Lapeer County

Michigan

Comprehensive Annual Financial Report

Year Ended December 31, 2007

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LAPEER COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2007

BOARD OF COMMISSIONERS

David Taylor, Chairperson
Cheryl Clark, Vice Chairperson
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ISSUED BY:
COUNTY ADMINISTRATION OFFICE

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

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS
DECEMBER 31, 2007

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

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS
DECEMBER 31, 2007

	Page Number
SECTION TWO: FINANCIAL SECTION – (cont'd)	
Required Supplementary Information:	
General Fund -	
Budgetary Comparison Schedule	70
Mental Health Fund -	
Budgetary Comparison Schedule	73
Revenue Sharing Reserve Fund -	
Budgetary Comparison Schedule	74
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds -	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Nonmajor Special Revenue Funds	90
Internal Service Funds -	
Combining Statement of Net Assets - Internal Service Funds	104
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	106
Combining Statement of Cash Flows - Internal Service Funds	108
Fiduciary Funds -	
Pension and Other Employee Benefit Trust Fund	
Combining Statement of Fiduciary Net Assets	110
Combining Statement of Changes in Pension and Other Employee Benefit Trust Funds Fiduciary Net Assets	111
Agency Funds -	
Combining Statement of Fiduciary Net Assets	112
Combining Statement of Changes in Assets and Liabilities	113
Capital Assets Used in the Operation of Governmental Funds -	
Schedule of Changes in Capital Assets	115
Schedule of Capital Assets by Function and Activity	116
Schedule of Changes in Capital Assets by Function and Activity	117
Discretely Presented Component Units -	
Board of Public Works Funds -	
Combining Balance Sheet	118
Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	120

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS
DECEMBER 31, 2007

	Page Number
SECTION TWO: FINANCIAL SECTION – (cont'd)	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	121
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	123
Drainage District Funds -	
Combining Balance Sheet	124
Reconciliation of Fund Balance on the Balance Sheet to Net Assets of Governmental Activities on the Statement of Net Assets	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	127
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	129
Statement of Net Assets - Proprietary Fund	130
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	130
Statement of Cash Flows - Proprietary Fund	131
SECTION THREE: STATISTICAL SECTION	
Financial Trends	
Government-Wide Net Assets by Component - Last Five Years	S-1
Government-Wide Changes in Net Assets - Last Four Years	S-2
Fund Balances, Governmental Funds - Last Ten Years	S-4
Changes in Fund Balance, Governmental Funds - Last Ten Years	S-5
General Fund Changes in Fund Balances - Last Ten Years	S-6
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Years	S-7
Property Rates - All Direct and Overlapping Governments - Last Ten Years	S-8
Principal Property Tax Payers - Current Years and Nine Years Ago	S-10

LAPEER COUNTY, MICHIGAN

TABLE OF CONTENTS
DECEMBER 31, 2007

	Page Number
SECTION THREE: STATISTICAL SECTION - (cont'd)	
Revenue Capacity – (cont'd)	
Property Tax Levies and Collections - All Taxing Units within the County - Last Ten Year	S-11
Property Tax Levies and Collections - County Operating Levy Only - Last Ten Years	S-12
Drain Special Assessment Levies and Collections - Last Ten Years	S-13
Debt Capacity	
Ratios of Net General Bonded Debt Outstanding - Last Ten Years	S-14
Computation of Direct and Overlapping Long-Term Bonded Debt	S-15
Legal Debt Margin Information - Last Ten Years	S-16
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Years	S-17
Principal Employers - Current Year and Nine Years Ago	S-18
Demographic Statistics - Property Values - Last Ten Years	S-20
Miscellaneous Statistics - Employment by Industry	S-21
Operating Information	
Full-Time Equivalent County Government Employee Positions by Function - Last Ten Years	S-22
Capital Asset Statistics by Function - Last Two Years	S-23
Miscellaneous Statistics	
Description of Insurance Coverage in Force	S-24
Other Statistics	S-25

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MICHIGAN'S OLDEST COURTHOUSE

June 25, 2008

To the Board of Commissioners and Citizens of Lapeer County:

The Comprehensive Annual Financial Report (CAFR) of the County of Lapeer, Lapeer, Michigan, for the year ended December 31, 2007, is submitted herewith. The administration of Lapeer County is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the County as a whole. The report is prepared for the purpose of disclosing the County's financial condition to our community, elected officials, and other interested parties.

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

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, 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, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF LAPEER COUNTY

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

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County experienced a slight population decrease in 2007. The U.S. Census Bureau estimated the population at 92,012, down from 93,761 in 2006. This trend is consistent with a statewide reduction of population of an estimated 30,500 from the prior year.

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

Banking services remain stable throughout the County. The Lapeer County Bank and Trust continues to be locally owned and managed, and with branches of Bank One, Citizens First Savings, Flagstar, CSB, National City, Tri-County Bank, Independent Bank, Oxford Bank, and two credit unions, a wide range of financial services are provided to residents. Plans to locate two additional credit unions have also been announced.

The taxable value of property reached $3,129,128,779, as compared to $2,989,701,382 in 2006, an increase of .0471. During the same period, S.E.V. increased from $4,221,145,112 to $4,327,575,426 up .0245. A factor in this growth is a low tax levy of 3.7886 which remained the same from 2006 for general County operations. In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County. The average residential selling price in 2007 was $151,503, down from $167,413 in 2006 based on data from the Lapeer and Upper Thumb Association of Realtors.

With over 250 lakes, two County, two State, and a number of local parks, abundant fishing, camping, and water sports 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 Courthouses in the nation. Built in 1846, this significant historical site is an outstanding example of Greek revival architecture and is a community focal point.

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

Creating a link between government and businesses interested in locating or expanding in the County, the Lapeer Development Corporation continues to lead and coordinate economic development. During 2007, LDC assisted in the creation of 198 jobs and $27.7 million of new investment value occurred as a result of the efforts of the Corporation. Since its inception in 1981, the LDC has brought a private sector investment of $486,651,499 into the County and has assisted with the creation and retention of 6,510 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 a new 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 is constructing a 16,200 square foot state-of-the-art outpatient cancer facility scheduled to open in 2008.

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

Reflective of the changing County is the growth 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 almost $8 million dollars. Approximately $60,000 is awarded in scholarships and $100,000 is granted to non-profit groups, educational and government institutions annually. The Foundation, which became independent in 2005, manages 45 funds for community organizations.

The Intermediate School District serves five school systems and a number of private schools provide diverse educational experiences within the County. Chatfield School, chartered by Saginaw Valley State University, completed its twelfth 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 center. 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 Center is also the hub for emergency management communication and coordination in the event of a natural or man made disaster.

ORGANIZATION STRUCTURE

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

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

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

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

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

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board. Appointments to specific County functions include the Department of Human Services Board, the Collaborative Planning Commission, the Veterans Affairs Board, the Solid Waste Authority, 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 payment 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 occured in 2007 as indicated in the following table:

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

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

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The level of investment income remains an important element in the County Budget. The County Treasurer and the Finance Office engage in a vigorous investment program within the statutory guidelines. Timely investment management produced approximately $1.04 million for use in the General Fund Budget in 2007.

Growth in the tax base throughout the County has continued to provide 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, provides some restrained capacity to meet the growing demands on the general fund budget. Trends however suggest that this growth will level with the slowing of the State economy and the corresponding revenue forecast may require adjustment accordingly.

The continued increase of 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 avalible for use in the general fund remains as a little understood tax policy. The apparent revenue generated by multiplying the taxable value of property by the adopted tax rate gives a total that must be reduced by approximately $622,885 that is retained by local government TIFA's and DDA's. This captured total increased from $588,965 in 2006.

Remaining as a possible threat to general fund not only of La peer County, but to all Michigan counties, is a law suit filed against the Register of Deeds by a Title Company could result in the reduction in revenue for the general fund. The Company asserts that the Register of Deeds should sell discounted title information notwithstanding the statutory one dollar fee to title companies. Historically, revenue from activity in the ROD office has helped offset expense for mandated County services.

The growing State of Michigan budget problem continues to create a perplexing dilemma at the County level of government. With approximately 17% of general fund revenue, 21% of the Health Department budget, and 15% of the Community Mental Health Budget state revenue, the uncertainty of future funding and/or reimbursement warrants increased vigilance regarding decisions in Lansing that may have a direct effect on county government operation.

Long term Financial Planning/Budgeting

In response to the constraints evolving with revenue reductions and limitations, Lapeer County focuses 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.

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 management.

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

Capital Improvement/Acquisitions

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

A multi-year technology plan has been approved by the board of Commissioners. This Plan provides a footprint for the development of a cost effective informational technology system that gives each department the capacity to meet internal needs, yet ensures that hardware and software are acquired to integrate into the county-wide system. A single point of access, at substantial cost benefit, provides inter-net capacity 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. By partnering with the Road Commission for gasoline purchases, each unit has benefited through lower pricing per gallon. 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 nontraditional, the County continues an agreement with St Clair County to share the duties of their Equalization Director and Director of Veterans Affairs. This arrangement has resulted in cost containment and will be monitored during the life of the agreement to determine cost benefit and measure the delivery of service. Preliminary reviews indicate that service has been enhanced and cost savings achieved. A principle factor in the equalization office was meeting the State mandate to obtain the service of a Level IV assessor. With the agreement, the Level IV requirement was met.

Bond Rating

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

Budgeting Controls

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

Cash Management: The County remains conservative in cash management and fully complies with State regulations regarding investments. The County Treasurer invests first for the safety of principle, then for liquidity for cash flow, finally to maximize interest earned. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial market. Typical investments include demand deposits, a cash management investment trust fund, certificates of deposit, U.S. Government securities, bankers' acceptance of United States banks, and high quality commercial paper. The average yield on pooled cash investments during 2007 was 4.82%.

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

Major Initiatives

The implementation of the Information Systems Plan to upgrade technology throughout all Departments continues to progress according to the timetable. The collaborative effort with the Immediate School District for Internet service and fiber optic lines remains a cost effective and productive initiative. Enhancements in the capacity of the Circuit Count to conduct video proceedings was extended to the State prison system. A grant from the MMRMA to acquire equipment and for installation was received to further this project into 2008.

Building security and access control continue to be improved with installation of swipe card security at the Rich Building (Health Dept.), the Community Mental Health facility, and the County Complex building. Work was undertaken to replace worn carpet in the Jail with tile installed in main hallways and squad room, and office areas were repainted. Addition public seating was acquired and placed outside of the Courtroom areas in the Complex building to accommodate a recognized need.

The Historic Courthouse restoration reached a milestone in 2007. With the exception of the air conditioning system, the final phases of work to complete the effort to renovate this landmark reached its conclusion. Constructed in 1846, this building has been the focus of a community supported effort to preserve one of the oldest Courthouses in the Nation. As a National Historical Site, this building is the focal point of the community. In addition to a County allocation, the volunteer Restoration Committee remains committed to the task of raising funds to underwrite the expense to preserve this historic treasure The principle funding for this project came from community donations. The Historical Society, a principle partner in the restoration undertaking, continues to regularly schedule dates allowing visitors to tour the more accessible building. A highlight of the ceremony recognizing the achievement of the community in saving the 161 year old building was the presence of the Michigan Supreme Court hearing a case on September 14 in the Lapeer Historic Courthouse This was the first time the Court had conducted a session outside of Lansing and their appearance is another chapter in the historical context and legacy of this facility.

