
Net change in Fund Balance	-	287	287
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ 287</u>
EMERGENCY MANAGEMENT			
Revenues:			
Intergovernmental - Federal/State	\$ 23,824	\$ 308,114	\$ 284,290
Charges for services	-	720	720
Other	-	1,518	1,518
Total Revenues	<u>23,824</u>	<u>310,352</u>	<u>286,528</u>
Expenditures:			
Public Safety	<u>78,788</u>	<u>358,850</u>	<u>(280,062)</u>
Revenues under expenditures	(54,964)	(48,498)	6,466
Other Financing Sources:			
Transfers in	<u>51,880</u>	<u>51,880</u>	<u>-</u>
Net change in Fund Balance	(3,084)	3,382	6,466
Fund Balance at beginning of year	<u>19,439</u>	<u>19,439</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 16,355</u>	<u>\$ 22,821</u>	<u>\$ 6,466</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, 2010**

	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY GRANTS			
Revenues:			
Intergovernmental -			
Federal/State	\$ 289,983	\$ 285,146	\$(4,837)
Charges for services	68,000	92,470	24,470
Other	5,000	10,392	5,392
Total Revenues	362,983	388,008	25,025
Expenditures:			
Public Safety	429,553	429,902	(349)
Revenues under expenditures	(66,570)	(41,894)	24,676
Other Financing Sources:			
Transfers in	66,570	66,500	(70)
Net change in Fund Balance	-	24,606	24,606
Fund Balance at beginning of year	590	590	-
Fund Balance at end of year	\$ 590	\$ 25,196	\$ 24,606

THUMB NARCOTICS UNIT

Revenues:			
Intergovernmental -			
Federal/State	\$ 284,203	\$ 221,648	\$(62,555)
Fines and forfeitures	50,000	20,576	(29,424)
Interest	3,735	216	(3,519)
Other	35,000	15,130	(19,870)
Total Revenues	372,938	257,570	(115,368)
Expenditures:			
Public Safety	372,938	269,435	103,503
Net change in Fund Balance	-	(11,865)	(11,865)
Fund Balance at beginning of year	29,879	29,879	-
Fund Balance at end of year	\$ 29,879	\$ 18,014	\$(11,865)

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	\$ 974,942	\$ 931,781	\$(43,161)
Expenditures:			
Public Safety	<u>1,282,923</u>	<u>1,235,142</u>	<u>47,781</u>
Revenues under expenditures	(307,981)	(303,361)	4,620
Other Financing Sources:			
Transfers in	<u>307,981</u>	<u>294,788</u>	<u>(13,193)</u>
Net change in Fund Balance	-	(8,573)	(8,573)
Fund Balance at beginning of year	<u>122,283</u>	<u>122,283</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 122,283</u></u>	<u><u>\$ 113,710</u></u>	<u><u>\$(8,573)</u></u>

LAW ENFORCEMENT PROGRAMS

Revenues:			
Intergovernmental - Federal/State	\$ 86,945	\$ 124,957	\$ 38,012
Charges for services	10,000	21,717	11,717
Other	<u>6,935</u>	<u>23,118</u>	<u>16,183</u>
Total Revenues	103,880	169,792	65,912
Expenditures:			
Public Safety	<u>108,694</u>	<u>149,532</u>	<u>(40,838)</u>
Revenues over (under) expenditures	(4,814)	20,260	25,074
Other Financing Sources:			
Transfers in	<u>4,814</u>	<u>4,814</u>	<u>-</u>
Net change in Fund Balance	-	25,074	25,074
Fund Balance at beginning of year	<u>175,203</u>	<u>175,203</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 175,203</u></u>	<u><u>\$ 200,277</u></u>	<u><u>\$ 25,074</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, 2010**

	Final Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT			
Revenues:			
Intergovernmental -			
Federal/State	\$ 155,506	\$ 121,210	\$(34,296)
Local	3,000	-	(3,000)
Charges for services	20,000	15,425	(4,575)
Other	13,668	-	(13,668)
Total Revenues	192,174	136,635	(55,539)
Expenditures:			
Public Safety	232,689	171,311	61,378
Revenues under expenditures	(40,515)	(34,676)	5,839
Other Financing Sources:			
Transfers in	40,515	40,515	-
Net change in Fund Balance	-	5,839	5,839
Fund Balance at beginning of year	94,678	94,678	-
Fund Balance at end of year	\$ 94,678	\$ 100,517	\$ 5,839

LAW ENFORCEMENT - OTHER

Revenues:			
Fines and forfeitures	\$ 39,600	\$ 30,761	\$(8,839)
Expenditures:			
Public Safety	39,600	22,424	17,176
Net change in Fund Balance	-	8,337	8,337
Fund Balance at beginning of year	100,903	100,903	-
Fund Balance at end of year	\$ 100,903	\$ 109,240	\$ 8,337

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LAW LIBRARY			
Revenues:			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
Expenditures:			
Judicial	<u>11,080</u>	<u>8,672</u>	<u>2,408</u>
Revenues under expenditures	(4,580)	(2,172)	2,408
Other Financing Sources:			
Transfers in	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net change in Fund Balance	(80)	2,328	2,408
Fund Balance at beginning of year	<u>23,518</u>	<u>23,518</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 23,438</u></u>	<u><u>\$ 25,846</u></u>	<u><u>\$ 2,408</u></u>

REVENUE SHARING RESERVE

Other Financing Uses:			
Transfers out	<u>\$(1,625,587)</u>	<u>\$(1,625,587)</u>	<u>\$ -</u>
Net change in Fund Balance	(1,625,587)	(1,625,587)	-
Fund Balance at beginning of year	<u>1,625,587</u>	<u>1,625,587</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LAPEER AREA YOUTH COORDINATOR

Revenues:			
Intergovernmental - Federal/State	\$ 7,265	\$ 4,870	\$(2,395)
Expenditures:			
General Government	<u>10,764</u>	<u>6,818</u>	<u>3,946</u>
Revenues under expenditures	(3,499)	(1,948)	1,551
Other Financing Sources:			
Transfers in	<u>3,499</u>	<u>1,777</u>	<u>(1,722)</u>
Net change in Fund Balance	-	(171)	(171)
Fund Balance at beginning of year	<u>171</u>	<u>171</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 171</u></u>	<u><u>\$ -</u></u>	<u><u>\$(171)</u></u>

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
4-H PROGRAMS			
Revenues:			
Intergovernmental - Federal/State	\$ 7,710	\$ -	\$(7,710)
Expenditures:			
Recreation and Cultural	<u>7,710</u>	<u>1,371</u>	<u>6,339</u>
Net change in Fund Balance	-	(1,371)	(1,371)
Fund Balance at beginning of year	<u>1,371</u>	<u>1,371</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,371</u></u>	<u><u>\$ -</u></u>	<u><u>\$(1,371)</u></u>

DEPARTMENT OF HUMAN SERVICES

Revenues:			
Intergovernmental - Federal/State	\$ -	\$ 151,333	\$ 151,333
Expenditures:			
Health and Welfare	<u>30,309</u>	<u>170,222</u>	<u>(139,913)</u>
Revenues under expenditures	(30,309)	(18,889)	11,420
Other Financing Sources:			
Transfers in	<u>30,309</u>	<u>30,000</u>	<u>(309)</u>
Net change in Fund Balance	-	11,111	11,111
Fund Balance at beginning of year	<u>5,295</u>	<u>5,295</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 5,295</u></u>	<u><u>\$ 16,406</u></u>	<u><u>\$ 11,111</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, 2010**

	Final Budget	Actual	Variance Positive (Negative)
CHILD CARE			
Revenues:			
Intergovernmental -			
Federal/State	\$ 707,002	\$ 491,499	\$(215,503)
Charges for services	158,500	166,794	8,294
Fines and forfeitures	9,000	24,459	15,459
Other	47,700	54,699	6,999
Total Revenues	922,202	737,451	(184,751)
Expenditures:			
Health and Welfare	1,776,003	1,219,809	556,194
Revenues under expenditures	(853,801)	(482,358)	371,443
Other Financing Sources:			
Transfers in	853,801	772,000	(81,801)
Net change in Fund Balance	-	289,642	289,642
Fund Balance at beginning of year	453	453	-
Fund Balance at end of year	\$ 453	\$ 290,095	\$ 289,642

VETERANS' TRUST

Revenues:			
Intergovernmental -			
Federal/State	\$ 6,092	\$ 5,626	\$(466)
Expenditures:			
Health and Welfare	6,092	4,192	1,900
Net change in Fund Balance	-	1,434	1,434
Fund Balance at beginning of year	448	448	-
Fund Balance at end of year	\$ 448	\$ 1,882	\$ 1,434

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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
MULTI PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental -			
Federal/State	\$ 276,621	\$ 264,932	\$(11,689)
Charges for services	37,580	35,135	(2,445)
Other	49,413	43,146	(6,267)
Total Revenues	<u>363,614</u>	<u>343,213</u>	<u>(20,401)</u>
Expenditures:			
Health and Welfare	<u>396,033</u>	<u>369,645</u>	<u>26,388</u>
Revenues under expenditures	(32,419)	(26,432)	5,987
Other Financing Sources:			
Transfers in	<u>32,419</u>	<u>32,419</u>	<u>-</u>
Net change in Fund Balance	-	5,987	5,987
Fund Balance at beginning of year	<u>3,003</u>	<u>3,003</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 3,003</u>	<u>\$ 8,990</u>	<u>\$ 5,987</u>
SENIOR MILLAGE			
Revenues:			
Taxes	\$ 753,900	\$ 764,926	\$ 11,026
Expenditures:			
Health and Welfare	<u>253,900</u>	<u>16,997</u>	<u>236,903</u>
Revenues over expenditures	500,000	747,929	247,929
Other Financing Uses:			
Transfers Out	<u>(500,000)</u>	<u>(742,405)</u>	<u>(242,405)</u>
Net change in Fund Balance	-	5,524	5,524
Fund Balance at beginning of year	<u>749,521</u>	<u>749,521</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 749,521</u>	<u>\$ 755,045</u>	<u>\$ 5,524</u>

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, worker's compensation, equipment acquisition and replacement, health care, health care savings and retirement and to account for payment of related insurance claims, expenses and contributions remitted to third party administrators.

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2010**

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 385,821	\$ 229,784	\$ 1,136,656	\$ 6,009
Deposits with agent	9,000	-	8,000	-
Receivables -				
Accrued interest and other	-	6	-	-
Due from other funds	-	1,926	1,926	-
Prepaid expenses	359,003	-	15,550	-
Total Current Assets	753,824	231,716	1,162,132	6,009
Noncurrent Assets:				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	753,824	231,716	1,162,132	6,009
LIABILITIES				
Current Liabilities:				
Accounts payable	-	97,708	7,696	-
Good faith deposit	-	-	-	-
Current portion of claims liabilities	-	-	175,000	-
Total Current Liabilities	-	97,708	182,696	-
Long-Term Liabilities:				
Accrued claims liabilities	-	-	35,000	-
Total Liabilities	-	97,708	217,696	-
NET ASSETS				
Net Assets				
Invested in capital assets, net of related liabilities	-	-	-	-
Unrestricted	753,824	134,008	944,436	6,009
Total Net Assets	\$ 753,824	\$ 134,008	\$ 944,436	\$ 6,009

<u>CMH Equipment Acquisition & Replacement</u>	<u>Equipment Acquisition & Replacement</u>	<u>Retirement</u>	<u>Public Employee Health Care</u>	<u>Total</u>
\$ 94,428	\$ 585,145	\$ 604,385	\$ 606,846	\$ 3,649,074
-	-	-	-	17,000
-	-	-	-	6
-	14,203	18,807	-	36,862
-	2,594	-	-	377,147
<u>94,428</u>	<u>601,942</u>	<u>623,192</u>	<u>606,846</u>	<u>4,080,089</u>
<u>446,697</u>	<u>2,266,763</u>	<u>-</u>	<u>-</u>	<u>2,713,460</u>
<u>541,125</u>	<u>2,868,705</u>	<u>623,192</u>	<u>606,846</u>	<u>6,793,549</u>
-	16,549	228,016	-	349,969
-	25,000	-	-	25,000
-	-	-	-	175,000
<u>-</u>	<u>41,549</u>	<u>228,016</u>	<u>-</u>	<u>549,969</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
<u>-</u>	<u>41,549</u>	<u>228,016</u>	<u>-</u>	<u>584,969</u>
446,697	2,266,763	-	-	2,713,460
94,428	560,393	395,176	606,846	3,495,120
<u>\$ 541,125</u>	<u>\$ 2,827,156</u>	<u>\$ 395,176</u>	<u>\$ 606,846</u>	<u>\$ 6,208,580</u>

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Operating Revenues:				
Charges for services	\$ 3,358,089	\$ 148,981	\$ 178,480	\$ -
Operating Expenses:				
Administrative and operating	13,733	139	520	-
Retirement contributions	-	-	-	-
Insurance and claims	3,439,825	199,852	284,218	-
Depreciation	-	-	-	-
Total Operating Expenses	3,453,558	199,991	284,738	-
Operating Income (Loss)	(95,469)	(51,010)	(106,258)	-
Non-Operating Revenues:				
Interest	434	235	2,930	-
Gain on sale of assets	-	-	-	-
Total Non-Operating Revenues	434	235	2,930	-
Net Income (Loss) before Transfers	(95,035)	(50,775)	(103,328)	-
Transfers:				
Transfers In	-	-	-	-
Change in Net Assets	(95,035)	(50,775)	(103,328)	-
Net Assets at beginning of year	848,859	184,783	1,047,764	6,009
Net Assets at end of year	\$ 753,824	\$ 134,008	\$ 944,436	\$ 6,009

<u>CMH Equipment Acquisition & Replacement</u>	<u>Equipment Acquisition & Replacement</u>	<u>Retirement</u>	<u>Public Employee Health Care</u>	<u>Total</u>
\$ 43,740	\$ 746,424	\$ 1,793,844	\$ 123,330	\$ 6,392,888
331	420,844	267	81	435,915
-	-	1,741,972	-	1,741,972
-	-	-	-	3,923,895
53,763	365,357	-	-	419,120
<u>54,094</u>	<u>786,201</u>	<u>1,742,239</u>	<u>81</u>	<u>6,520,902</u>
(10,354)	(39,777)	51,605	123,249	(128,014)
-	-	-	-	3,599
2,162	24,436	-	-	26,598
<u>2,162</u>	<u>24,436</u>	<u>-</u>	<u>-</u>	<u>30,197</u>
(8,192)	(15,341)	51,605	123,249	(97,817)
-	5,967	-	-	5,967
(8,192)	(9,374)	51,605	123,249	(91,850)
549,317	2,836,530	343,571	483,597	6,300,430
<u>\$ 541,125</u>	<u>\$ 2,827,156</u>	<u>\$ 395,176</u>	<u>\$ 606,846</u>	<u>\$ 6,208,580</u>

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

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
Cash Flows From Operating Activities:				
Receipts for services	\$ 3,358,089	\$ 147,215	\$ 179,603	\$ -
Payments to suppliers	(3,561,420)	(102,283)	(117,460)	-
Net Cash Provided (Used) By Operating Activities	<u>(203,331)</u>	<u>44,932</u>	<u>62,143</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in	-	-	-	-
Payment of advance from other funds	-	-	-	(4,000)
Net Cash Used By Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	-
Good faith deposit received	-	-	-	-
Proceeds from sale 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	434	235	2,930	-
Net Cash Provided by Investing Activities	<u>434</u>	<u>235</u>	<u>2,930</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(202,897)	45,167	65,073	(4,000)
Cash and Cash Equivalents at beginning of year	<u>588,718</u>	<u>184,617</u>	<u>1,071,583</u>	<u>10,009</u>
Cash and Cash Equivalents at end of year	<u>\$ 385,821</u>	<u>\$ 229,784</u>	<u>\$ 1,136,656</u>	<u>\$ 6,009</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$(95,469)	\$(51,010)	\$(106,258)	\$ -
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	-	(1,766)	1,123	-
Prepaid expenses/deposits	(107,862)	-	4,450	-
Accounts payable	-	97,708	2,828	-
Accrued claims	-	-	160,000	-
Net Cash Provided (Used) by Operating Activities	<u>\$(203,331)</u>	<u>\$ 44,932</u>	<u>\$ 62,143</u>	<u>\$ -</u>

<u>CMH Equipment Acquisition & Replacement</u>	<u>Equipment Acquisition & Replacement</u>	<u>Retirement</u>	<u>Public Employee Health Care</u>	<u>Total</u>
\$ 43,740	\$ 746,424	\$ 1,792,805	\$ 123,330	\$ 6,391,206
(331)	(430,238)	(1,729,042)	(81)	(5,940,855)
<u>43,409</u>	<u>316,186</u>	<u>63,763</u>	<u>123,249</u>	<u>450,351</u>
-	5,967	-	-	5,967
-	(104,000)	-	-	(108,000)
<u>-</u>	<u>(98,033)</u>	<u>-</u>	<u>-</u>	<u>(102,033)</u>
(60,677)	(223,352)	-	-	(284,029)
-	25,000	-	-	25,000
<u>2,162</u>	<u>24,436</u>	<u>-</u>	<u>-</u>	<u>26,598</u>
<u>(58,515)</u>	<u>(173,916)</u>	<u>-</u>	<u>-</u>	<u>(232,431)</u>
-	-	-	-	3,599
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,599</u>
(15,106)	44,237	63,763	123,249	119,486
<u>109,534</u>	<u>540,908</u>	<u>540,622</u>	<u>483,597</u>	<u>3,529,588</u>
<u>\$ 94,428</u>	<u>\$ 585,145</u>	<u>\$ 604,385</u>	<u>\$ 606,846</u>	<u>\$ 3,649,074</u>
\$(10,354)	\$(39,777)	\$ 51,605	\$ 123,249	\$(128,014)
53,763	365,357	-	-	419,120
-	(14,203)	(1,039)	-	(15,885)
-	(2,594)	-	-	(106,006)
-	7,403	13,197	-	121,136
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
<u>\$ 43,409</u>	<u>\$ 316,186</u>	<u>\$ 63,763</u>	<u>\$ 123,249</u>	<u>\$ 450,351</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County for the other parties that cannot be used to finance the County's own operating programs.

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
AGENCY FUNDS
DECEMBER 31, 2010**

	Agency Funds				Total
	General Agency	Library Penal Fines	District Court	Common Banking	
Assets:					
Cash and cash equivalents	\$ 2,003,328	\$ 24,572	\$ 153,626	\$ 37,526	\$ 2,219,052
Liabilities:					
Due to other governmental units	\$ 1,079,474	\$ -	\$ 34,684	\$ 37,800	\$ 1,151,958
Due to individuals and agencies	923,854	24,572	118,942	(274)	1,067,094
Total Liabilities	\$ 2,003,328	\$ 24,572	\$ 153,626	\$ 37,526	\$ 2,219,052

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 2,537,911	\$ 87,305,385	\$ 87,624,244	\$ 2,219,052
Liabilities:				
Due to other governmental units	\$ 1,765,039	\$ 62,742,828	\$ 63,355,909	\$ 1,151,958
Due to individuals and agencies	772,872	4,043,859	3,749,637	1,067,094
Total Liabilities	<u>\$ 2,537,911</u>	<u>\$ 66,786,687</u>	<u>\$ 67,105,546</u>	<u>\$ 2,219,052</u>
GENERAL AGENCY FUND				
Assets:				
Cash and cash equivalents	\$ 2,346,572	\$ 56,403,382	\$ 56,746,626	\$ 2,003,328
Liabilities:				
Due to other governmental units	\$ 1,686,833	\$ 54,762,591	\$ 55,369,950	\$ 1,079,474
Due to individuals and agencies	659,739	751,533	487,418	923,854
Total Liabilities	<u>\$ 2,346,572</u>	<u>\$ 55,514,124</u>	<u>\$ 55,857,368</u>	<u>\$ 2,003,328</u>
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 32,457	\$ 399,671	\$ 407,556	\$ 24,572
Liabilities:				
Due to individuals and agencies	\$ 32,457	\$ 800,142	\$ 808,027	\$ 24,572
DISTRICT COURT				
Assets:				
Cash and cash equivalents	\$ 118,148	\$ 2,392,240	\$ 2,356,762	\$ 153,626
Liabilities:				
Due to other governmental units	\$ 37,429	\$ 3,359,510	\$ 3,362,255	\$ 34,684
Due to individuals and agencies	80,719	262,153	223,930	118,942
Total Liabilities	<u>\$ 118,148</u>	<u>\$ 3,621,663</u>	<u>\$ 3,586,185</u>	<u>\$ 153,626</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>
COMMON BANKING				
Assets:				
Cash and cash equivalents	\$ 40,734	\$ 28,110,092	\$ 28,113,300	\$ 37,526
Liabilities:				
Due to other governmental units	\$ 40,777	\$ 4,620,727	\$ 4,623,704	\$ 37,800
Due to individuals and agencies	(43)	2,230,031	2,230,262	(274)
Total Liabilities	\$ 40,734	\$ 6,850,758	\$ 6,853,966	\$ 37,526