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, 2006. 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 2007.

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

Respectfully submitted,

John Biscoe
Administrator/Controller

Craig D Horton
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lapeer County Michigan

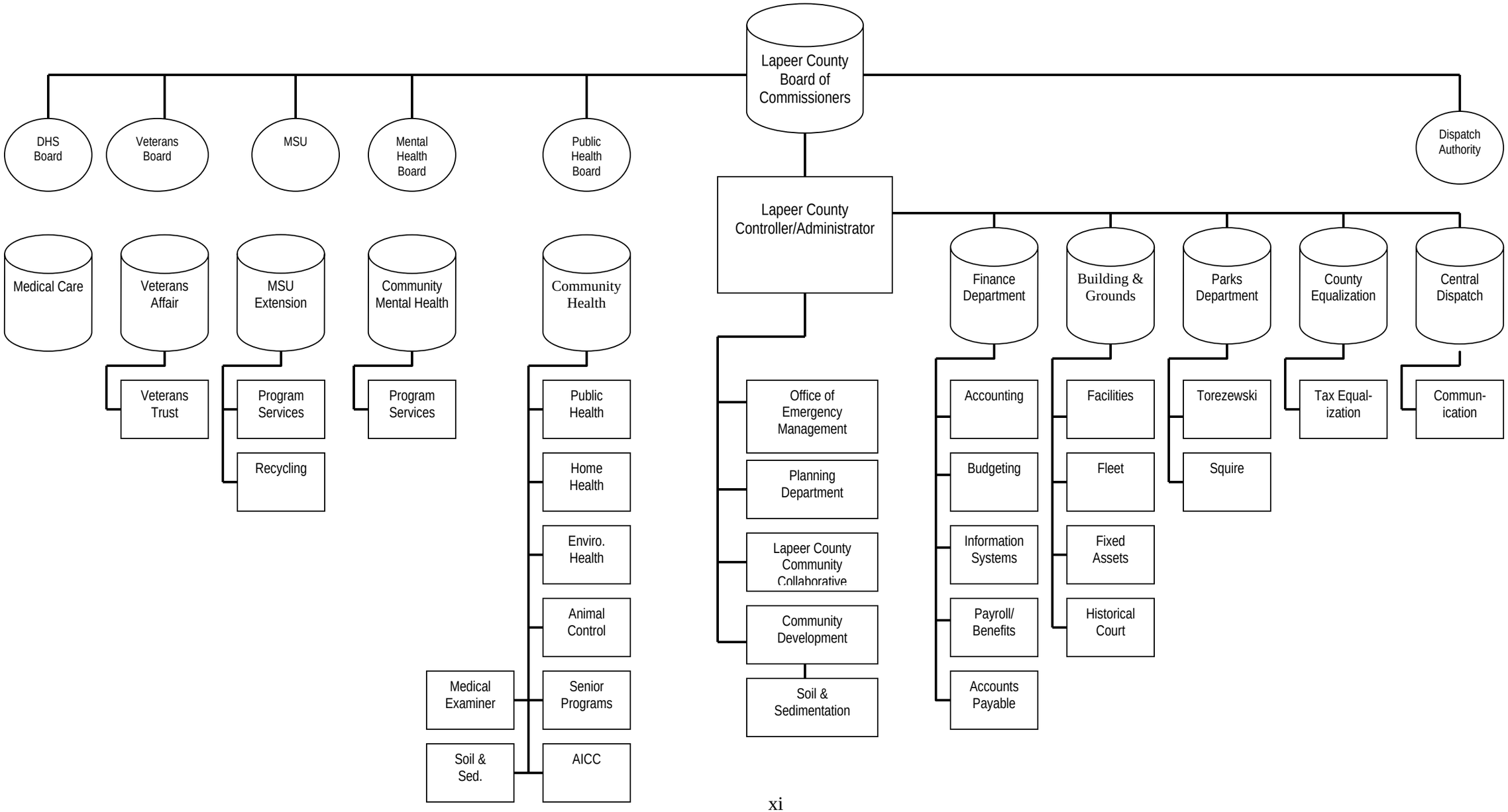
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.

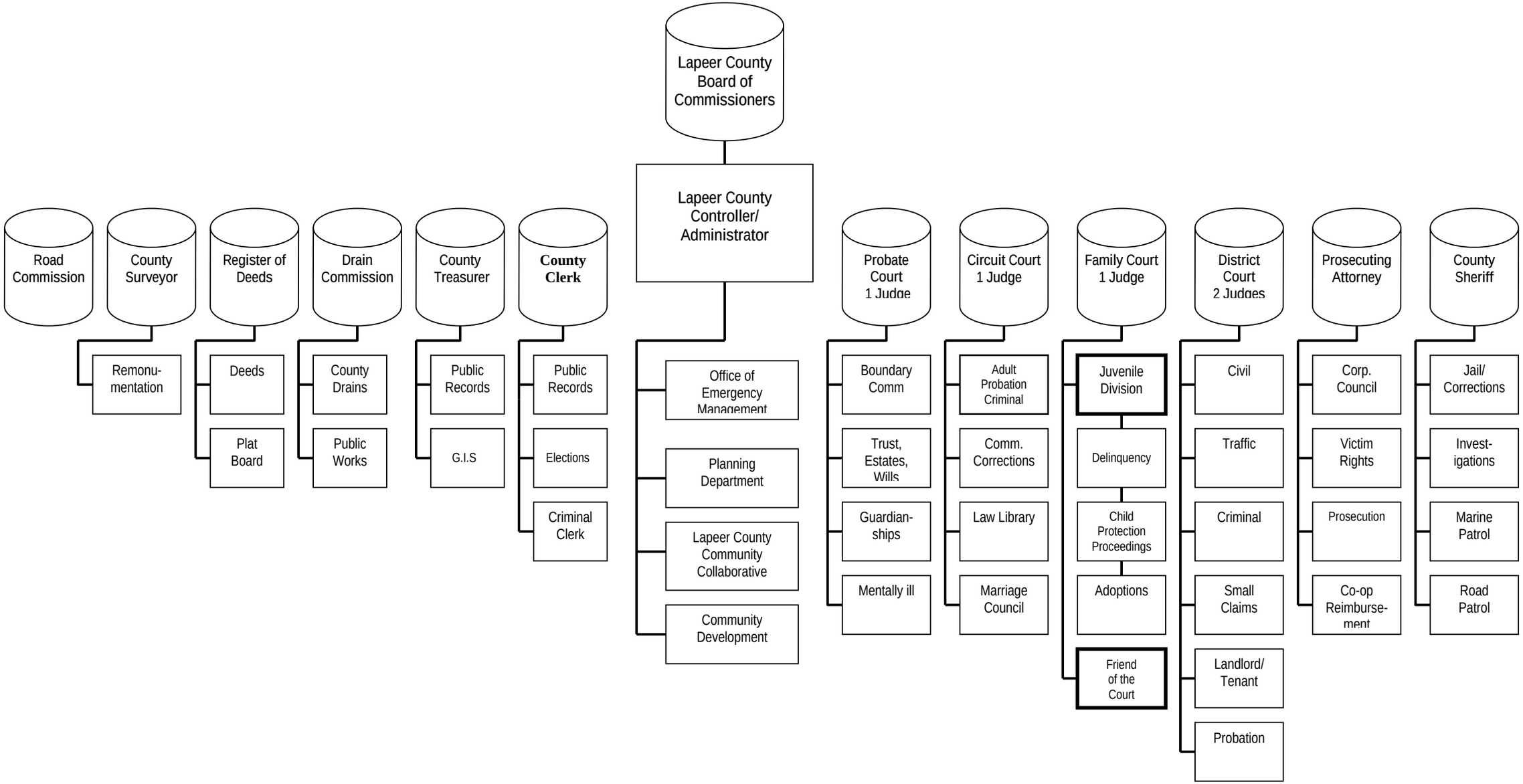
President

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
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John T. Connolly
District Court

Michael Higgins
Family Court

Laura Cheger Barnard
District Court

Nick O. Holowka
Family Court

Justus Scott
Family Court

COUNTY ELECTED OFFICIALS

Sally Eilersen
Treasurer

Ron Kalanquin
Sheriff

John Cosens
Drain Commissioner

Marlene M. Bruns
Clerk

Byron Konschuh
Prosecuting Attorney

Ray Davis
Surveyor

Melissa DeVaugh
Register of Deeds

County Appointed
John Biscoe
Controller/Administrator

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lapeer County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated June 20, 2008, on our consideration of Lapeer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards***, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13, and schedules of budgetary comparisons on pages 70 through 75 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

1979 Holland Avenue, Port Huron, Michigan 48060 (810) 984-3829 Fax (810) 984-8943

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapeer County, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly we express no opinion on them.

Stewart, Beauvais & Whipple

Certified Public Accountants

June 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the County of Lapeer's financial performance with an overview of the activities for the fiscal year ending December 31, 2007. This analysis should be read in conjunction with the transmittal letter, beginning on page i of this report, and with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Lapeer County improved its financial position during fiscal year 2007.

- Net assets increased $2,853,137 to $65,515,417 (excluding component units).

- Government activities net assets increased $161,913 to $37,523,636.

- Business-type activity net assets increased $2,691,224 to $27,991,781.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of $16,954,320 increasing $77,069 from the prior year governmental funds combined ending fund balance.

- The first transfer out of the "Revenue Sharing Reserve Fund" (RSRF) of $1,569,716 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 in 2006. The fund balance in the RSRF decreased from $6,669,959 to $5,350,837 accordingly.

- The shift accelerated the tax collections and resulted in an additional year of property tax collected over the three-year period (e.g., Four years of property tax levied within three fiscal years). This additional tax revenue will be used to replace the State Revenue Sharing the County had received which was suspended by PA 357 of 2004. An annual transfer from the RSRF equaling the last State Revenue Sharing payment in 2004 of $1.46 million was made to the General Fund in 2005 and will occur in each subsequent fiscal year through 2010 until the Fund is depleted and the suspended State Revenue is restored.

- The General Fund Balance decreased $88,524 to $2,395,160.

- The Budget Stabilization Fund balance increased to $2,187,229 from $2,128,097 as a result of $59,132 interest earnings. A financial planning objective of the County is to retain a balance equaling approximately 10% of the General Fund in this Fund.

Capital and Long-Term Debt Activities:

- The County's capital assets experienced a net decrease of $1,204,330 to $27,438,980 during the fiscal year.
- The County paid $2,254,000 in bond and note obligations during fiscal year 2007.
- The County is $409,371,689 below its authorized debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net assets presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both statements report the following activities:

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements.

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

The County maintains 45 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Mental Health Fund, the Revenue Sharing Reserve Fund, and the Senior Millage Fund, all of which are considered major funds. Data from the other 39 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 under the Supplementary Information Section of this report.