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, 2010**

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2010</u>
General County:				
Land	\$ 698,833	\$ -	\$ -	\$ 698,833
Land improvements	1,539,587	-	-	1,539,587
Buildings	22,466,178	42,761	-	22,508,939
Equipment	6,315,137	93,395	-	6,408,532
Vehicles	251,666	-	-	251,666
	<u>31,271,401</u>	<u>136,156</u>	<u>-</u>	<u>31,407,557</u>
Less - accumulated depreciation	<u>(16,682,745)</u>	<u>(876,830)</u>	<u>-</u>	<u>(17,559,575)</u>
Net Total Investment in General Fixed Assets	<u>\$ 14,588,656</u>	<u>\$(740,674)</u>	<u>\$ -</u>	<u>\$ 13,847,982</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, 2010**

	<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	3,368,189	85,861	3,193,214	59,169	29,945
General Services	6,132,543	212,129	5,702,051	212,816	5,547
	<u>10,179,504</u>	<u>522,990</u>	<u>9,349,037</u>	<u>271,985</u>	<u>35,492</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	-
Emergency Preparedness	83,351	-	-	83,351	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	6,373,316	75,926	990,939	5,306,451	-
Sheriff	6,115,450	498,389	5,486,924	130,137	-
	<u>12,867,941</u>	<u>599,617</u>	<u>6,699,663</u>	<u>5,547,161</u>	<u>21,500</u>
Health and Welfare:					
Health Department	628,519	37,221	238,782	352,516	-
Mental Health	3,045,365	129,692	2,752,569	163,104	-
D.O.S.A.	25,665	-	-	25,665	-
Cooperative Extension	7,021	-	-	7,021	-
Family Independence Agency	1,913,734	143,480	1,758,724	11,530	-
	<u>5,620,304</u>	<u>310,393</u>	<u>4,750,075</u>	<u>559,836</u>	<u>-</u>
Recreation and Cultural:					
Parks and Recreation	2,375,337	841,415	1,504,372	29,550	-
Libraries	139,797	41,597	98,200	-	-
	<u>2,515,134</u>	<u>883,012</u>	<u>1,602,572</u>	<u>29,550</u>	<u>-</u>
Total Capital Assets	31,407,557	2,316,012	22,431,347	6,408,532	251,666
Less: accumulated depreciation	(17,559,575)	(1,224,565)	(10,015,335)	(6,087,229)	(232,446)
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 13,847,982</u>	<u>\$ 1,091,447</u>	<u>\$ 12,416,012</u>	<u>\$ 321,303</u>	<u>\$ 19,220</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, 2010**

	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
General Government:				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,368,189	-	-	3,368,189
General Services	6,132,543	-	-	6,132,543
Total General Government	<u>10,179,504</u>	<u>-</u>	<u>-</u>	<u>10,179,504</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
Emergency Preparedness	18,621	64,730	-	83,351
Marine Safety	21,500	-	-	21,500
911 Center	6,350,229	23,087	-	6,373,316
Sheriff	6,115,450	-	-	6,115,450
Total Public Safety	<u>12,780,124</u>	<u>87,817</u>	<u>-</u>	<u>12,867,941</u>
Health and Welfare:				
Health Department	628,519	-	-	628,519
Mental Health	2,997,026	48,339	-	3,045,365
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,571,965</u>	<u>48,339</u>	<u>-</u>	<u>5,620,304</u>
Recreation and Cultural:				
Parks and Recreation	2,375,337	-	-	2,375,337
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,515,134</u>	<u>-</u>	<u>-</u>	<u>2,515,134</u>
Total Capital Assets	<u>\$ 31,271,401</u>	<u>\$ 136,156</u>	<u>\$ -</u>	<u>\$ 31,407,557</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 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) and 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, 20010**

Major Funds

Debt Service

	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSS 2007	Almont Sewage Disposal 2002	Dryden WSS 2007
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ASSETS

Cash and cash equivalents	\$ 3,739	\$ 760	\$ 871	\$ -	\$ 344,376	\$ -
Due from other governmental units - Contracts receivable	515,000	-	516,507	1,862,694	1,590,000	604,868
Total Assets	\$ 518,739	\$ 760	\$ 517,378	\$ 1,862,694	\$ 1,934,376	\$ 604,868

LIABILITIES AND FUND BALANCE

Liabilities:

Deferred revenue	\$ 515,000	\$ -	\$ 516,507	\$ 1,862,694	\$ 1,590,000	\$ 604,868
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Fund Balance:

Unreserved						
Undesignated	3,739	760	871	-	344,376	-
Total Liabilities and Fund Balance	\$ 518,739	\$ 760	\$ 517,378	\$ 1,862,694	\$ 1,934,376	\$ 604,868

Major Funds		Nonmajor Funds					
Capital Projects		Debt Service			Capital Projects		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total	
\$ 5,876	\$ 636	\$ 6,704	\$ 1,058	\$ 8,772	\$ 61,125	\$ 433,917	
-	-	-	-	-	-	5,089,069	
<u>\$ 5,876</u>	<u>\$ 636</u>	<u>\$ 6,704</u>	<u>\$ 1,058</u>	<u>\$ 8,772</u>	<u>\$ 61,125</u>	<u>\$ 5,522,986</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,089,069	
<u>5,876</u>	<u>636</u>	<u>6,704</u>	<u>1,058</u>	<u>8,772</u>	<u>61,125</u>	<u>433,917</u>	
<u>\$ 5,876</u>	<u>\$ 636</u>	<u>\$ 6,704</u>	<u>\$ 1,058</u>	<u>\$ 8,772</u>	<u>\$ 61,125</u>	<u>\$ 5,522,986</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, 2010**

Fund Balance - total governmental funds	\$	433,917
Amounts available in the Capital Projects Funds that reduce the contract receivable on the government wide statements	(	422,511)
Liabilities that are not payable in the current period and therefore not reported in the governmental fund statements		
Bonds/notes payable	(	5,089,069)
Accrued interest on bonds/notes payable	(	33,902)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized from net assets (netted against bonds payables)	8,705	
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	7,022	
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets (netted against bonds payables)	<u>6,769</u>	22,496
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		<u>5,089,069</u>
Net Assets of governmental activities	<u>\$</u>	<u>-</u>

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, 2010**

Major Funds

Debt Service

	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002	Dryden WSSI 2007
Revenues:						
Intergovernmental -						
Local	\$ 137,459	\$ 417,396	\$ 63,538	\$ 126,382	\$ 152,012	\$ 43,491
Interest	5	1	1	-	1,775	-
Total Revenues	<u>137,464</u>	<u>417,397</u>	<u>63,539</u>	<u>126,382</u>	<u>153,787</u>	<u>43,491</u>
Expenditures:						
Capital Outlay	-	-	-	-	-	-
Debt Service -						
Principal retirement	115,000	405,000	50,000	85,000	95,000	30,000
Interest and fiscal charges	22,234	12,396	13,538	41,382	79,977	13,491
Total Expenditures	<u>137,234</u>	<u>417,396</u>	<u>63,538</u>	<u>126,382</u>	<u>174,977</u>	<u>43,491</u>
Net Change in Fund Balances	230	1	1	-	(21,190)	-
Fund Balances at beginning of year	<u>3,509</u>	<u>759</u>	<u>870</u>	<u>-</u>	<u>365,566</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 3,739</u>	<u>\$ 760</u>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 344,376</u>	<u>\$ -</u>

Major Funds		Nonmajor Funds					
Capital Projects		Debt Service			Capital Projects		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total	
\$ 17,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 957,596	
9	-	10	1	13	94	1,909	
<u>17,327</u>	<u>-</u>	<u>10</u>	<u>1</u>	<u>13</u>	<u>94</u>	<u>959,505</u>	
14,453	-	-	-	-	-	14,453	
-	-	-	-	-	-	780,000	
-	-	-	-	-	-	183,018	
<u>14,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,471</u>	
2,874	-	10	1	13	94	(17,966)	
<u>3,002</u>	<u>636</u>	<u>6,694</u>	<u>1,057</u>	<u>8,759</u>	<u>61,031</u>	<u>451,883</u>	
<u>\$ 5,876</u>	<u>\$ 636</u>	<u>\$ 6,704</u>	<u>\$ 1,058</u>	<u>\$ 8,772</u>	<u>\$ 61,125</u>	<u>\$ 433,917</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, 2010

Net Change in Fund Balances - total governmental funds	\$(	17,966)
<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 of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long-term liabilities		780,000
<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:</p>		
Decrease in accrued interest payable		6,731
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	(	<u>763,139)</u>
Change in Net Assets of governmental activities	<u>\$</u>	<u>-</u>

DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
DRAINAGE DISTRICTS
DECEMBER 31, 2010**

	Major Funds				
	Debt Service			Capital Project	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
ASSETS					
Cash and cash equivalents	\$ 3,415	\$ 134,992	\$ 565,759	\$ -	\$ 1,072,685
Investments	-	-	-	-	1,152,436
Receivables -					
Special assessments	-	795,608	2,181,803	-	77,928
Interest	-	-	-	-	2,035
Other	-	-	-	-	24,132
Due from other funds	99,484	27,609	169,529	-	112,340
Due from other governmental units	-	7,698	-	-	-
Deposits	-	128,887	-	41,730	-
Total Assets	\$ 102,899	\$ 1,094,794	\$ 2,917,091	\$ 41,730	\$ 2,441,556
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 112	\$ -	\$ 5,023
Due to other governmental units -					
Local	-	-	-	-	90,000
Due to other funds	45,130	39,184	-	-	530,618
Advances from primary government	-	-	-	-	-
Deferred revenue	-	700,023	1,965,937	-	-
Total Liabilities	45,130	739,207	1,966,049	-	625,641
Fund Balances -					
Reserved -					
Debt service	-	355,587	951,042	-	-
Unreserved - undesignated	57,769	-	-	41,730	1,815,915
Total Fund Balance	57,769	355,587	951,042	41,730	1,815,915
Total Liabilities and Fund Balance	\$ 102,899	\$ 1,094,794	\$ 2,917,091	\$ 41,730	\$ 2,441,556