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

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 23 - 27 of the report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds is the Pension Fund. The accounting used for the fiduciary funds is much like that used for proprietary funds.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 69 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary comparisons for the 4 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 - 103 of this report.

Government-wide Financial Analysis

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $65,515,417.

Approximately 38.56%, or $25,264,803 of the County's net assets, is unrestricted and available for future obligations. Approximately 39.59%, or $25,282,980 of net assets represents our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The analysis below focuses on the net assets of the County's government and business-type activities.

Net Assets of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Governmental	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	$ 23,543,410	$ 22,169,530	$ 22,052,594	$ 20,342,025	$ 45,596,004	$ 42,511,555
Capital Assets	18,904,625	19,570,568	8,534,355	9,072,742	27,438,980	28,643,310
Total Assets	42,448,035	41,740,098	30,586,949	29,414,767	73,034,984	71,154,865
Liabilities						
Non-current liabilities	1,119,500	1,308,000	326,288	1,348,779	1,445,788	2,656,779
Current Liabilities	3,804,899	3,070,375	2,268,880	2,765,431	6,073,779	5,835,806
Total Liabilities	4,924,399	4,378,375	2,595,168	4,114,210	7,519,567	8,492,585
Net Assets:						
Invested in Capital Assets, net of debt	17,818,625	18,342,068	7,464,355	7,007,742	25,282,980	25,349,810
Restricted	11,970,177	13,948,783	894,208	773,255	12,864,385	14,722,038
Unrestricted	7,734,834	5,070,872	19,633,218	17,519,560	27,368,052	22,590,432
Total Net Assets	$ 37,523,636	$ 37,361,723	$ 27,991,781	$25,300,557	$65,515,417	$ 62,662,280

The County's combined net assets increased from $62,662,280 to $65,515,417 for a net change of Governmental and Business-type activities of $ 2,853,137 from the prior year.

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

Changes in Net Assets for Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Governmental	
	2007	2006	2007	2006	2007	2006
Revenue:						
Program Revenue:						
Charges for services	$ 22,041,813	$ 20,180,381	$ 17,431,716	$ 18,263,714	$ 39,473,529	$ 38,444,095
Operating grants and Contributions	7,996,328	7,694,183	-	-	7,996,328	7,694,183
Capital Grants and Contributions	29,445	397,396	-	-	29,445	397,396
General Revenue:						
Property Taxes	13,661,065	15,972,806	2,301,179	2,024,514	15,962,244	17,997,320
Grants and Contributions not restricted to specific Programs-	391,679	429,022	29,746	395,858	421,425	824,880
Other	1,262,949	1,156,276	378,481	426,375	1,641,430	1,582,651
Total Revenue	45,383,279	45,830,064	20,141,122	21,110,461	65,524,401	66,940,525
Expenses:						
Legislative	244,333	249,736	-	-	244,333	249,736
Judicial	5,037,955	4,741,232	-	-	5,037,955	4,741,232
General Government	5,730,609	5,836,173	-	-	5,730,609	5,836,173
Public Safety	10,308,041	10,685,775	-	-	10,308,041	10,685,775
Public Works	466,202	451,726	-	-	466,202	451,726
Health and Welfare	21,500,048	19,833,250	-	-	21,500,048	19,833,250
Recreation and Culture	794,640	822,279	-	-	794,640	822,279
Other Activities	1,085,590	1,544,827	-	-	1,085,590	1,544,827
Interest on Long-Term Debt	60,650	63,684	-	-	60,650	63,684
Medical Care Facility	-	-	17,323,832	16,813,212	17,323,832	16,813,212
Delinquent Tax	-	-	126,066	50,379	126,066	50,379
Total Expenses	45,228,068	44,228,682	17,449,898	16,863,591	62,677,966	61,092,273
Increase in net assets before transfers	155,211	1,601,382	12,691,224	4,246,870	2,846,435	5,848,252
Transfers	6,702	781,037	-	(900,000)	6,702	(118,963)
Increase in net assets	161,913	2,382,419	2,691,224	3,346,870	2,853,137	5,729,289
Net assets at beginning of year, as restated	37,361,723	34,979,304	25,300,557	21,953,687	62,662,280	56,932,991
Net assets at end of year	$ 37,523,636	$ 37,361,723	$ 27,991,781	$ 25,300,557	$ 65,515,417	$ 62,662,280

Governmental Activities:

The largest revenue for governmental activities is the allocated operating property tax. The property tax rate remained at 3.7886 in 2007 as a result of the Headlee Amendment and the application of the base tax rate reduction fraction. As indicated, of the 83 counties in Michigan, 77 have higher millage rates.

Although the taxable value of the property increased from $2,989,701,383 in 2006 to $3,129,128,779, 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 $615,546 of property tax revenue that otherwise would have been available for use in the General Fund. It is important to note the existing TIFA's and DDA's continue to "capture" each year an increasing percentage of the total property tax, thereby limiting the capacity of the County to otherwise apply the revenue to mandated and essential activities.

State Revenue Sharing, which had been the second largest single source of general revenue, was suspended in 2004. In 2001 the County received $1,774,671 in State Revenue Sharing, declining to $699,788 by 2004. As noted in the introduction section, PA 357 of 2004 provided for the shift of property tax payments and the creation of the Revenue Sharing Reserve Fund. In accordance with the Act, $1,569,716 was transferred to the General Fund from the RSRF for operations and similar to revenue sharing, represents the second single source of general revenue.

Revenue by Source – Governmental Activities

	2007	2006
Taxes	$ 13,661,065	$ 15,972,806
Licenses and permits	636,952	604,566
Intergovernmental	8,378,993	8,437,447
Charges for services	17,329,614	15,740,144
Fines and forfeits	494,446	470,635
Rents and royalties	424,512	498,268
Interest	1,289,965	1,156,276
Other	3,167,732	2,949,922
	$ 45,383,279	$ 45,830,064

In total, fiscal year 2007 governmental activity revenue decreased by $446,785. This decrease was principally the result of the accelerated property tax collections (PA 357 of 2004) ending in FY 2006, and returning to a single tax bill per annum as opposed to the twice a year billing that resulted in the funding of the RSRF.

Business-type Activities:

Business-type activities increased the County's net assets by $2,691,224.
Revenue by source – Business-Type Activities

	2007	2006
Charges for services	$ 16,219,557	$ 17,112,963
Interest on taxes	699,614	275,155
Fees and penalties on delinquent taxes	304,464	657,386
Other operating revenues	208,081	218,210
Property Taxes	2,301,179	2,024,514
Donations	29,746	65,839
Interest on investments	378,481	426,375
Intergovernmental transfer payment and management fee	-	330,019
Gain on sale of assets	653	2,248
	$ 20,141,775	$ 21,112,709

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, 2007, the County's governmental funds reported combined ending fund balances of $16,954,320 an increase of $77,069 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, 2007 the general fund reported a fund balance of $2,395,160 with $2,197,160 of that amount unreserved/undesignated. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund and the total fund to total fund expenditures. Unreserved fund balance represents 13.23 % of the total general fund expenditures and transfers.

The 2007 amended budget of the general fund had revenues of $17,918,592 and transfers in of $1,563,661 with expenditures and transfers out of $21, 045,817. Included in the transfers out were $396,500 to the Capital Construction & Improvement Fund for building improvements and technology. The budget variance at the end of the year was a positive $1,475,040, or approximately 7% of expenditures and transfers out.

Of the three other major government funds, Community Mental Health reported a fund balance of $1,148,403, Revenue Sharing Reserve reported a fund balance of $5,350,837, and Senior Millage reported a fund balance of $661,854.

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, 2007.

The Delinquent Tax Fund reported an increase in net assets of $1,342,446 to $12,207,058. The Medical Care Facility Fund reported an increase of $1,348,778 to $15,784,723.

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, 2007 amounted to $27,438,980 (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	
	2007	2006	2007	2006	2007	2006
Land	$ 1,016,863	$ 790,857	$ -	$ -	$ 1,016,863	$ 790,857
Land improvement	472,251	529,382	1,377	1,714	473,628	531,096
Construction in progress	-	234,535	-	-	-	234,535
Buildings and improvements	16,294,548	16,669,065	7,719,022	8,122,787	24,013,570	24,791,852
Machinery and equipment	627,327	870,293	813,956	948,241	1,441,283	1,818,534
Vehicles	493,636	476,436	-	-	493,636	476,436
Totals	$ 18,904,625	$ 19,570,568	$ 8,534,355	$ 9,072,742	$ 27,438,980	$ 28,643,310

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

Outstanding Debt

Long-term Debt: At December 31, 2007, the County primary government had a total debt outstanding of $2,515,788, declining from the 2006 debt by $ 1,135,991.

	Governmental Activities		Business-type Activities		Total Governmental	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	$ 1,120,000	$ 1,270,000	$1,070,000	$ 2,065,000	$ 2,190,000	$ 3,335,000
Accrued Vacation and Sick	-	-	223,173	196,664	223,173	196,664
Accrued Claims Liability	15,000	98,000	103,115	82,115	118,115	180,115
Total (1)	$ 1,135,000	$ 1,368,000	$ 1,396,288	$ 2,343,779	$ 2,531,288	$ 3,711,779

(1) Total does not include deferred amounts and other additions/reductions-see note 8, which presents additional information regarding long-term debt.

Economic Outlook

Lapeer County's use of a two year operating budget and a fiscal planning process has compelled a longer-term focus on fiscal stability. In this context, the County has maintained a balanced budget without disruptions in the delivery of mandated and essential public services. Not withstanding the economic conditions and budget concerns impacting the State of Michigan and other local units of government in the state, the County through concerted fiscal management and prudent use of public funds has reduced an already low debt and insured that legacy cost obligations have been met. Additionally, the Capital Planning and Budget process has provided an effective means to address long-term capital needs within the available revenue without having to request additional funding from the voters or acquiring debt.

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

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, 2007

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	$ 9,913,663	$ 6,878,559	$ 16,792,222	$ 8,686,247
Investments	13,558,264	1,808,324	15,366,588	-
Receivables (net of allowance)	3,741,943	7,443,064	11,185,007	13,778,636
Prepaid items	322,617	94,192	416,809	507,754
Internal balances	(4,511,806)	4,500,000	(11,806)	-
Inventory	2,469	132,513	134,982	670,318
Advance to component units	90,000	-	90,000	-
Other Assets	-	15,222	15,222	-
Temporary restricted - Assets -				
Cash and cash equivalents	426,260	1,180,720	1,606,980	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	1,016,863	-	1,016,863	40,204,816
Assets being depreciated	17,887,762	8,534,355	26,422,117	46,156,209
Total Assets	42,448,035	30,586,949	73,034,984	110,003,980
LIABILITIES:				
Payables and accrued liabilities	2,541,467	1,088,160	3,629,627	1,441,683
Due to fiduciary fund	442,186	-	442,186	-
Advances and deposits	-	-	-	489,618
Advances from primary government	-	-	-	90,000
Unearned revenue	821,246	-	821,246	-
Liabilities payable from restricted assets	-	1,180,720	1,180,720	-
Non-current liabilities -				
Due within one year	148,500	130,000	278,500	1,572,782
Due in more than one year	971,000	196,288	1,167,288	11,318,710
Total Liabilities	4,924,399	2,595,168	7,519,567	14,912,793
NET ASSETS:				
Invested in capital assets, net of related liabilities	17,818,625	7,464,355	25,282,980	78,747,883
Net assets -				
Restricted -				
Debt service	162,346	-	162,346	1,868,775
Foreclosure sales	-	894,208	894,208	-
Primary and local roads	-	-	-	3,304,111
Plant replacement and expansion	969,575	-	969,575	715,430
Revenue sharing reserve	5,350,837	-	5,350,837	-
E - 911 operations	595,638	-	595,638	-
Budget stabilization	2,187,229	-	2,187,229	-
Health services and senior activities	953,335	-	953,335	-
General and mental health	669,697	-	669,697	-
Police services and law enforcement	509,108	-	509,108	-
Other purposes	572,412	-	572,412	-
Unrestricted	7,734,834	19,633,218	27,368,052	10,454,988
Total Net Assets	$ 37,523,636	$ 27,991,781	$ 65,515,417	$ 95,091,187

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	$ 244,333	$ -	$ -	$ -
Judicial	5,037,955	1,437,137	1,277,975	-
General Government	5,730,609	3,544,590	666,363	-
Public Safety	10,308,041	1,962,379	825,302	29,445
Public Works	466,202	-	6,814	-
Health and Welfare	21,500,048	14,127,168	5,170,469	-
Recreation and Culture	794,640	205,904	16,534	-
Other Activities	1,085,590	615,958	32,871	-
Interest on Long Term Debt	60,650	148,677	-	-
Total governmental activities	45,228,068	22,041,813	7,996,328	29,445
Business type activities:				
Medical Care Facility	17,323,832	16,212,479	-	-
Delinquent Tax	126,066	1,219,237	-	-
Total business type activities	17,449,898	17,431,716	-	-
Total Primary Government	62,677,966	39,473,529	7,996,328	29,445
Component Units				
Road Commission	7,970,200	1,522,670	7,509,431	-
Department of Public Works	1,459,554	-	-	1,428,363
Drainage Districts	1,687,140	436,921	786,759	1,271,065
Total Component Units	11,116,894	1,959,591	8,296,190	2,699,428

General revenues:
Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment income
Transfers - internal activities
Total general revenues and transfers

Change in net assets

Net assets at beginning of year

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
$(244,333)	$ -	$(244,333)	$ -
(2,322,843)	-	(2,322,843)	-
(1,519,656)	-	(1,519,656)	-
(7,490,915)		(7,490,915)	-
(459,388)	-	(459,388)	-
(2,202,411)	-	(2,202,411)	-
(572,202)	-	(572,202)	-
(436,761)		(436,761)	
88,027	-	88,027	-
(15,160,482)	-	(15,160,482)	-
-	(1,111,353)	(1,111,353)	-
-	1,093,171	1,093,171	-
-	(18,182)	(18,182)	-
(15,160,482)	(18,182)	(15,178,664)	-
-	-	-	1,061,901
-	-	-	(31,191)
-	-	-	807,605
-	-	-	1,838,315
13,661,065	2,301,179	15,962,244	-
391,679	29,746	421,425	-
1,262,949	378,481	1,641,430	357,792
6,702	-	6,702	-
15,322,395	2,709,406	18,031,801	357,792
161,913	2,691,224	2,853,137	2,196,107
37,361,723	25,300,557	62,662,280	92,895,080
$ 37,523,636	$ 27,991,781	$ 65,515,417	$ 95,091,187

LAPEER COUNTY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Community Mental Health	Revenue Sharing Reserve	Senior Millage
ASSETS				
Assets:				
Cash and cash equivalents	$ 118,437	$ 1,247,603	$ 350,837	$ 725,670
Investments	6,540,814	-	5,000,000	-
Receivables -				
Current and delinquent property taxes	961,057	-	-	662,893
Interest and accounts	62,653	41,513	-	-
Due from other governmental units -				
Federal/State	134,840	42,968	-	-
Local	381	743,128	-	-
Due from other funds	104,318	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Advances to other funds	108,000	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	-	44,946	-	-
Restricted Assets -				
Cash	-	426,260	-	-
Total Assets	$ 8,120,500	$ 2,553,918	$ 5,350,837	$ 1,388,563
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 421,119	$ 1,015,044	$ -	$ -
Accrued liabilities	317,733	62,899	-	-
Due to other governmental units -				
Federal/State	7,445	-	-	-
Local	11,572	233,035	-	-
Due to other funds	467,471	-	-	-
Interfund payables	4,500,000	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	94,537	-	726,709
Total Liabilities	5,725,340	1,405,515	-	726,709
Fund Balances:				
Reserved	198,000	478,706	-	-
Unreserved -				
Undesignated -				
General Fund	2,197,160	-	-	-
Special Revenue Funds	-	669,697	5,350,837	661,854
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Total Equity	2,395,160	1,148,403	5,350,837	661,854
Total Liabilities and Fund Equity	$ 8,120,500	$ 2,553,918	$ 5,350,837	$ 1,388,563

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

Other Governmental Funds	Total Governmental Funds
$ 4,775,375	$ 7,217,922
2,017,450	13,558,264
9,815	1,633,765
363,121	467,287
819,272	997,080
296	743,805
8,191	112,509
327,999	327,999
2,469	2,469
-	115,500
-	90,000
4,559	49,505
-	426,260
$ 8,328,547	$ 25,742,365

$ 209,960	$ 1,646,123
215,617	596,249
26,560	34,005
-	244,607
133,030	600,501
327,999	4,827,999
7,500	7,500
9,815	831,061
930,481	8,788,045
7,028	683,734
-	2,197,160
6,259,117	12,941,505
162,346	162,346
969,575	969,575
7,398,066	16,954,320
$ 8,328,547	$ 25,742,365

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, 2007

Fund Balances - total governmental funds	$	16,954,320
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		31,431,151
Accumulated depreciation	(	15,329,213)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Delinquent Personal Property taxes	(	90,185)
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)		
Bond premiums	(	79,515)
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)		34,499
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)		97,516
Internal Service Funds used by management to charge cost of health, unemployment and workers' compensation expenses and claims and capital acquisition and replacement. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		5,648,755
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 payable	(	1,120,000)
Insurance claims payable	(	15,000)
Accrued interest on bonds/notes payable	(	8,692)
Net Assets of governmental activities	$	37,523,636

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Community Mental Health	Revenue Sharing Reserve	Senior Millage
Revenues:				
Taxes	$ 10,282,079	$ -	$ -	$ 725,744
Licenses and permits	14,850	-	-	-
Intergovernmental	1,475,177	1,926,708	-	-
Charges for services	2,375,527	11,781,622	-	-
Fines and forfeits	388,865	-	-	-
Rents and royalties	164,344	-	-	-
Interest	677,447	134,736	250,594	-
Other	2,656,004	203,204	-	-
Total Revenues	18,034,293	14,046,270	250,594	725,744
Expenditures:				
Current -				
Legislative	244,333	-	-	-
Judicial	3,759,549	-	-	-
General Government	5,109,540	-	-	-
Public Safety	5,495,975	-	-	-
Public Works	443,428	-	-	-
Health and Welfare	174,991	14,064,762	-	12,155
Recreation and Cultural	248,237	-	-	-
Other Activities	1,130,590	-	-	-
Capital Outlay	-	-	-	-
Debt Service-				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	16,606,643	14,064,762	-	12,155
Revenues over (under) expenditures	1,427,650	(18,492)	250,594	713,589
Other Financing Sources (Uses):				
Transfers in	1,569,716	297,735	-	-
Transfers out	(3,085,890)	-	(1,569,716)	(528,861)
Total Other Sources (Uses)	(1,516,174)	297,735	(1,569,716)	(528,861)
Net change in Fund Balances	(88,524)	279,243	(1,319,122)	184,728
Fund Balances at beginning of year	2,483,684	869,160	6,669,959	477,126
Fund Balances at end of year	$ 2,395,160	$ 1,148,403	$ 5,350,837	$ 661,854

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

Other Governmental Fund	Total Governmental Funds
$ 2,653,242	$ 13,661,065
622,102	636,952
4,977,108	8,378,993
3,172,465	17,329,614
105,581	494,446
260,168	424,512
227,188	1,289,965
308,524	3,167,732
12,326,378	45,383,279
-	244,333
1,284,432	5,043,981
279,414	5,388,954
4,674,547	10,170,522
22,174	465,602
7,120,212	21,372,120
506,536	754,773
-	1,130,590
387,887	387,887
150,000	150,000
53,650	53,650
14,478,852	45,162,412
(2,152,474)	220,867
3,176,248	5,043,699
(3,030)	(5,187,497)
3,173,218	(143,798)
1,020,744	77,069
6,377,322	16,877,251
$ 7,398,066	$ 16,954,320

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, 2007

Net change in fund balances - total governmental funds	$	77,069
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		602,304
Depreciation expense	(	970,840)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments on long term liabilities		150,000
Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premium and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purpose of net assets:		
Decrease in accrued interest payable		500
Amortization of bond issuance costs	(	4,928)
Amortization of premium on bonds		11,359
Amortization on of deferred loss on refunding	(	13,931)
Internal service funds used by management to charge costs of health, unemployment and workers' compensation expenses and claims and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.		265,380
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued insurance claims payable		45,000
Change in net assets of governmental activities	$	161,913

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 2,782,315	$ 4,096,244	$ 6,878,559	$ 2,695,741
Investments	1,558,324	250,000	1,808,324	-
Accounts receivable-				
Current and delinquent taxes	1,972,584	2,936,914	4,909,498	-
Accounts (net of allowance for doubtful accounts)	2,009,341	-	2,009,341	6
Accrued interest	31,202	493,023	524,225	
Inventories	132,513	-	132,513	-
Interfund receivables	-	4,500,000	4,500,000	-
Prepaid items	94,192	-	94,192	273,112
Due from other funds	-	-	-	34,000
Restricted Assets -				
Cash and cash equivalents	1,180,720	-	1,180,720	-
Total Current Assets	9,761,191	12,276,181	22,037,372	3,002,859
Capital Assets:				
Property, plant and equipment net of accumulated depreciation	8,534,355	-	8,534,355	2,802,687
Other Assets:				
Capital lease discount, net of amortization	15,222	-	15,222	-
Total Non-current assets	8,549,577	-	8,549,577	2,802,687
Total Assets	18,310,768	12,276,181	30,586,949	5,805,546
LIABILITIES:				
Current Liabilities:				
Accounts payable	426,673	-	426,673	11,791
Accrued liabilities	427,656	-	427,656	-
Advances and deposits	-	-	-	108,000
Due to other governmental units -				
Federal/State	164,708	-	164,708	-
Local	-	69,123	69,123	-
Current portion of-				
Workers' compensation claims	20,000	-	20,000	11,000
Accrued vacation and sick	110,000	-	110,000	-
Liabilities payable from restricted assets -				
Patient trust liability	44,509	-	44,509	-
Patient deposits	66,211	-	66,211	-
Current portion of capital lease payable	1,070,000	-	1,070,000	-
Total Current Liabilities	2,329,757	69,123	2,398,880	130,791