Nonmajor Funds

ts	Nonmajor Funds					
	Debt Service			Capital Projects		
Drain Revolving	Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Total	
\$ 98,100	\$ 1,498	\$ 130,692	\$ 484	\$ -	\$ 2,007,625	
-	-	-	-	-	1,152,436	
-	-	179,043	-	-	3,234,382	
-	-	-	-	-	2,035	
-	-	-	-	-	24,132	
-	-	25,134	-	-	434,096	
-	-	-	-	-	7,698	
-	-	-	-	-	170,617	
<u>\$ 98,100</u>	<u>\$ 1,498</u>	<u>\$ 334,869</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 7,033,021</u>	
\$ 3,035	\$ -	\$ -	\$ -	\$ -	\$ 8,170	
-	-	-	-	-	90,000	
-	-	28,026	-	-	642,958	
90,000	-	-	-	-	90,000	
-	-	167,818	-	-	2,833,778	
<u>93,035</u>	<u>-</u>	<u>195,844</u>	<u>-</u>	<u>-</u>	<u>3,664,906</u>	
-	-	139,025	-	-	1,445,654	
5,065	1,498	-	484	-	1,922,461	
<u>5,065</u>	<u>1,498</u>	<u>139,025</u>	<u>484</u>	<u>-</u>	<u>3,368,115</u>	
<u>\$ 98,100</u>	<u>\$ 1,498</u>	<u>\$ 334,869</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 7,033,021</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, 2010**

Fund Balances - Total Governmental Funds	\$	3,368,115
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	(	13,469,189)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Special assessments		2,833,778
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.		
		1,054,978
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	(	3,263,318)
Bond issuance cost (netted against bonds payables)		151,506
Accrued interest on bonds/notes payable	(	13,606)
Net Assets of governmental activities	\$	<u>20,068,213</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, 2010**

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Revenues:					
Interest	\$ 203	\$ 106	\$ 629	\$ -	\$ 35,480
Other -					
Special assessments	1,916	159,602	253,932	-	188,414
Total Revenues	<u>2,119</u>	<u>159,708</u>	<u>254,561</u>	<u>-</u>	<u>223,894</u>
Expenditures:					
Maintenance	-	-	-	-	250,150
Debt Service -					
Principal retirement	150,000	124,768	150,000	-	-
Interest and fiscal charges	7,110	32,413	94,030	-	-
Total Expenditures	<u>157,110</u>	<u>157,181</u>	<u>244,030</u>	<u>-</u>	<u>250,150</u>
Revenues over (under) expenditures	(154,991)	2,527	10,531	-	(26,256)
Other Financing Sources (Uses):					
Transfers In	-	-	155,736	-	-
Transfers Out	-	-	-	-	(77,433)
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>155,736</u>	<u>-</u>	<u>(77,433)</u>
Net Change in Fund Balances	(154,991)	2,527	166,267	-	(103,689)
Fund Balances at beginning of year	<u>212,760</u>	<u>353,060</u>	<u>784,775</u>	<u>41,730</u>	<u>1,919,604</u>
Fund Balances at end of year	<u>\$ 57,769</u>	<u>\$ 355,587</u>	<u>\$ 951,042</u>	<u>\$ 41,730</u>	<u>\$ 1,815,915</u>

Nonmajor Funds

Drain Revolving	Debt Service			Capital Projects	Total
	Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	
\$ 442	\$ 1,498	\$ 172	\$ 1	\$ 246	\$ 38,777
-	-	26,935	-	-	630,799
<u>442</u>	<u>1,498</u>	<u>27,107</u>	<u>1</u>	<u>246</u>	<u>669,576</u>
128,195	-	-	-	-	378,345
-	-	25,000	-	-	449,768
-	-	17,247	-	-	150,800
<u>128,195</u>	<u>-</u>	<u>42,247</u>	<u>-</u>	<u>-</u>	<u>978,913</u>
(127,753)	1,498	(15,140)	1	246	(309,337)
77,433	-	-	-	-	233,169
-	-	-	-	(155,736)	(233,169)
<u>77,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,736)</u>	<u>-</u>
(50,320)	1,498	(15,140)	1	(155,490)	(309,337)
<u>55,385</u>	<u>-</u>	<u>154,165</u>	<u>483</u>	<u>155,490</u>	<u>3,677,452</u>
<u>\$ 5,065</u>	<u>\$ 1,498</u>	<u>\$ 139,025</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 3,368,115</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, 2010

Net Change in Fund Balances - total governmental funds	\$(309,337)
<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>	
Depreciation expense	(520,288)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	(640,820)
<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	449,768
Amortization of bond issuance costs	(10,101)
<p>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</p>	
	5,456
<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>	
Decrease in accrued interest payable	<u>2,289</u>
Change in Net Assets of governmental activities	<u><u>\$(1,023,033)</u></u>

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
DECEMBER 31,2010**

Assets:

Current Assets -	
Cash and cash equivalents	\$ 878,263
Due from other funds	208,862
Total Assets	<u>1,087,125</u>

Liabilities:

Accounts payable	<u>32,147</u>
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Net Assets:

Unrestricted	<u>\$ 1,054,978</u>
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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

Operating Revenue:

Charges for services	\$ 183,189
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Operating Expenses:

Administrative and Operating - Drain Maintenance	<u>182,186</u>
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Operating Income	1,003
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Non-Operating Revenue:

Interest	<u>4,453</u>
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Change in Net Assets	5,456
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Net Assets at beginning of year	<u>1,049,522</u>
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Net Assets at end of year	<u>\$ 1,054,978</u>
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LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Flows From Operating Activities:

Receipts for services	\$ 196,662
Payments to suppliers	<u>(166,751)</u>
Net Cash Provided by Operating Activities	29,911

Cash Flows From Investing Activities:

Interest earned on investments	<u>4,453</u>
Net increase in cash and cash equivalents	34,364
Cash and cash equivalents at beginning of year	<u>843,899</u>
Cash and cash equivalents at end of year	<u><u>\$ 878,263</u></u>

Reconciliation of Operating Income to Net Cash Provided

by Operating Activities:

Operating income	\$ 1,003
Changes in assets and liabilities:	
Due from other funds	13,473
Accounts payable	<u>15,435</u>
Net Cash Provided by Operating Activities	<u><u>\$ 29,911</u></u>

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-28
<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-29 to S-30
<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 EIGHT YEARS (A)
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities								
Invested in capital assets, net of related debt	\$ 19,997,437	\$ 19,575,975	\$ 19,165,973	\$ 18,342,068	\$ 17,818,625	\$ 17,396,631	\$ 16,654,707	\$ 15,896,442
Restricted	-	6,562,611	11,296,788	13,948,783	14,073,426	12,860,615	8,221,319	9,349,960
Unrestricted	12,714,648	7,508,523	4,516,543	5,070,872	5,631,585	5,942,806	11,426,758	11,017,779
Total Government Activities Net Assets	<u>\$ 32,712,085</u>	<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>	<u>\$ 36,302,784</u>	<u>\$ 36,264,181</u>
Business-Type Activities								
Invested in capital assets, net of related debt	\$ 6,893,437	\$ 7,145,228	\$ 7,433,275	\$ 7,007,742	\$ 7,464,355	\$ 8,831,167	\$ 9,276,606	\$ 14,796,843
Restricted	399,139	498,836	615,632	773,255	926,562	1,049,307	1,308,557	1,166,837
Unrestricted	13,287,507	13,168,742	13,942,229	17,519,560	19,600,864	20,158,728	21,211,382	18,587,939
Total Business-Type Activities Net Assets	<u>\$ 20,580,083</u>	<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>	<u>\$ 31,796,545</u>	<u>\$ 34,551,619</u>
Primary Government								
Invested in capital assets, net of related debt	\$ 26,890,874	\$ 26,721,203	\$ 26,599,248	\$ 25,349,810	\$ 25,282,980	\$ 26,227,798	\$ 25,931,313	\$ 30,693,285
Restricted	399,139	7,061,447	11,912,420	14,722,038	14,999,988	13,909,922	9,529,876	6,771,999
Unrestricted	26,002,155	20,677,265	18,458,772	22,590,432	25,232,449	26,101,534	32,638,140	33,350,516
Total Primary Government Net Assets	<u>\$ 53,292,168</u>	<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>	<u>\$ 68,099,329</u>	<u>\$ 70,815,800</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

NOTE: The net assets for the governmental activities and the total primary government have not been restated for the years 2003 - 2009 for a reporting entity change made in 2010. For 2010, the activities relating to the Retirement and Public Employee Health Care Funds were changed from reporting as pension trust funds to internal service funds and included as part of the governmental activities.

LAPEER COUNTY, MICHIGAN
GOVERNMENT-WIDE CHANGES IN NET ASSETS
LAST EIGHT YEARS (A)
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
Legislative	\$ 249,625	\$ 252,618	\$ 273,694	\$ 249,736	\$ 244,333	\$ 259,301	\$ 275,784	\$ 290,948
Judicial	4,300,006	4,418,052	4,588,516	4,741,232	5,037,955	5,021,694	5,318,644	5,172,038
General Government	5,684,277	6,320,824	5,627,863	5,836,173	5,730,609	6,407,816	6,329,101	6,925,829
Public Safety	8,000,530	8,052,226	9,080,322	10,685,775	10,308,041	10,394,105	10,578,956	10,779,183
Public Works	233,266	378,218	486,381	451,726	466,202	384,302	380,476	810,776
Health and Welfare	22,243,064	21,641,181	21,418,610	19,833,250	21,500,048	21,809,561	21,212,635	21,687,405
Recreation and Culture	1,656,481	821,982	846,669	822,279	794,640	877,814	822,024	592,701
Other Activities	666,630	1,403,536	1,567,547	1,544,827	1,085,590	1,187,124	-	-
Interest on long term debt	105,844	33,098	66,483	63,684	60,650	57,550	51,166	43,334
Total Governmental Activities Expenses	43,139,723	43,321,735	43,956,085	44,228,682	45,228,068	46,399,267	44,968,786	46,302,214
Business-Type Activities								
Medical Care Facility	15,208,745	16,057,336	15,304,504	16,813,212	17,323,832	18,392,690	18,054,605	18,645,836
Delinquent Tax Revolving	165,983	57,718	130,799	50,379	126,066	74,646	119,969	222,351
Total Business-Type Activities Expenses	15,374,728	16,115,054	15,435,303	16,863,591	17,449,898	18,467,336	18,174,574	18,868,187
Total Primary Government Expenses	58,514,451	59,436,789	59,391,388	61,092,273	62,677,966	64,866,603	63,143,360	65,170,401
Program Revenues								
Governmental Activities:								
Charges for Services								
Legislative	-	-	-	1,119	-	-	1,044	-
Judicial	1,518,238	1,472,387	1,580,081	1,517,028	1,437,137	1,500,757	1,547,048	1,415,294
General Government	3,490,415	3,604,610	3,660,140	3,449,296	3,544,590	3,338,296	4,655,630	4,509,171
Public Safety	3,586,791	1,990,574	2,166,574	1,804,213	1,962,379	2,000,750	2,056,577	1,942,126
Public Works	45,463	90	-	-	-	-	1,412	-
Health and Welfare	12,429,967	12,184,060	2,696,314	12,382,563	14,127,168	13,901,118	13,779,838	14,159,046
Recreation and Culture	185,350	165,998	229,879	226,032	205,904	229,657	153,867	104,791
Other Activities	306,996	334,424	413,985	568,204	615,958	351,488	-	-
Interest on Long Term Debt	207,623	207,623	207,622	231,926	148,677	161,503	161,503	161,503
Operating Grants and Contributions	7,168,123	7,660,864	17,645,715	7,694,183	7,996,328	7,777,755	7,823,955	9,971,597
Capital Grants and Contributions	143,718	181,941	785,924	397,396	29,445	239,556	46,076	-
Total Governmental Activities Program Revenues	29,082,684	27,802,571	29,386,234	28,271,960	30,067,586	29,500,880	30,226,950	32,263,528
Business-Type Activities								
Charges for Services								
Medical Care Facility	15,097,043	13,714,790	13,876,815	17,192,706	16,212,479	17,121,835	17,327,488	19,234,378
Delinquent Tax Revolving	988,896	969,041	660,487	1,071,008	1,219,237	1,217,491	1,472,821	1,317,845
Operating Grants and Contributions	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	16,085,939	14,683,831	14,537,302	18,263,714	17,431,716	18,339,326	18,800,309	20,552,223
Total Primary Government Revenues	45,168,623	42,486,402	43,923,536	46,535,674	47,499,302	47,840,206	49,027,259	52,815,751
Net (expense) revenue								
Government Activities	(14,057,039)	(15,519,164)	(14,569,851)	(15,956,722)	(15,160,482)	(16,898,387)	(14,741,836)	(14,038,686)
Business-Type Activities	711,211	(1,431,223)	(898,001)	1,400,123	(18,182)	(128,010)	625,735	1,684,036
Total Primary Government Net Expenses	\$(13,345,828)	\$(16,950,387)	\$(15,467,852)	\$(14,556,599)	\$(15,178,664)	\$(17,026,397)	\$(14,116,101)	\$(12,354,650)