Continued

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Long-Term Liabilities (less current portions):				
Accrued vacation and sick	113,173	-	113,173	-
Accrued workers' compensation claims	83,115	-	83,115	26,000
Total Long-Term Liabilities	196,288	-	196,288	26,000
Total Liabilities	2,526,045	69,123	2,595,168	156,791
NET ASSETS:				
Invested in capital assets, net of related liabilities	7,464,355	-	7,464,355	2,802,687
Restricted:				
Foreclosure sales	-	894,208	894,208	-
Unrestricted	8,320,368	11,312,850	19,633,218	2,846,068
Total Net Assets	$ 15,784,723	$ 12,207,058	$ 27,991,781	$ 5,648,755

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, 2007

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Operating Revenues:				
Charges for services	$ 16,063,928	$ 155,629	$ 16,219,557	$ 4,278,711
Interest on taxes	-	699,614	699,614	-
Fees and penalties on delinquent taxes	-	304,464	304,464	-
Other	148,551	59,530	208,081	-
Total Operating Revenues	16,212,479	1,219,237	17,431,716	4,278,711
Operating Expenses:				
Personal services	-	-	-	235,112
Insurance and claims	-	-	-	3,574,716
Administrative and general	3,018,658	62,363	3,081,021	-
Maintenance	1,116,773	-	1,116,773	-
Nursing	7,448,752	-	7,448,752	-
Daycare	373,116	-	373,116	-
Professional service	4,151,047	-	4,151,047	-
Other services	-	62,295	62,295	-
Depreciation and amortization	631,565	1,408	632,973	416,188
Total Operating Expenses	16,739,911	126,066	16,865,977	4,226,016
Operating Income (Loss)	(527,432)	1,093,171	565,739	52,695
Non-Operating Revenues:				
Donations	29,746	-	29,746	-
Property taxes	2,301,179	-	2,301,179	-
Interest on investment	129,206	249,275	378,481	81,490
Management fees	-	-	-	4,972
Maintenance of effort	(506,374)	-	(506,374)	-
Interest on capital lease and note	(78,200)	-	(78,200)	-
Gain (loss) on disposal of assets	653	-	653	(24,277)
Total Non-Operating Revenues	1,876,210	249,275	2,125,485	62,185
Net Income Before Transfers	1,348,778	1,342,446	2,691,224	114,880
Transfers:				
Transfers in	-	-	-	150,500
Change in Net Assets	1,348,778	1,342,446	2,691,224	265,380
Net Assets at beginning of year	14,435,945	10,864,612	25,300,557	5,383,375
Net Assets end of year	$ 15,784,723	$ 12,207,058	$ 27,991,781	$ 5,648,755

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, 2007

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash receipts from customers	$ 15,833,457	$ 215,159	$ 16,048,616	$ 4,280,648
Cash receipts for taxes	-	54,196	54,196	-
Cash payments to suppliers and employees	(16,135,853)	(124,658)	(16,260,511)	(3,662,584)
Other cash receipts	148,551	59,530	208,081	-
Other cash payments	-	-	-	(1,254)
Net Cash Provided (Used) by Operating Activities	(153,845)	204,227	50,382	616,810
Cash Flows From Noncapital Financing Activities:				
Internal balance receivables	-	2,800,000	2,800,000	-
Property taxes	(515,895)	-	(515,895)	-
Maintenance of effort payment	(506,374)	-	(506,374)	-
Patient trust deposits	(9,738)	-	(9,738)	-
Transfers from/to other funds	-	-	-	150,500
Net Cash Provided (Used) By Noncapital Financing Activities	(1,032,007)	2,800,000	1,767,993	150,500
Cash Flows From Capital and Related Financing Activities:				
Property taxes and contributions	2,661,553	-	2,661,553	-
Capital lease payment	(995,000)	-	(995,000)	-
Acquisition of capital assets	(94,586)	-	(94,586)	(143,058)
loss on disposal	653	-	653	-
Interest on capitalized lease	(70,950)	-	(70,950)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	1,501,670	-	1,501,670	(143,058)
Cash Flows From Investing Activities:				
Redemption (Purchase) of investments	(558,324)	748,840	190,516	-
Interest earned	114,049	249,275	363,324	81,490
Net Cash Provided (Used) by Investing Activities	(444,275)	998,115	553,840	81,490
Net Increase (Decrease) in Cash and Cash Equivalents	(128,457)	4,002,342	3,873,885	705,742
Cash and Cash Equivalents at Beginning of Year	4,091,492	93,902	4,185,394	1,989,999
Cash and Cash Equivalents at End of Year	$ 3,963,035	$ 4,096,244	$ 8,059,279	$ 2,695,741
Statement of Net Assets -				
Cash and Cash Equivalent -				
Current assets	2,782,315	4,096,244	6,878,559	2,695,741
Temporary restricted assets	1,180,720	-	1,180,720	-
Cash and Cash Equivalents at End of Year	$ 3,963,035	$ 4,096,244	$ 8,059,279	$ 2,695,741

Continued

LAPEER COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss) for the year	$(527,432)	$ 1,093,171	$ 565,739	$ 52,695
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation and amortization	631,565	1,408	632,973	416,188
Change in assets and liabilities-				
(Increase) decrease in -				
Receivable	(230,471)	(403,439)	(633,910)	-
Due from other funds	-	-	-	683
Prepaid and deposits	12,575	-	12,575	191,666
Inventory	(12,691)	-	(12,691)	-
Increase (decrease) in-				
Accounts payable	(120,765)	(486,913)	(607,678)	(43,422)
Accrued liabilities	101,275	-	101,275	(1,000)
Due to other governmental units	(7,901)	-	(7,901)	-
Net Cash Provided (Used) By Operating Activities	$(153,845)	$ 204,227	$ 50,382	$ 616,810

Concluded

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 792,587	$ 1,368,675
Due from other funds	442,186	-
Total Assets	1,234,773	1,368,675
LIABILITIES:		
Accounts payable	151,124	-
Due to individuals and agencies	-	854,548
Due to other governmental units	-	514,127
Total Liabilities	151,124	$ 1,368,675
NET ASSETS:		
Held in trust for pension and health care benefits	$ 1,083,649	

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Additions:	
Contributions	$ 2,899,131
Deductions:	
Transfer to administrative agent	3,349,592
Net reductions to net assets held in trust	(450,461)
Net assets held in trust at beginning of year	1,534,110
Net assets held in trust at end of year	$ 1,083,649

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, 2007

	Road Commission	Board of Public Works	Drainage Districts	Totals
ASSETS				
Cash and cash equivalents	$ 3,257,298	$ 520,786	$ 4,908,163	$ 8,686,247
Receivables	3,225,959	5,587,567	4,965,110	13,778,636
Inventories	670,318	-	-	670,318
Prepayments and deposits	78,013	-	429,741	507,754
Capital Assets (net of accumulated depreciation)				
Assets not being depreciated	36,589,357	-	3,615,459	40,204,816
Assets being depreciated	32,673,077	-	13,483,132	46,156,209
Total Assets	76,494,022	6,108,353	27,401,605	110,003,980
LIABILITIES				
Payables and current liabilities	544,814	798,645	11,696	1,355,155
Accrued interest	30,277	31,358	24,893	86,528
Advances and deposits	489,618	-	-	489,618
Advance from primary government	-	-	90,000	90,000
Non-current liabilities-				
Due within one year	763,345	360,374	449,063	1,572,782
Due in more than one year	1,796,508	4,917,976	4,604,226	11,318,710
Total Liabilities	3,624,562	6,108,353	5,179,878	14,912,793
NET ASSETS				
Invested in capital assets, net of related liabilities	66,702,581	-	12,045,302	78,747,883
Restricted for:				
Primary and local roads	3,304,111	-	-	3,304,111
Debt service	-	-	1,868,775	1,868,775
Capital projects	-	-	715,430	715,430
Unrestricted	2,862,768	-	7,592,220	10,454,988
Total net assets	$ 72,869,460	$ -	$ 22,221,727	$ 95,091,187

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, 2007

	Road Commission	Board of Public Works	Drainage Districts	Total
Expenses:				
Public works	$ -	$ 1,459,554	$ 1,687,140	$ 3,146,694
Highways and streets	7,970,200	-	-	7,970,200
Total expenses	7,970,200	1,459,554	1,687,140	11,116,894
Program revenues:				
Charges for services	1,522,670	-	436,921	1,959,591
Operating grants and contributions	7,509,431	-	786,759	8,296,190
Capital grants and contributions	-	1,428,363	1,271,065	2,699,428
Total program revenues	9,032,101	1,428,363	2,494,745	12,955,209
Net program (expense) revenue	1,061,901	(31,191)	807,605	1,838,315
General revenues:				
Unrestricted investment income	96,378	31,191	230,223	357,792
Total general revenues	96,378	31,191	230,223	357,792
Change in net assets	1,158,279	-	1,037,828	2,196,107
Net assets, beginning of year	71,711,181	-	21,183,899	92,895,080
Net assets, end of year	$ 72,869,460	$ -	$ 22,221,727	$ 95,091,187

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

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 COMPONENTS UNITS -

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

DISCRETELY PRESENTED COMPONENT UNITS -

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

Effective for the current period, the Road Commission elected to change its year ended from December 31 to September 30. As a result, the current activity is reported for nine months. The reason for the change was to assist in budgeting and planning by having the winter season all in one fiscal year. Also, a supplemental advantage is that the Road Commission year end will now coincide with the State of Michigan's year end.

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

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

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

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

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

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

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 changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government's financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are due (2006 levy in 2007). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied on December 1, and due on February 28, are recognized as revenue in the year due. 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.

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

Governmental Fund Types -

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

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

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

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

Proprietary Fund Type -

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

Fiduciary Fund Types -

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

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

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle on-going operations. The principle operating revenues of the Enterprise and Internal Services Funds are charges to customers for sale and services. Operating expenses for Enterprise and Internal Service Funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

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

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

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

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

Receivables and Payables -

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

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

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

Inventories -

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

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

Prepaid Items -

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

Property Tax Calendar -

The property taxes for the County's general fund are levied on July 1, with all special purpose taxes levied on December 1, based on the taxable value of property located in the County as of the proceeding December 31 by the various municipalities within the County. The general fund levy is recognized in the year of levy. The special purpose taxes that are levied on December 1 are receivable and deferred since they are budgeted as revenues in the subsequent year.

Capital Assets -

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

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

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

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

Compensated Absences -

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

Long-Term Obligations -

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

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

Fund Equity -

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

Estimates -

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

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to August 31, 2008, under separate cover as supplementary information to the Annual 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 and the Special Revenue Funds at the fund level. These are the enacted levels under the State of Michigan Uniform Budgeting and Accounting Act and the legally adopted levels of the budget. State statutes do not require legally adopted budgets for debt service or capital projects funds.