Continued

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

	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues								
Governmental Activities								
Property taxes	\$ 9,121,348	\$ 13,825,956	\$ 15,081,491	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,766,862
Unrestricted grants and contributions	2,164,556	1,287,208	-	429,022	391,679	375,956	4,875	8,975
Investment earnings	199,943	537,174	567,529	1,156,276	1,262,949	931,362	433,575	392,381
Gain on sale of capital assets	446,923	-	-	-	-	-	-	-
Transfers	393,860	803,850	253,026	781,037	6,702	125,489	46,614	4,697
Total Governmental Activities	12,326,630	16,454,188	15,902,046	18,339,141	15,322,395	15,574,803	14,429,405	13,172,915
Business-Type Activities								
Property taxes	1,877,376	1,925,363	2,054,142	2,024,514	2,301,179	1,151,144	1,011,140	930,705
Unrestricted grants and contributions	230,864	317,946	311,804	395,858	29,746	48,070	51,997	24,765
Investment earnings	82,373	20,637	125,453	426,375	378,481	314,808	68,471	115,568
Loss on sale of capital assets	(26,526)	-	(223)	-	-	-	-	-
Transfers	(600,000)	(600,000)	(414,845)	(900,000)	-	-	-	-
Total Business-Type Activities	1,564,087	1,663,946	2,076,331	1,946,747	2,709,406	1,514,022	1,131,608	1,071,038
Total Primary Government Expenses	13,890,717	18,118,134	17,978,377	20,285,888	18,031,801	17,088,825	15,561,013	14,243,953
Change in Net Assets								
Government Activities	(1,730,409)	935,024	1,332,195	2,382,419	161,913	(1,323,584)	(312,431)	(865,771)
Business-Type Activities	2,275,298	232,723	1,178,330	3,346,870	2,691,224	1,386,012	1,757,343	2,755,074
Total Primary Government	\$ 544,889	\$ 1,167,747	\$ 2,510,525	\$ 5,729,289	\$ 2,853,137	\$ 62,428	\$ 1,444,912	\$ 1,889,303

(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

NOTE: The general government expenses and charges for services and net (expenses) revenue for the years 2003 - 2009 for a reporting entity change made in 2010. For 2010, the activities relating to the Retirement and Public Employee Health Care Funds were changed from reporting as pension trust funds to internal service funds and included as part of the governmental activities.

LAPEER COUNTY, MICHIGAN

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

(UNAUDITED)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 327,575	\$ 327,575	\$ 208,000	\$ 198,596	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 110,110
Unreserved	<u>1,545,098</u>	<u>1,532,529</u>	<u>1,725,292</u>	<u>1,943,248</u>	<u>2,217,908</u>	<u>2,285,684</u>	<u>2,197,160</u>	<u>2,942,577</u>	<u>3,909,939</u>	<u>4,312,595</u>
Total General Fund	<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>	<u>\$ 4,107,939</u>	<u>\$ 4,422,705</u>
All other Governmental Funds										
Reserved	\$ 980,349	\$ 1,326,378	\$ 569,624	\$ 378,004	\$ 308,045	\$ 444,784	\$ 485,734	\$ 581,497	\$ 472,453	\$ 497,271
Unreserved, reported in:										
Special revenue funds	6,641,024	6,227,882	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209	11,177,792	10,404,991
Debt service funds	77,974	85,703	87,198	138,128	180,756	208,701	162,346	137,061	93,883	63,400
Capital project funds	<u>992,832</u>	<u>843,372</u>	<u>1,364,928</u>	<u>1,276,701</u>	<u>938,570</u>	<u>903,985</u>	<u>969,575</u>	<u>692,566</u>	<u>688,829</u>	<u>693,220</u>
Total all other Governmental Funds	<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>	<u>\$ 12,432,957</u>	<u>\$ 11,658,882</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Taxes	\$ 10,519,340	\$ 10,569,557	\$ 10,272,241	\$ 13,827,448	\$ 15,215,837	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,776,677
Licenses and permits	569,475	583,292	665,679	673,888	744,802	604,566	636,952	540,707	520,455	518,583
Intergovernmental	19,043,961	19,484,696	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993	8,337,676	7,635,175	9,849,554
Charges for services	6,147,365	6,431,061	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614	17,115,895	16,985,601	17,002,625
Fines and forfeits	656,205	766,103	662,086	441,379	567,729	470,635	494,446	493,068	457,485	419,357
Rents and royalties	1,384,982	1,391,408	284,049	455,079	454,466	498,268	424,512	410,797	378,183	382,454
Interest	1,237,287	636,197	405,047	537,174	567,529	1,156,276	1,289,965	931,362	430,689	392,381
Other	1,534,138	2,292,784	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732	2,933,850	3,899,379	3,977,887
Total Revenues	<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>	<u>44,905,351</u>	<u>44,251,308</u>	<u>45,319,518</u>
Expenditures										
Current-										
Legislative	182,844	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948
Judicial	3,801,117	4,074,305	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981	4,984,112	5,333,356	5,172,038
General Government	3,941,682	4,517,676	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954	5,728,076	5,430,567	5,390,083
Public Safety	7,207,059	7,847,720	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522	10,051,004	10,370,496	10,513,273
Public Works	294,796	277,651	219,521	368,071	485,781	451,126	465,602	383,702	379,876	897,993
Health and Welfare	18,322,730	18,815,657	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120	21,469,941	21,039,622	21,549,585
Recreation and Culture	2,200,602	2,281,305	1,165,073	726,496	743,898	746,350	754,773	788,519	760,738	512,103
Other Activities	403,074	499,260	666,630	1,403,536	1,461,013	1,586,008	1,130,590	1,152,124	497,101	1,254,825
Capital outlay	3,526,148	1,723,173	1,166,824	929,230	841,275	312,739	387,887	26,141	8,612	4,584
Debt Service-										
Principal	700,000	755,000	100,000	115,000	110,000	155,000	150,000	140,000	160,000	155,000
Interest and Charges	416,799	383,130	107,107	92,284	59,350	56,700	53,650	50,575	45,000	37,125
Total Expenditures	<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>	<u>45,033,495</u>	<u>44,301,152</u>	<u>45,777,557</u>
Revenues over (under) expenditures	<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>	<u>(128,144)</u>	<u>(49,844)</u>	<u>(458,039)</u>
Other financing sources (uses)										
Issuance of bonds	-	-	-	1,535,000	-	-	-	-	-	-
Premium of refunding bonds	-	-	-	113,593	-	-	-	-	-	-
Payment to refunding escrow agent	-	-	(1,599,309)	-	-	-	-	-	-	-
Transfers in	5,413,908	4,104,897	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699	5,075,455	5,411,211	5,158,443
Transfers out	(6,002,996)	(4,677,156)	(4,484,171)	(3,969,064)	(4,702,707)	(5,167,418)	(5,187,497)	(5,318,942)	(5,403,160)	(5,159,713)
Transfers to component units	(190,813)	(182,074)	(220,711)	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>(243,487)</u>	<u>8,051</u>	<u>(1,270)</u>
Net change in fund balance	<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>	<u>\$ (371,631)</u>	<u>\$ (41,793)</u>	<u>\$ (459,309)</u>
Debt service as a percentage of noncapital expenditures	<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>	<u>0.4%</u>	<u>0.5%</u>	<u>0.4%</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Taxes	\$ 7,682,964	\$ 8,269,037	\$ 8,841,375	\$ 9,253,271	\$ 9,723,100	\$ 10,318,105	\$ 10,282,079	\$ 11,127,623	\$ 10,778,574	\$ 10,185,744
Licenses and permits	27,524	37,035	12,300	22,817	18,818	13,065	14,850	16,938	31,132	32,051
Intergovernmental	3,428,275	3,353,851	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177	1,580,159	1,308,866	1,849,879
Charges for services	2,807,435	3,143,010	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527	2,350,982	2,359,230	2,255,845
Fines and forfeits	282,897	321,948	405,245	367,628	445,362	350,626	388,865	368,619	355,790	326,271
Rents and royalties	183,865	168,337	-	167,314	167,920	167,953	164,344	160,712	160,716	160,712
Interest on long term debt	847,494	520,945	347,269	490,240	437,402	750,799	677,447	659,910	291,566	266,795
Other	877,357	1,870,795	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004	2,294,978	3,506,467	3,441,681
Total Revenues	<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>	<u>18,559,921</u>	<u>18,792,341</u>	<u>18,518,978</u>
Expenditures										
Current-										
Legislative	182,844	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948
Judicial	2,649,341	2,945,132	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549	3,677,076	3,837,743	3,710,484
General Government	3,873,954	4,420,123	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540	5,479,372	5,274,237	5,211,179
Public Safety	4,165,025	4,561,536	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975	5,444,513	5,843,892	5,801,534
Public Works	162,651	136,344	129,736	351,792	458,180	422,514	443,428	359,718	367,816	297,441
Health and Welfare	158,160	168,947	189,358	181,367	171,403	166,274	174,991	169,203	197,450	198,156
Recreation and Culture	211,577	218,642	242,232	243,037	230,892	242,019	248,237	246,416	275,310	273,511
Other Activities	270,773	343,802	425,239	1,147,127	1,402,842	1,586,008	1,130,590	1,152,124	497,101	1,254,825
Capital outlay	21,457	76,527	-	-	-	-	-	-	-	-
Total Expenditures	<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>	<u>16,787,723</u>	<u>16,569,333</u>	<u>17,038,078</u>
Revenues over expenditures	<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>	<u>1,772,198</u>	<u>2,223,008</u>	<u>1,480,900</u>
Other Financing Sources (Uses)										
Transfers in	-	1,063	-	663,154	1,480,197	1,513,709	1,569,716	1,605,819	1,721,318	1,625,587
Transfers out	(5,468,335)	(4,427,332)	(3,635,189)	(2,897,715)	(2,684,205)	(3,110,222)	(3,085,890)	(2,632,600)	(2,976,964)	(2,791,721)
Transfers to component units	(190,813)	(182,074)	(220,711)	-	-	-	-	-	-	-
Total Other Financing Uses	<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>	<u>(1,026,781)</u>	<u>(1,255,646)</u>	<u>(1,166,134)</u>
Net change in Fund Balance	<u><u>\$ (1,217,119)</u></u>	<u><u>\$ (12,569)</u></u>	<u><u>\$ 73,188</u></u>	<u><u>\$ 208,552</u></u>	<u><u>\$ 274,064</u></u>	<u><u>\$ 67,776</u></u>	<u><u>\$ (88,524)</u></u>	<u><u>\$ 745,417</u></u>	<u><u>\$ 967,362</u></u>	<u><u>\$ 314,766</u></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					
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
2009	2008	\$ 2,748,579,863	\$ 441,042,819	\$ 339,512,895	\$ 102,915,747	\$ 189,867,996	\$ 3,821,919,300	\$ 177,868,981	3.7886	\$ 7,643,838,600
2010	2009	\$ 2,325,344,283	\$ 420,619,015	\$ 306,548,119	\$ 83,992,045	\$ 184,270,311	\$ 3,320,773,773	\$ 163,255,897	3.7886	\$ 6,641,547,546