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

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

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

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

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

During the year ended December 31, 2007, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and fund level for the Special Revenue Funds as follows:

Excess of Expenditures Over Appropriations -

Fund Type/Function/Activity	Final Budget	Expended	Variance
PRIMARY GOVERNMENT -			
General Fund -			
Public Works -			
Drain – County at Large	$ 115,025	$ 179,132	$ 64,107
Mental Health -			
Health & Welfare	13,847,438	14,064,762	217,324
Revenue Sharing Reserve (General Government) -			
Transfers Out	-	1,569,716	1,569,716
Senior Millage (Health and Welfare) -			
Transfers Out	488,861	528,861	40,000
Nonmajor Special Revenue Funds -			
General Government -			
Lapeer Area Youth Coordinator	36,464	36,759	295
Health and Welfare -			
Personal Care Aide Program	1,019,316	1,031,155	11,839
Community Development	128,497	144,870	16,373
D.O.S.A. (transfer)	-	3,030	3,030
Department of Human Services	52,662	185,634	132,972
Veterans' Trust	11,240	26,086	14,846
Public Safety -			
Emergency Management	75,673	85,771	10,098
Law Enforcement Programs	83,856	103,848	19,992

The budget reported for the Department of Human Services Fund reflects only the anticipated local portion of the Agency budget provided by an annual County appropriation. The balance of the budget is financed through the State of Michigan. The Department of Human Services only requires a budget for the locally funded portion of the Department of Human Services Fund. Revenue Sharing Reserve Fund and D.O.S.A., special revenue funds, did not have budget for 2007.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

Investments are carried at cost or fair value as explained in Note 1, and are deposited in the name of the Lapeer County Treasurer. Act 217 PA 1982 as amended authorizes the County to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, by section 21.145 and 21.146 of the Michigan Compiled Laws.

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

Carrying Amount -

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

	Primary Government	Component Units	Fiduciary Unit	Reporting Entity
Cash on Hand -				
Petty cash and cash on hand	$ 9,083	$ 350	$ 300	$ 9,733
Deposits with Financial Institutions -				
Checking/Money Market	3,408,790	3,216,815	1,203,954	7,829,559
Savings/Certificates of Deposit	5,951,823	1,476,680	59,887	7,488,390
Total	9,369,696	4,693,845	1,264,141	15,327,682
Investments -				
Investment Trust Funds	9,226,067	3,992,402	897,121	14,115,590
Cash and Cash Equivalents with Brokers	1,363,236	-	-	1,363,236
U.S. Government Securities	5,934,026	-	-	5,934,026
Marketable CD's	4,249,198	-	-	4,249,198
Commercial Papers	3,623,567	-	-	3,623,567
Total Investments	24,396,094	3,992,402	897,121	29,285,617
Grand Total	$ 33,765,790	$ 8,686,247	$ 2,161,262	$ 44,613,299

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

Reconciliation To Statement of Net Assets

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash On Hand	$ 9,733
Cash in Checking	7,829,559
Cash in Savings	3,820,748
Certificates of Deposit	2,107,845
Cash and Cash Equivalents with Brokers	1,363,236
Investment Trust Funds	14,115,590
Total Cash and Cash Equivalents Reported on Statement of Net Assets	29,246,711
Reported as Investments -	
Certificates of Deposits -	
Marketable CD's	4,249,198
Non-Negotiable CD's	1,559,797
U.S. Government Securities	5,934,026
Commercial Papers	3,623,567
Total Investments Reported on Statement of Net Assets	15,366,588
Grand Total – Statement of Net Assets	$ 44,613,299

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.

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, 2007, the book value of the County's deposits was $15,317,949 with a corresponding bank balance of $11,218,892. Insured deposits were $1,292,911, and the remaining $9,925,981 was uninsured or uncollateralized.

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

An element of the County cash structure is the common accounts, which are utilized by most of the funds and component units within the reporting entity. The common account consists of checking accounts and investment trust funds. The investment trust portions of $14,115,940 in the common accounts are reported in the investment category of this note.

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

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

Investments -

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

Investment Type	Fair Value	Percentage
Investment Trust Funds	$ 14,115,590	48.21 %
U.S. Agency Securities	5,934,026	20.26
Marketable CD's	4,249,198	14.51
Commercial Papers	3,623,567	12.37
Cash and Cash Equivalent with Brokers	1,363,236	4.65
Total	$ 29,285,617	100.00 %

Credit Risk - Investments – The County has invested $5,934,026 in U.S. Agencies, which are rated AAA by Standard & Poor's (S&P) and Aaa by Moody's. In addition, the County investment trust funds have a fair value of $14,115,590, in which $13,277,590 carries an Aaa (Moody's) rating and $838,000 is not rated. The investment funds seek to preserve the value of investment at $1 per unit. The County's investment policy is silent on the use of rated versus unrated investment.

Custodial Credit Risk - Investments - is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another party. The County's policy requires securities to be diversified by institution and may be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts. As of December 31, 2007, $15,170,027 of investments were held in third-party safekeeping not in the County's name, however, evidenced by safekeeping receipts.

Concentration of Credit Risk - Investments - is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy requires diversification by security type but does not place a fixed percentage limit for any one issuer. As of December 31, 2007, the County had investments of 5% or more of the total portfolio as followed:

	Fair Value	Percentage
Federal Home Loan Mortgage Corporation	$ 2,750,542	10.13 %
Standard Federal Bank	2,114,043	7.79
New Center Asset Trust	2,112,955	7.78
FCAR OWNER Trust	1,510,612	5.56
Federal Home Loan Bank	1,498,440	5.52

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

Interest Rate Risk - Investment - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At year-end, the County's investments have the following range of maturity dates:

		Maturity (Years)			
Investment Type	Fair Value	<1	1-5	6-10	>10
U.S. Agency Securities	$ 5,934,026	$ -	$ 2,546,504	$ 1,589,820	$ 1,797,702
Investment Trust Funds	14,115,590	14,115,590	-	-	-
Marketable CD's	4,249,198	-	2,301,309	741,913	1,205,976
Commercial Papers	3,623,567	3,623,567	-	-	-
Cash and Cash Equivalents - with Brokers	1,363,236	1,363,236	-	-	-
Total Investments	$ 29,285,617	$ 19,102,393	$ 4,847,813	$ 2,331,733	$ 3,003,678
Non-Negotiable Certificates of Deposits (1)	$ 3,667,642	$ 2,107,845	$ 1,559,797	$ -	$ -

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

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

NOTE 4 - RECEIVABLES:

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

	Governmental Activities	Business Type Activities
Property Taxes	$ 1,633,765	$ 4,909,498
Interest and accounts	467,293	2,533,566
Intergovernmental -		
Federal/State	997,080	-
Local	743,805	-
	3,841,943	7,443,064
Less - allowance for uncollectible	(100,000)	-
	$ 3,741,943	$ 7,443,064

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:

	Unavailable	Unearned
Mental Health -		
Grants/fees received prior to meeting all eligibility requirements	$ -	$ 94,537
Senior Millage -		
Property Taxes	-	726,709
Non-Major Governmental Funds -		
Property taxes	9,815	-
	$ 9,815	$ 821,246

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2007 was as follows:

	January 1 Balance	Additions	Disposals	December 31 Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 790,857	$ 226,006	$ -	$ 1,016,863
Construction in progress	234,535	51,468	286,003	-
Total capital assets, not being depreciated	1,025,392	277,474	286,003	1,016,863
Capital assets, being depreciated:				
Buildings	24,779,056	394,767	-	25,173,823
Improvement other than buildings	1,687,442	-	-	1,687,442
Machinery and equipment	8,151,311	337,624	872,205	7,616,730
Vehicles	1,726,711	21,500	-	1,748,211
Total capital assets being depreciated	36,344,520	753,891	872,205	36,226,206
Less accumulated depreciation for:				
Buildings	8,109,991	769,284	-	8,879,275
Improvements other than buildings	1,158,060	57,131	-	1,215,191
Machinery and equipment	7,281,018	556,313	847,928	6,989,403
Vehicles	1,250,275	4,300	-	1,254,575
Total accumulated depreciation	17,799,344	1,387,028	847,928	18,338,444
Total capital assets being depreciated, net	18,545,176	(633,137)	24,277	17,887,762
Governmental activities capital assets, net	$ 19,570,568	$(355,663)	$ 310,280	$ 18,904,625

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

	January 1 Balance	Additions	Deletions	December 31 Balance
Business Type Activities:				
Capital assets, being depreciated:				
Buildings	$ 12,911,328	$ 54,917	$ -	$ 12,966,245
Improvement other than buildings	6,750	-	-	6,750
Machinery and equipment	2,867,604	39,669	1,309	2,905,964
Total capital assets being depreciated	15,785,682	94,586	1,309	15,878,959
Less accumulated depreciation for:				
Buildings	4,788,541	458,682	-	5,247,223
Improvements other than buildings	5,036	337	-	5,373
Machinery and equipment	1,919,363	173,954	1,309	2,092,008
Total accumulated depreciation	6,712,940	632,973	1,309	7,344,604
Total capital assets being depreciated, net	9,072,742	(538,387)	-	8,534,355
Business activities capital assets, net	$ 9,072,742	$(538,387)	$ -	$ 8,534,355

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

Governmental activities:	
General government	$ 359,188
Public Safety	367,282
Public Works	600
Health and Welfare	163,918
Recreation and Cultural	79,852
Depreciation expense-governmental activities	970,840
Depreciation in the internal service funds	416,188
Total depreciation	$ 1,387,028
Business-type activities:	
Medical Care Facility	$ 631,566
Delinquent Tax Revolving	1,407
Total depreciation expense-business-type activities	$ 632,973

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

Discretely Presented Component Units

Drainage Districts. Activity for the Drainage Districts for the year ended December 30, 2007, was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets, not being depreciated:				
Land Improvements	$ 2,809,103	$ -	$ -	$ 2,809,103
Construction in progress	252,529	553,827	-	806,356
Total capital assets, not being depreciated	3,061,632	553,827	-	3,615,459
Capital assets, being depreciated:				
Equipment	728,927	-	-	728,927
Infrastructure	25,041,791	-	-	25,041,791
Total capital assets being depreciated, net	25,770,718	-	-	25,770,718
Less accumulated depreciation for:				
Equipment	714,145	7,391	-	721,536
Infrastructure	10,612,422	953,628	-	11,566,050
Total depreciation	11,326,567	961,019	-	12,287,586
Total capital assets being depreciated, net	14,444,151	(961,019)	-	13,483,132
Drain Commissioner capital assets, net	$17,505,783	$(407,192)	$ -	$17,098,591

Road Commission. Activity for the Road Commission for the nine months ended September 30, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance September 30, 2007
Capital assets, not being depreciated:				
Land	$ 159,507	$ -	$ -	$ 159,507
Land improvements	35,268,395	981,409	-	36,249,804
Right of Ways	180,046	-	-	180,046
Total capital assets, not being depreciated	35,607,948	981,409	-	36,589,357
Capital assets, being depreciated:				
Buildings and improvements	1,857,834	3,300	-	1,861,134
Road Equipment	6,716,015	110,351	77,444	6,748,922
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering equipment	70,700	-	-	70,700
Infrastructure -				
Roads	39,847,381	1,472,113	-	41,319,494
Bridges	12,861,148	211,536	-	13,072,684
Traffic signals	83,723	-	-	83,723
Depletable assets -				
Gravel pits	205,130	-	-	205,130
Total Capital Assets, being depreciated	62,303,617	1,797,300	77,444	64,023,473