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 Department's Report of Assessment Roll Changes (Form L-4022)

LAPEER COUNTY, MICHIGAN

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
County-										
Operating	3.9901	3.9454	3.8941	3.8539	3.8165	3.7886	3.7886	3.7886	3.7886	3.7886
Extra Voted	<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>	<u>0.5756</u>	<u>1.08</u>
Total County	<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>	<u>4.3642</u>	<u>4.8686</u>
Townships-										
Almont	2.8951	3.8704	3.6763	3.8195	3.7556	3.7556	5.0056	4.5616	4.5616	4.5616
Arcadia	1.5140	1.5085	1.4757	1.4509	1.4305	1.4149	2.3149	2.3096	2.3096	2.3096
Attica	4.2470	4.1806	4.0997	4.0413	3.9624	3.3695	4.3695	4.3695	4.3695	4.3695
Burlington	1.7063	1.6769	1.6626	1.6463	1.6188	1.6003	2.4969	2.4969	2.4969	2.4969
Burnside	1.6585	1.6462	1.6172	1.5966	1.5966	1.5966	2.4788	2.4535	2.4514	2.4514
Deerfield	1.4744	1.4107	1.3586	1.3185	1.4012	1.6349	2.5267	2.5122	2.5122	2.5122
Dryden	4.7392	4.6911	4.6537	4.5652	4.6975	4.6252	4.6252	4.6252	4.6675	4.6675
Elba	2.9752	2.9212	2.8717	2.9389	2.9006	3.1285	4.0285	4.0285	4.0285	4.0285
Goodland	1.5215	1.5209	1.5012	1.4915	1.4625	1.4332	2.3332	2.3217	2.3217	2.3217
Hadley	2.3431	2.2440	2.1803	2.1003	2.0237	1.9367	2.7812	2.7699	2.7699	2.8153
Imlay	2.6501	2.5634	2.5017	2.4629	2.4535	1.9790	2.9702	2.9702	2.9702	2.9702
Lapeer	1.6510	1.6570	1.6402	1.6287	1.6148	1.8572	2.7572	2.7572	2.7572	2.7572
Marathon	1.5221	1.7461	1.4424	1.4206	1.4071	1.3927	2.2927	2.2927	2.2927	2.2927
Mayfield	1.6216	1.6066	1.5948	1.5823	1.5720	1.8091	2.7053	2.7053	2.7053	2.7053
Metamora	4.6892	4.5718	4.5667	4.6333	4.5845	4.4955	5.3965	5.3955	5.3955	5.3955
North Branch	3.0854	3.0480	3.0144	2.9595	2.9458	2.9207	3.9174	4.8965	3.8665	3.8665
Oregon	1.5786	1.5554	1.5298	1.5030	1.4807	1.7238	2.6238	2.6238	2.6238	2.6238
Rich	1.6904	4.5568	4.5128	4.4256	4.5856	4.5035	5.4035	5.4035	5.4577	5.4572
Cities-										
Imlay City	16.7500	17.7500	17.7500	17.7500	19.7627	20.2061	20.5000	18.4500	17.3860	17.3500
City of Lapeer	8.7911	8.7911	8.7911	8.7911	9.8000	10.0500	10.9500	10.9500	10.9500	10.9500
Brown City	18.0206	18.0094	17.9962	17.9633	17.9716	18.1233	18.1233	18.1233	18.1233	18.1233

Continued

LAPEER COUNTY, MICHIGAN

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Villages-										
Almont	15.4714	14.9314	14.6769	14.5044	14.6711	14.1004	13.0070	13.6177	13.6031	16.6151
Clifford	21.6534	21.3587	21.1034	21.1034	16.1034	19.6034	19.1700	19.1700	19.1700	19.1700
Columbiaville	14.5404	14.3150	14.0616	13.7480	13.5184	13.2101	13.1241	13.1241	13.1241	13.1241
Dryden	10.3734	10.1182	10.0433	10.0021	9.8110	9.8110	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	15.2871	15.2703	14.9831	14.8991	14.8215	14.7918	14.6483	14.6483	14.6483	14.6483
Otter Lake	14.0000	14.3672	13.8586	13.3638	12.6688	13.2483	12.8932	12.7720	12.7720	12.7720
Local School Districts-										
Almont	14.4500	17.8613	13.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	14.2400	15.9718	13.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	11.9980	17.7948	10.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980
Capac	9.9000	17.9748	8.9000	9.9000	9.9000	9.9000	9.9000	9.9000	10.2000	10.7000
Davison	9.2390	17.8525	8.4428	9.4191	9.4016	9.3325	9.3316	9.2616	9.1916	9.1316
Dryden	7.7000	18.0000	7.2400	8.2400	8.2400	8.2400	8.2400	8.2400	8.3000	9.1000
Goodrich	13.7500	17.9973	12.7500	13.7500	13.7498	13.7500	13.7500	13.7500	13.7500	10.5600
Imlay	12.2000	18.0000	11.0635	11.0000	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500
Kingston	12.3000	0.0000	11.6400	12.6400	12.5000	12.2500	12.1500	12.0500	11.8500	12.1500
Lakeville	11.9500	18.0000	10.9500	10.7500	10.7000	10.3400	10.1000	9.9000	9.6500	9.6500
Lapeer	6.3750	18.0000	7.2500	8.2320	8.2194	8.2038	8.2038	8.2000	8.3500	8.8000
Marlette	6.0000	17.8293	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Mayville	6.0000	17.8578	5.0000	12.0000	12.0000	12.0000	12.0000	10.5000	11.0000	11.1500
North Branch	13.3000	17.7750	12.3000	13.3000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Oxford	13.0000	16.3326	12.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.0773	3.0467	3.0084	2.9794	2.9509	2.9295	2.9295	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 TEN YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>Current Year (2010)</u>			<u>Historical Year (2001)</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>
Detroit Edison	59,588,777	1	1.56%	53,144,169	1	1.60%
Consumers Power Company	33,223,062	2	0.87%	12,253,385	2	0.37%
Lemforder ZF Corporation	18,119,108	3	0.47%	N/A		N/A
International Transmission	17,487,201	4	0.46%	N/A		N/A
Pinnacle Foods	14,061,770	5	0.37%	N/A		N/A
Kamax LP	7,837,001	6	0.21%	N/A		N/A
Toyo Saet USA Corp	7,488,946	7	0.20%	N/A		N/A
Meijer, Inc	5,461,900	8	0.14%	4,838,800	7	0.15%
Rubber Enterprises	5,114,840	9	0.13%	N/A		N/A
Wal-Mart Stores East	4,665,844	10	0.12%	N/A		N/A
Vlasic Foods	N/A		N/A	9,407,197	3	0.28%
Michigan DNR/DNR	N/A		N/A	8,416,143	4	0.25%
Great Lakes Gas Transmission	N/A		N/A	7,810,025	5	0.24%
Camtron Coating	N/A		N/A	6,094,300	6	0.18%
Johnson Controls Tech.	N/A		N/A	4,550,000	8	0.14%
Durakon Industries	N/A		N/A	4,243,150	9	0.13%
Ligon Brothers Mfg. Co.	N/A		N/A	3,965,749	10	0.12%
Total	<u><u>\$ 173,048,449</u></u>		<u><u>4.53%</u></u>	<u><u>\$ 114,722,918</u></u>		<u><u>3.45%</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
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	\$ 87,052,296	100%
2009	2008	\$ 85,088,787	(320,205)	\$ 84,768,541	\$ 75,241,951	88.76	\$ 9,526,590	\$ 84,768,541	100%
2010	2009	\$ 87,682,390	(492,741)	\$ 87,189,649	\$ 79,467,222	91.14	\$ 7,722,427	\$ 87,189,649	100%

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
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	\$ 1,360,624	\$ 11,832,852	100%
2009	2008	\$ 11,849,851	(23,211)	\$ 11,826,640	\$ 11,147,868	94.26	\$ 661,104	\$ 11,808,972	100%
2010	2009	\$ 10,780,164	(22,905)	\$ 10,757,259	\$ 10,174,532	94.58	\$ 583,326	\$ 10,757,858	100%

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.