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

	Balance January 1, 2007	Additions	Deletions	Balance September 30, 2007
Less - accumulated depreciation for:				
Buildings and improvements	$ 1,287,993	$ 42,001	$ -	$ 1,329,994
Road Equipment	4,620,946	476,178	77,444	5,019,680
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	17,938,965	2,339,868	-	20,278,833
Bridges	3,564,146	249,670	-	3,813,816
Traffic signals	41,404	-	-	41,404
Depletable Assets -				
Gravel Pits	134,283	-	-	134,283
Total depreciation	28,320,123	3,107,717	77,444	31,350,396
Total Capital Assets, being depreciated, net	33,983,494	(1,310,417)		32,673,077
Road Commissioner capital assets, net	$ 69,591,442	$(329,008)	$	$ 69,262,434

Total depreciation for the nine months ended September 31, 2007 was $3,107,717. Roads are removed from the capital assets at the time the group of individually recorded roads have 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	$ 1,657,914	$ 426,673
Accrued Interest	8,692	-
Wages and fringe benefits	596,249	427,656
Intergovernmental -		
Federal/State	34,005	164,708
Local	244,607	69,123
	$ 2,541,467	$ 1,088,160
Payables from restricted assets		
Patient Trust Liability	$ -	$ 44,509
Patient Deposits	-	66,211
Capital lease/GO Bonds current	-	1,070,000
	$ -	$ 1,180,720

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of December 31, 2007 is as follows:

Due To/From Other Funds -

	Receivable	Payable
General Fund	$ 104,318	$ 467,471
Parks Department	-	783
E-911	-	6,510
Friend of the Court	-	3,514
Health Department	-	4,663
Personal Care Aid	-	769
Animal Control	-	861
Budget Stabilization	-	79,705
Emergency Management	-	206
Community Grants	-	282
Police Service Contracts	-	4,554
Law Enforcement Program	8,191	24,525
Law Enforcement	-	365
Community Development Block Grant	-	483
Lapeer Area Youth Coordinator	-	22
4-H Programs	-	11
Child Care	-	5,226
Multi Purpose Collaborative Body	-	551
Total Per Financial Statements	112,509	600,501
Internal Service Funds		
Unemployment	25,428	-
Workers' Compensation	8,572	-
	34,000	-
Fiduciary Funds		
Retirement System Fund	442,186	-
Total per Financial Statements	588,695	600,501
Adjustments for September 30, year-end funds	11,806	-
Total	$ 600,501	$ 600,501

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

Total due from primary government funds, as shown on the accompanying financial statements, being more than due to primary government funds by $11,806, was attributable to transactions with funds reported in a September 30 year-end.

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

Advances From/To Other Funds -

	Receivable	Payable
General Fund	$ 108,000	$ -
Mental Health	7,500	-
Multi Purpose Collaborative Body	-	7,500
Centralized Purchasing	-	4,000
Equipment Acquisition & Replacement	-	104,000
	$ 115,500	$ 115,500

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

Advances From/To Primary Government & Component Units -

	Receivable	Payable
Primary Government -		
General Fund	$ 90,000	$ -
Component Unit -		
Drainage Districts	-	90,000
	$ 90,000	$ 90,000

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

Interfund Receivable/Payable –

	Receivable	Payable
Primary Government -		
Governmental Funds -		
General Fund	$ -	$ 4,500,000
Friend of the Court	-	26,153
Personal Care Aide	-	38,623
County Surveyor	-	61,036
Budget Stabilization	327,999	-
Community Grants	-	49,991
4-H Programs	-	61
Child Care	-	93,169
Multi Purpose Collaborative Body	-	58,966
Proprietary Fund -		
Delinquent Tax	4,500,000	-
	$ 4,827,999	$ 4,827,999

The interfund receivable/payable balances at December 31, 2007 represent short-term borrowing between funds to cover negative cash balance in the common checking account in accordance with County Board of Commissioner's Policy.

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

Transfers In and Out -

Transfers In	Transfers Out	Amount
Parks and Recreation	(1) General Fund	$ 284,355
Friend of the Court	(1) General Fund	308,138
Health Department	(1) General Fund	554,886
Health Department	(1) General Fund	152,538
Health Department	(1) General Fund	29,945
Mental Health	(1) General Fund	297,735
Animal Control	(1) General Fund	71,620
Environment/Recycling	(1) General Fund	14,656
Emergency Management	(1) General Fund	52,940
Community Corrections	(1) General Fund	44,218
Public Service Contracts	(1) General Fund	267,864
Law Enforcement Grants – Marine Division	(1) General Fund	4,275
Law Enforcement Grants	(1) General Fund	3,910
Law Library	(1) General Fund	4,500
Cooperative Extension	(1) General Fund	3,888
Department of Human Services	(1) General Fund	10,812
Child Care	(1) General Fund	399,530
Multi Purpose Collaborative Body	(1) General Fund	33,080
Capital Construction and Improvement	(3) General Fund	376,500
Old Court House	(3) General Fund	20,000
Personal Care	(2) Senior Millage	528,861
Personal Care	(4) D.O.S.A.	3,030
General Fund	(4) Revenue Sharing Reserve	1,569,716
Internal Service Funds –		
Equipment Acquisition and Replacement	(3) General Fund	150,500
Total Transfers out Per Governmental Funds		5,187,497
Adjustments for September 30, year-end funds		6,702
Total Transfers In		$ 5,194,199

Transfers represent (1) the movement of unrestricted revenues collected in the General Fund and Health Department 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 activities to the Personal Care fund.

Total transfers in for the primary government funds as shown in the accompanying financial statements were $5,194,199 and total transfers out were $5,187,497. The difference between these amounts, $6,702, 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.

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, 2007:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Governmental Activities:					
Governmental Funds -					
General Obligation Bonds	$ 1,270,000	$ -	$ 150,000	$ 1,120,000	$ 140,000
Accrued Claims Liability	60,000	44,160	89,160	15,000	5,000
Add (Less) Deferred Amounts For -					
Issuance Premium	90,874	-	11,359	79,515	11,359
Bond Issuance Costs	(39,427)	-	(4,928)	(34,499)	(4,928)
Refunding Loss	(111,447)	-	(13,931)	(97,516)	(13,931)
Total Governmental Funds	1,270,000	44,160	231,660	1,082,500	137,500
Internal Service Funds -					
Workers' Compensation Fund -					
Accrued Claims Liabilities	38,000	50,331	51,331	37,000	11,000
Total Governmental Activities	1,308,000	94,491	282,991	1,119,500	148,500
Enterprise Funds:					
Medical Care Facility -					
Capital lease/LTGO bonds	2,065,000	-	995,000	1,070,000	1,070,000
Accrued Claims Liabilities	82,115	44,471	23,471	103,115	20,000
Accrued Vacation and Sick	196,664	722,486	695,977	223,173	110,000
Total Enterprise Funds	2,343,779	766,957	1,714,448	1,396,288	1,200,000
Total Primary Government	$ 3,651,779	$ 861,448	$1,997,439	$ 2,515,788	$ 1,348,500

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.

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

On February 18, 2004, building authority refunding bonds in the amount of $1,535,000 were issued to defease the 1994 issue. The payments are due in annual installments on May 1 ranging from $140,000 to $185,000 through 2014, with interest ranging from 2.25% to 5.00% due on May 1 and November 1 of each year. Issuance costs net of premium amounted to $75,000.	$ 1,120,000

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

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

The proceeds of the 2004 refunding bonds like the 1994 refunding bonds that were placed in special escrow accounts are invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2007, the defeased bonds outstanding amounts to $1,125,000 for the 1994 issue.

On September 6, 1990, the County defeased the General Obligation Hospital Bonds, dated December 1, 1976, by establishing an irrevocable trust with cash and U.S. Treasury strips sufficient to meet the remaining principal and interest obligations. Accordingly, the trust account assets and liabilities for the defeased bond issue are not included in the County's financial statements. At December 31, 2007, there was no outstanding balance.

Accrued Claims Liability -

The County has estimated accrued liability claims, including an estimate for claims incurred but not reported (IBNR), administered through the Michigan Municipal Risk Management Authority. The dollar amount of these estimated claims is $15,000 at December 31, 2007.

The County has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2007. The dollar amount of these claims is reported as a long-term liability on the balance sheet of the Workers' Compensation Fund is $37,000 at December 31, 2007.

The Medical Care Facility has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2007. The dollar amount of these claims reported as a long-term liability on the balance sheet of the Medical Care Facility (Enterprise) Fund is $103,115 at December 31, 2007.

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

Capital Lease/G.O. Bonds -

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

Accrued Vacation and Sick -

In accordance with the contracts negotiated with the various employee groups of the Medical Care Facility of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in their contracts. The dollar amount of these vested rights, which has been accrued on the balance sheet of the Medical Care Facility Fund, amounts to approximately $196,664 for vacation and sick leave at December 31, 2006. Sick days not used at the end of the calendar year are reimbursed to the employee at the rate of 50 percent. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee is charged.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2006, for the following bonds and notes (excluding accrued vacation and sick accrued insurance claims) of the Primary Government are as follows:

Year Ending	General Obligation Bonds		Capital Lease/G.O. Bonds	
December 31,	Principal	Interest	Principal	Interest
2008	$ 140,000	$ 50,575	$ 1,070,000	$ 24,075
2009	160,000	45,000	-	-
2010	155,000	37,125	-	-
2011	145,000	29,625	-	-
2012	170,000	21,750	-	-
2013-2014	350,000	18,000	-	-
	$ 1,120,000	$ 202,075	$ 1,070,000	$ 24,075

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

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 nine months ended September 30, 2007 and both Board of Public Works and Drainage Districts for the year ended December 31, 2007:

	Balance January 1, 2007	Additions	Reductions	Balance September 30, 2007	Due Within One Year
Road Commission -					
MTF Notes	$ 1,960,000	$ -	$ 490,000	$ 1,470,000	$ 420,000
Installment purchase agreement	1,135,353	-	176,863	958,490	283,838
Accrued vacation	77,141	173,305	119,083	131,363	59,507
Total Road Commission	3,172,494	173,305	785,946	2,559,853	763,345

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Board of Public Works -					
General Obligation Bonds	3,862,000	-	480,000	3,382,000	321,000
Board of Public Works Note	240,000	-	240,000	-	-
Michigan State Revolving Loan	701,507	1,279,217	45,000	1,935,724	45,000
Less Deferred Amounts for:					
Issuance Costs	(17,413)	-	(2,177)	(15,236)	(2,177)
Bond Discount	(14,046)	-	(1,756)	(12,290)	(1,756)
Refunding Loss	(13,541)	-	(1,693)	(11,848)	(1,693)
Total Board of Public Works	4,758,507	1,279,217	759,374	5,278,350	360,374
Drainage Districts -					
Drain Notes	138,000	-	69,000	69,000	69,000
Drain bonds	5,441,098	-	275,000	5,166,098	390,164
Less Deferred Amounts for:					
Bond Issuance Costs	(191,910)	-	(10,101)	(181,809)	(10,101)
Total Drainage Districts	5,387,188	-	333,899	5,053,289	449,063
Total Component Units	$ 13,318,189	$ 1,452,522	$ 1,879,219	$12,891,492	$ 1,572,782

Road Commission

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

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

MTF Note - Series 1997

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 1997, dated October 1, 1997, in the original amount of $700,000. The final payment was due on August 1, 2007, in the amount of $70,000, with interest of from 4.9%. At September 30, 2007, the balance was paid in full.