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
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%
2009	2008	\$ 554,498	\$ 554,498	100%
2010	2009	\$ 556,900	\$ 556,900	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>
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%	0.11%	42.42
2009	2008	87,904	\$ 21,462	\$ 3,203,594,051	\$ 2,215,000	0.12%	0.07%	25.20
2010	2009	88,319	\$ 25,502	\$ 3,320,773,773	\$ 1,818,000	0.08%	0.05%	20.58

Notes:

Property Value data can be found in Schedule S-7

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

The general bonded debt includes the Component unit G.O. Bonds the County is contingently liable for.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

**COMPUTATION OF DIRECT AND OVERLAPPING LONG-TERM BONDED DEBT
DECEMBER 31, 2010
(UNAUDITED)**

	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
Direct Debt:			
Building Authority	\$ 665,000	\$ -	\$ 665,000
Water	2,984,069	2,984,069	-
Drain	3,263,318	2,110,751	873,318
Wastewater	515,000	515,000	-
Sewer	1,590,000	1,590,000	-
MTF Notes	210,000	210,000	-
	<u>\$ 9,227,387</u>	<u>\$ 7,409,820</u>	<u>\$ 1,817,567</u>
Overlapping Debt of County:			
Villages			7,472,362
Cities			13,241,047
Townships			4,105,242
School Districts			194,628,456
Intermediate School Districts			3,413,711
Community College			1,221,074
			<u>224,081,892</u>
Total Overlapping Debt			<u>224,081,892</u>
Total County Net Direct and Overlapping Debt			<u>\$ 225,899,459</u>
 Legal Debt Margin Calculation for 2010			
Assessed Value			\$ 3,320,773,773
Debt limit (10% of assessed value)			332,077,377
Debt applicable to limit - general obligation bonds			9,227,387
Legal debt margin			\$ 322,849,990

NOTE: The net direct debt includes the Component unit G.O. Bonds the County is contingently liable for.

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
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
2009	2008	\$ 3,821,919,300	\$ 382,191,930	\$ 10,597,000	\$371,594,930	0.03
2010	2009	\$ 3,320,773,773	\$ 332,077,377	\$ 9,227,387	\$322,849,990	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
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%
2009	87,904	\$ 1,886,596,000	\$ 21,462	14,082	18.60%
2010	88,319	\$ 2,252,311,000	\$ 25,502	15,251	13.90%

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 2010 AND TEN YEARS AGO
(UNAUDITED)

Current Year (2010)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
Lapeer Regional Medical Center	Health Care	756	1
Lapeer Community Schools	Education	715	2
Lapeer Industries	Manufacturing	500	3
Lapeer County	Government	391	4
Walmart	Retail	390	5
Thumb Correctional Facility	State Prison	365	6
Meijer	Retail	340	7
Pinnacle Foods	Food Processing	300	8
Champion Bus, Inc.	Manufacturing	300	9
North Branch Area Schools	Education	288	10

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

continued

LAPEER COUNTY, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR 2010 AND TEN YEARS AGO
(UNAUDITED)

Historical Fiscal Year (2000)

<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		1,200	

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)
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	3,195,751,102	8,584,759,060
2009	3,821,919,300	3,127,825,150	7,643,838,600
2010	3,320,773,773	2,845,481,660	6,641,547,546

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	11,043	26.93 %	1,459,767	31.48 %
Service Occupations	5,608	13.67	687,336	14.82
Sales and Office Occupations	8,581	20.92	1,187,015	25.60
Farming, Fishing and Forestry	165	0.40	21,120	0.46
Construction, Extraction & Maintenance	5,687	13.87	425,291	9.17
Production, Transp. & Mat. Moving	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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legislative										
Board of Commissioners	5.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Administrative	2.2	2.9	3.0	3.0	2.9	3.0	3.0	3.0	3.1	3.1
Judicial										
Circuit Court	6.9	7.0	7.0	6.9	7.0	7.0	7.0	14.9	19.1	15.1
District Court	22.6	22.5	22.1	22.3	22.7	22.7	23.0	22.4	23.7	21.8
Friend of the Court	20.6	20.3	18.9	18.9	18.9	18.9	18.9	19.0	19.7	18.2
Probate Court	12.8	12.9	12.5	12.9	12.8	12.5	12.8	4.0	3.6	3.7
Community Corrections	2.5	2.5	3.5	3.6	3.6	3.7	3.7	3.6	3.7	3.5
Child Care	2.0	2.0	2.3	3.5	3.0	2.3	3.3	3.8	3.8	3.3
General Government										
County Clerk	7.5	7.3	7.8	7.8	7.8	8.0	8.0	8.0	8.3	8.0
Equalization	3.4	3.9	3.1	1.4	1.0	1.0	1.0	1.0	1.0	1.0
Prosecuting Attorney	13.8	14.4	15.9	16.0	15.9	15.9	16.0	16.0	16.1	14.7
Register of Deeds	5.4	5.3	5.9	6.0	5.8	5.5	4.9	5.0	5.0	4.1
County Treasurer	4.5	4.6	4.4	5.7	6.1	6.2	6.1	6.4	6.2	6.3
G.I.S.	1.0	1.0	1.0	0.3	0.0	0.0	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	4.6	4.4	4.0	4.0	3.9	4.0	4.0	4.0	4.1	4.0
Building and Grounds	8.4	8.0	6.9	6.7	7.0	7.0	7.0	6.0	6.2	5.9
Drain Office	6.6	6.9	6.9	6.8	6.0	6.0	6.0	6.0	6.1	6.0
MSU Extension	0.0	4.8	4.9	4.7	4.7	4.6	4.8	4.4	4.2	2.7
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	51.9	50.5	52.1	51.2	50.4	50.7	51.2	51.7	51.7	49.8
County Jail	29.5	29.9	29.1	29.4	29.2	29.3	29.9	29.8	31.0	29.7
Central Dispatch	18.6	18.5	19.0	19.5	18.8	18.4	19.0	18.7	19.4	18.3
Animal Control	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.2	3.0
Emergency Operations	1.0	1.0	1.2	1.4	1.0	1.4	1.1	1.0	1.0	1.0
Health and Welfare										
Parks Department	10.9	12.6	11.4	10.9	11.8	11.0	10.8	11.6	8.5	2.7
Community Health										
Public Health	69.7	67.8	64.6	65.1	64.5	68.1	67.0	61.5	54.8	50.0
Senior Services	9.1	8.5	7.9	7.5	7.2	5.9				
Community Mental Health	79.8	77.3	75.6	75.8	70.1	70.8	69.7	68.6	68.7	69.4
Multi-Purpose	6.1	6.8	6.7	6.2	6.8	6.4	6.0	5.5	6.0	5.9
Veterans	2.0	2.0	2.0	2.0	1.6	1.0	1.0	1.0	1.0	1.0
Community Development	1.6	1.0	1.8	2.4	3.0	3.8	3.9	3.7	2.2	1.0
	406.1	418.6	415.5	415.9	407.5	409.1	403.1	394.6	391.4	362.2

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	2006	2007	2008	2009	2010
LEGISLATIVE					
<u>Board of Commissioners</u>					
Full Board Meetings	26	26	24	25	26
Committee of the Whole Meetings	25	25	24	23	23
Other Special Meeting/Hearings Held	3	4	-	-	-
Board Motions Acted Upon	450	412	446	436	426
JUDICIAL					
<u>40th Circuit Court</u>					
PPO's Issued	348	302	279	279	213
Appeals	48	50	65	65	59
Domestic Cases	684	711	669	669	659
Civil Cases	334	318	313	313	285
Adoption	37	32	51	51	33
Child Protection	33	34	32	32	19
Juvenile	411	359	311	311	313
Criminal	391	392	376	376	331
Misc. Family Filings	50	54	35	36	48
<u>71-A District Court</u>					
<u>Criminal</u>					
Felonies	701	653	646	700	633
Drunk Driving	884	815	769	682	469
Traffic Offenses	8,387	8,841	9,193	9,374	7,413
Misdemeanors	1,569	1,568	1,387	1,156	1,240
Non-Traffic Offenses	885	1,020	813	980	831
<u>Civil</u>					
General Civil	2,009	2,676	3,004	2,789	2,856
Landlord/Tenant	700	663	813	748	737
Small Claims	746	738	657	486	369
<u>Probate/Family Court</u>					
<u>Civil</u>					
Conservatorship/Protective Orders	48	39	28	30	35
Estates	163	174	173	171	166
Guardianships	84	95	97	84	78
Judicial Admin/Mental Commitments	69	67	54	47	42
Trusts	5	4	7	10	8
Wills for Safe Keeping	74	94	78	71	72
<u>Friend of the Court</u>					
Caseload	5,942	5,922	5,951	5,916	6,000
Children IV-D Cases	7,982	7,821	8,025	8,010	7,667
Bench Warrants Issued	509	574	635	295	466
Referee Hearings Conducted	N/A	4,257	4,707	6,167	3,797
Cases Mediated	N/A	25	29	21	22
PUBLIC SAFETY					
<u>Community Corrections</u>					
Clients - Community Service	N/A	51	28	37	62
Clients - Jail Crew	N/A	66	64	51	64
Clients - Day Reporting	N/A	64	80	57	74
Drunk Driver Jail Reduction Program	N/A	33	43	35	66
Jail Beds Saved	N/A	5,737	7,638	6,700	6,406

Continued

LAPEER COUNTY, MICHIGAN

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

FUNCTION	2006	2007	2008	2009	2010
<u>Prosecuting Attorney</u>					
Felony Cases Authorized	763	730	732	677	626
Domestic Violence - Felony	26	24	23	27	56
Misdemeanor Cases Filed	2,463	2,379	3,014	2,660	2,256
Misdemeanor Domestic Violence	196	182	184	155	203
Juvenile Petitions Filed	359	312	405	358	383
Juvenile Domestic Violence Authorized	19	13	19	20	15
Victims Rights - Eligible Victims	939	866	821	773	824
Victims Rights Domestic Fel/Misd/Juv	241	219	-	202	212
Drug - Misdemeanor/Felony Authorized	433	412	415	N/A	1,109
Drunk Driving Misd/Felony	872	836	730	696	463
Non-Support	109	186	120	134	105
Paternity	84	82	76	57	62
URESAs	15	13	10	19	7
<u>Sheriff's Department</u>					
Jail Bookings	3,477	3,531	3,525	3,092	2,687
Calls Answered	23,918	24,878	25,076	23,883	21,644
Fatal Crashes	7	11	9	N/A	7
Personal Injury Crashes	530	480	443	N/A	401
Property Damage Crashes	2,652	2,780	2,804	N/A	2,401
Private Property Crashes	114	132	N/A	N/A	N/A
Detective Bureau Arrests	365	216	218	498	538
Secondary Road Patrol Tickets Issued	615	355	208	208	177
Purchase Permits Issued	1,762	1,839	1,798	1,130	2,465
Marine Division Patrol Hours	857	1,017	819	819	1,180
Township Complaints Responded To	17,071	N/A	N/A	N/A	N/A
<u>E-911 Central Dispatch</u>					
Hardware/Landline Calls	14,435	10,486	11,201	8,596	7,776
Wireless Calls	14,816	18,411	18,697	18,628	20,466
VOIP	298	394	387	373	318
Non-Emergency Calls	84,508	80,147	82,075	76,637	68,856
CAD Reports/Dispatch	71,351	72,915	74,951	72,307	70,344
<u>Emergency Management</u>					
EMAC Meetings Held	4	4	4	5	5
Local Meetings Attended	46	44	42	35	48
Regional Homeland Security Meetings	3	48	43	38	88
Disaster Exercise Planning Meetings	5	4	6	7	7
District Meetings Attended	6	6	6	6	4
EAG Plan Updates/Policies Written	5	7	4	6	13
Quarterly Reports Completed	8	9	9	4	6
Trainings Hosted	6	4	3	2	6
Tier II Plans Filed	47	51	49	53	42
Special Events Planned	8	10	4	3	3
Identification Badges Created	100	50	75	111	137
HEALTH AND WELFARE					
<u>Parks Department</u>					
Water Park Attendance	23,307	20,969	24,634	17,757	12,516
Reservation Attendance	11,000	8,915	11,740	5,902	6,350
Winter Park Attendance	200	830	1,265	1,135	N/A
Special Events Attendance	1,500	2,500	3,300	2,500	-
<u>Health Department</u>					
<u>Medical Examiner</u>					
Medical Examiner Cases	59	52	56	66	76
Cremation Permits	164	200	216	224	237
Hospice	15	38	54	115	45

Continued

LAPEER COUNTY, MICHIGAN

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

FUNCTION	2006	2007	2008	2009	2010
<u>Health Department (Cont'd)</u>					
<u>Animal Control</u>					
Animal Control Complaints	2,836	2,485	2,573	2,262	2,034
Animals Held at Shelter	2,275	2,718	2,275	1,988	1,930
Animals Picked Up	686	466	443	342	323
Animal Bites - Cases	300	262	220	273	240
Animals Tested for Rabies	99	85	157	144	166
Animal Rabies Cases	4	3	8	4	7
<u>Environmental Health Division</u>					
EH - Sewage Applications	343	215	24	120	105
EH - Sewage Permits	364	199	136	131	97
EH - Well Permits	472	353	232	236	232
Food Service Inspections	678	576	605	602	554
<u>Home Health Division</u>					
Home Health Clients	316	298	209	N/A	N/A
<u>Public Health Nursing</u>					
Maternal Infant Health Visits	2,578	3,250	3,152	2,640	2,125
<u>Immunizations</u>					
Childhood Immunizations Given	5,233	4,074	3,654	3,910	4,425
Adult Immunizations Given	747	1,121	1,423	2,103	1,005
Total Immunizations Given	5,980	5,195	5,080	6,013	5,430
<u>WIC Program</u>					
Individuals Participating in WIC	1,548	1,713	1,855	1,905	2,028
<u>Hearing & Vision Screening</u>					
Hearing & Vision Screening Cases	10,251	10,358	11,094	11,504	9,965
<u>AICC Program</u>					
AICC Clients	343	396	437	474	497
<u>Senior Programs</u>					
Home-Delivered Meals	100,593	100,920	109,168	116,454	87,281
Congregate Meals	5,469	7,411	9,935	9,524	9,595
Medication Management Clients	7	13	5	8	11
Personal Care/Homemaker Clients	230	241	170	152	142
Case Coordination Clients	73	99	43	57	46
Care Management Clients	32	32	32	33	29
Health Screening Clients	23	23	22	26	7
Chore Maintenance Clients	148	145	142	174	215
Respite Care Clients	79	100	74	73	72
<u>Mental Health</u>					
Adults with Psychiatric Disorders	873	788	864	946	1,013
Persons with Developmental Disabilities	321	324	305	315	318
Children with Emotional Disturbances	194	153	200	239	272
GENERAL GOVERNMENT					
<u>County Clerk</u>					
<u>Circuit Court Division</u>					
Criminal Cases Filed	392	398	383	391	334
All Other Cases Filed	1,453	1,411	1,338	1,292	1,281
Adult Probation Receipts	1,093	1,271	1,344	1,804	2,038
<u>Vital Records Division</u>					
Marriage License Applications	563	568	514	513	519
Assumed Names	1,014	899	817	891	784
Notary Bonds	240	222	195	70	121
Death Certificates Filed	470	500	522	543	525
Birth Certificates Filed	632	603	564	599	598
Voter Registrations	5,993	5,569	6,810	5,046	5,653
Concealed Pistol Permits	375	285	538	1,075	1,107

Continued

LAPEER COUNTY, MICHIGAN

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

FUNCTION	2006	2007	2008	2009	2010
GENERAL GOVERNMENT (Cont'd)					
<u>Payroll Dept.</u>					
Payroll Checks Processed	3,040	2,650	2,128	1,915	1,667
Payroll Direct Deposits Processed	9,512	9,603	9,693	9,761	9,114
W-2's Forms Prepared	580	549	551	477	436
<u>Accounts Payable Dept.</u>					
Accounts Payable Invoices Processed	16,582	17,487	17,089	15,381	13,982
Accounts Payable Checks Processed	12,873	12,589	12,778	11,339	10,040
1099 Forms Prepared	130	142	149	165	165
<u>Computer Dept.</u>					
General Ledger Reports Distributed	3,000	3,150	3,500	3,550	3,400
Journal Entries Entered	2,223	2,064	2,199	2,323	2,158
Budget Amendments Processed	106	93	128	160	74
Budgets Entered	100	142	142	150	148
Computers Countywide	427	428	430	432	451
<u>Accounting Dept.</u>					
Bank Accounts Reconciled	468	456	432	396	528
Grants Reviewed & Processed	55	47	49	52	58
General Ledger Funds Maintained	79	79	79	79	85
<u>Budget Dept.</u>					
Total Amount of Gen Fund Budget	\$20,399,371	\$20,542,500	\$20,901,523	\$20,852,909	\$18,822,641
Total Amt of Spec Rev Funds Budgeted	\$28,571,860	\$28,640,518	\$29,940,907	\$29,590,028	\$30,054,446
Total Amt of Debt Svs Funds Budgeted	\$3,074,890	\$3,074,354	\$3,338,309	\$3,338,309	\$1,548,947
<u>Register of Deeds</u>					
Warranty Deeds	1,593	1,209	912	858	951
Quit Claim Deeds	1,382	1,340	1,211	1,308	1,207
Death Certificates	218	224	211	220	210
Land Contracts	18	20	7	27	31
Memo Land Contracts	81	69	70	78	112
Misc. Recordings	3,052	3,586	4,626	4,743	4,842
Mortgages	6,597	4,543	2,840	2,849	2,144
Discharges	5,704	4,472	3,048	2,980	2,435
Assignment of Mortgages	1,003	1,233	669	895	1,632
Misc. Mortgage Recordings	2,628	2,370	2,427	2,303	2,324
UCC Financing Filings	137	170	274	341	243
<u>Community Development</u>					
<u>Housing Division</u>					
CDBG Homes Improved	15	14	9	16	16
CDBG - Senior Clients	5	2	2	5	5
CDBG - Handicapped Clients	4	7	2	5	5
<u>Soil & Sedimentation</u>					
SESC Permits Issued	158	215	298	345	345
<u>Drain Commissioner</u>					
Drains (&Other) Maintained	86	71	79	85	7
Drains Sprayed	18	11	18	17	15
Drains Assessed	45	59	57	53	45
Plan Reviews	8	6	6	4	-
Act 40 Permits Issued	13	11	14	10	8
<u>Treasurer</u>					
Total Number of Parcels	47,057	47,395	50,077	51,012	43,617
Number of Delinquent Parcels	4,937	5,060	5,510	5,266	5,455
Parcels Forfeited	495	666	932	977	1,008
Taxable Value	2,989,701,382	3,129,128,779	3,195,751,102	3,129,825,150	2,845,481,660
C.E.V.	4,221,145,112	4,327,575,426	4,292,379,530	3,822,452,922	3,320,773,773

Continued

LAPEER COUNTY, MICHIGAN

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

FUNCTION	2006	2007	2008	2009	2010
<u>Collaborative Planning Commission</u>					
Rezoning/Text Amendment Reviews	36	23	13	12	15
Annual Conference Attendance	170	95	136	176	182
<u>Building & Grounds</u>					
Work Orders Completed	1,037	969	903	1,104	1,199
<u>Veterans Affairs</u>					
# Scheduled Appointments	N/A	N/A	N/A	552	411
Walk-in Clients (Est)				1000-1500	1,500
<u>MSUE</u>					
Educational Workshops/Events	258	201	181	115	118
4-H Club Members	1,043	1,043	686	591	596
Non-Club Youth Involved (Short-Term)	4,119	4,145	3,331	1,088	876
Active Master Gardeners	156	155	145	173	167
Food Safety Participants Trained	1,678	1,773	1,039	1,572	2,001
Number of Grants Administered	10	9	5	5	4
Leadership Training Participants	343	346	422	417	84

N/A - Information is Not Available at this Time

Concluded

LAPEER COUNTY, MICHIGAN

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

(UNAUDITED)

Function	2006	2007	2008	2009	2010
Legislative					
Computers	10	10	10	9	9
Judicial					
Court Rooms	6	6	6	6	6
Vehicles	9	9	9	10	10
Computers	72	74	98	98	98
* Network Printers/Copiers	17	17	14	14	14
General Government					
All County Buildings	11	12	12	12	12
Vehicles not reported elsewhere	15	15	19	18	18
Computers	67	69	83	85	85
* Network Printers/Copiers	25	26	18	20	20
Public Safety					
Jail Beds Available	123	123	123	123	123
Vehicles					
Patrol	18	18	20	20	20
Other	22	22	25	25	25
Computers	48	53	59	60	60
* Network Printers/Copiers	10	11	10	10	10
Health and Welfare					
Vehicles	22	22	22	21	21
Park Acreage					
Torzewski	70	70	70	70	70
Squire	80	80	80	80	80
Other	1	8	8	8	8
Computers	203	203	202	201	201
* Network Printers/Copiers	70	75	20	20	20

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

Source: Lapeer County Finance Department

* In 2009 Printers were changed to Network Printers and Copiers

LAPEER COUNTY, MICHIGAN

DESCRIPTION OF INSURANCE COVERAGE IN FORCE DECEMBER 31, 2010 (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 \$15,000,000. The County's total contribution for 2010 is approximately \$ 440,503 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 2010 is \$284,218. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2010 is \$944,436.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2010 is \$199,852. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2010 is \$134,008.

LAPEER COUNTY, MICHIGAN

OTHER STATISTICS DECEMBER 31, 2010 (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.