MTF Note - Series 2000

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2000, dated May 11, 2000, in the original amount of $2,200,000. Principal payments are due in annual installments on August 1 of $220,000 through 2010, with interest ranging from 4.9% to 5.0% due on February 1 and August 1 of each year. At September 30, 2007, the outstanding principal balance is $660,000.

MTF Note - Series 2000 B

The Road Commission is also obligated for Michigan Transportation Fund Notes, Series 2000B, dated November 21, 2000 in the original amount of $700,000. Principal payments are due in annual installments on August 1 of $70,000 through 2010, with interest ranging from 4.9% to 5.0% due on February 1 and August 1 of each year. At September 30, 2007, the outstanding balance is $210,000.

MTF Note - Series 2002

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2002, dated April 1, 2002, in the original amount of $500,000. Principal payments are due in annual installments on August 1 of $50,000 through 2011, with interest ranging from 4.15% to 4.60% due on February 1 and August 1 of each year. At September 30, 2007, the outstanding principal balance is $200,000.

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 3.50% to 4.10% due on February 1 and August 1 of each year. At September 30, 2007, the outstanding balance is $400,000.

Accrued Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements in the government-wide statements, amounts to approximately $131,363 at September 30, 2007.

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

The annual requirements to amortize long-term liabilities outstanding at September 30, 2007, except compensated absences, are as follows:

	MTF Notes-Series 2000		MTF Notes – Series 2002	
	Principal	Interest	Principal	Interest
2008	$ 290,000	$ 43,175	$ 130,000	$ 24,110
2009	290,000	28,965	130,000	19,234
2010	290,000	14,500	130,000	14,125
2011	-	-	130,000	7,630
2012	-	-	80,000	4,430
	$ 870,000	$ 86,640	$ 600,000	$ 69,529

Installment Purchase Agreement

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck cabs and chassis, dated May 5, 2005, in the original amount of $884,314. The payments are due in annual installments on May 5 of $176,862 through 2010, with interest of 3.3%, due May 5 of each year. At September 30, 2007, the outstanding principal balance is $530,589.

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck boxes, dated November 17, 2005 in the original amount of $534,877. The payments are due in annual installments on November 11 of $106,975 through 2010, with interest of 3.3%, May 5 of each year. At September 30, 2007, the outstanding principal balance is $427,907.

The annual debt service requirements to maturity for the Installment Purchase Contracts outstanding at September 30, 2007 are as follows:

Nine Months Ended September 30,	Principal	Interest
2007	$ 106,975	$ 14,121
2008	283,838	28,100
2009	283,838	18,733
2010	283,839	9,367
	$ 958,490	$ 70,321

Board of Public Works

General Obligation Bonds

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

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

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	4.13 - 7.50	$ 2,337,000
Governmental activities - refunding	3.50 - 5.55	1,045,000
		$ 3,382,000

On April 11, 1996, the County, through its Board of Public Works, defeased a portion of the Village of Dryden Wastewater Treatment System Bonds dated March 1, 1990 and the Township of Elba Wastewater Treatment System Bonds dated August 1, 1990, by establishing an irrevocable trust with the U.S. Treasury Bills and Notes sufficient to meet the annual installment principal obligations of $1,550,000 and $1,480,000 respectively. Accordingly, the trust account's assets and liabilities for the defeased bond issues are not included in the County's financial statements. At December 31, 2007, the bonds outstanding of $910,000 and $365,000 respectively are considered defeased.

On February 25, 1993, the County through its Board of Public Works defeased the Wastewater Treatment System (Village of Almont) Bonds dated March 1, 1987, by establishing an irrevocable trust with U.S. Treasury Bills and Notes sufficient to meet the annual installment principal obligations of $1,725,000. Accordingly, the trust account's assets and liabilities for the defeased bond issue are not included in the County's financial statements. At December 31, 2007, the final amount of $175,000 was paid in full.

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 in amount of $990,000.

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

Year Ending	General Obligation Bonds		G.O. Bonds Refunded	
December 31,	Principal	Interest	Principal	Interest
2008	$ 121,000	$ 115,350	$ 200,000	$ 40,863
2009	126,000	109,906	215,000	31,915
2010	125,000	104,095	115,000	22,009
2011	135,000	98,175	120,000	17,660
2012	140,000	91,610	130,000	12,940
2013-2017	810,000	347,755	265,000	10,635
2018-2022	880,000	127,935	-	-
	$2,337,000	$ 994,826	$1,045,000	$ 136,022

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

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

General Obligation Note

On November 15, 2006, the County through its Board of Public Works issued Water Supply Notes (Almont 2007 Water Supply System Improvements). The note bears interest at 3.84% payables at maturity. At December 31, 2007, the note amount of $240,000 and interest in amount of $8,192 were paid in full.

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 loan is 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 agreement. Upon final payment of the loan, ownership of the system reverts to the Villages. State of Michigan Revolving Loans currently outstanding are as follows:

Governmental Activities –

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

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

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

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

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

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

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

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

Year Ending December 31,	Principal	Interest
2008	$ 45,000	$ 15,850
2009	45,000	14,725
2010	50,000	13,538
2011	50,000	12,288
2012	50,000	11,038
2013-2017	290,000	34,563
2018-2022	126,507	3,119
	$ 656,507	$ 105,121
2007 Village of Almont Loan	810,444	-
2007 Village of Dryden Loan	468,773	-
	$ 1,935,724	$ 105,121

	Interest Rate	
Governmental Activities (G.O. Bonds) -		
Water System Improvements Bonds (Village of North Branch)	5.55 – 7.50 %	$ 455,000
Sewage Disposal Systems Improvement Bonds - Series 2001 (Village of Almont)	5.00 – 5.10	22,000
Sewage Disposal Systems Improvement Bonds - Series 2002 (Village of Almont)	4.13 – 4.90	1,860,000
		2,337,000
Governmental Activities (G.O. Refunding) -		
Wastewater Treatment System Refunding Bonds – Series 2006 (Village of Dryden)	3.50 – 4.00	845,000
Wastewater Treatment System Refunding Bonds (Township of Elba)	5.40 – 5.55	200,000
		1,045,000
		$ 3,382,000
Governmental Activities (Revolving Loans) -		
1998 Water System (Village of Dryden)	2.50	$ 656,507
2007 Water System (Village of Almont)	2.13	810,444
2007 Water System (Village of Dryden)	2.13	468,773
		$ 1,935,724

Drainage Districts -

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

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

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

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

Principal on the bonds is due on June 1, 2008 through 2017 with interest due semi-annually at interest rates ranging from 4.0% to 6.0%. Lapeer County's balance at December 31, 2007 was $1,236,098.

The balance at December 31, 2007 was as follows:

	Interest Rate	
Governmental Activities -		
Drain Notes -		
Lake Lapeer Lake Level	3.48 %	$ 69,000
Drain Bonds -		
Potter Lake/Elba Sewer	4.60 – 5.00	$ 1,015,000
Winn Lake District	5.00 – 5.60	385,000
Imlay-Bigelow and Branches Drainage District	4.20 – 4.70	2,530,000
Mill Creek Intercounty Drain	4.00 – 6.00	1,236,098
		5,166,098
		$ 5,235,098

Annual debt service requirements to maturities are as follows:

Year Ended	Drain Notes		Drain Bonds	
December 31,	Principal	Interest	Principal	Interest
2008	$ 69,000	$ 2,404	$ 390,164	$ 227,266
2009	-	-	397,842	201,052
2010	-	-	399,761	181,564
2011	-	-	399,761	166,175
2012	-	-	399,761	147,443
2013-2017	-	-	2,028,809	482,058
2018-2022	-	-	775,000	170,129
2023-2027	-	-	375,000	46,282
	$ 69,000	$ 2,404	$5,166,098	$ 1,621,969

NOTE 9 - RETIREMENT PLAN:

Plan Description -

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

Funding Policy -

The plan adopted by the Board of County Commissioners requires no member contribution except for department heads, elected officials, and POLC (sheriff union employees). The County is required to contribute at an actuarially determined rate; the weighted average rate for 2007 was 11.74% for sheriff's department employees, 6.00% for union employees and 10.75% for non-union employees at the Medical Care Facility, 9.67% for Department of Senior Activities and Health Department employees, 10.82% for general non-union employees, 8.93% for general union employees, and 10.79% for elected commissioners. Also, the County is required to contribute 11.23% for union Community Mental Health employees and 15.00% for non-union employees. The contribution requirements of plan members and the County are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

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

Annual Pension Costs -

For the year ended December 31, 2007, the County's annual pension cost of $2,498,026 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 4.16% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually), after retirement for persons under Benefit E-1 or E-2. The actuarial value of MERS assets was determined on a basis of evaluation method that assumes the funds earn the expected rate of return (8%) and includes as an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2005, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

Fiscal Year Ending December 31,	Annual Pension Costs (APC)	Percentage of APCNet Contribution	Pension Obligation
2005	$ 1,662,850	100 %	-
2006	1,612,887	100	-
2007	1,659,493	100	-

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]
2004	$ 44,605,818	$ 53,364,956	$ 8,759,138	84 %	$ 21,785,129	40 %
2005	48,484,521	57,449,535	8,965,014	84	21,929,614	41
2006	55,548,007	62,191,494	6,643,487	89	23,105,837	29

Road Commission -

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

For the nine months ended September 30, 2007, employer contributions totaling $270,220 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2005.

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 - POST EMPLOYMENT BENEFITS:

Primary Government -

The Primary Government along with the Board of Public Works and Drainage Districts provides post-employment benefit for health care to select groups of employees based on employment contracts on a pay-as-you-go basis. At December 31, 2007, 36 sheriff deputies qualified under labor contract to receive a $100 stipend per month, 3 at $150, and 11 sheriff deputies qualified to receive $200 per month towards health insurance after retirement. In 2007, sheriff deputies received benefits of $8,400.

The County uses MERS as their third Party Administrator for their defined contribution plan for post employment health care benefits.

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

Road Commission -

In addition to the pension benefits described in Note 10, the Lapeer County Road Commission provides postemployment health care and life insurance to eligible employees who retire from the Road Commission on or after attaining retirement age with at least ten years of service. Expenditures for postemployment health care and life insurance benefits are recognized on a pay-as-you-go basis. For the nine months ended September 30, 2007, health care costs amounted to approximately $213,651 for 41 eligible participants, $16,379 for optical/dental reimbursement for approximately 30 eligible participants, $15,432 for prescription reimbursement for approximately 30 eligible participants and $10,194 for life insurance costs for approximately 33 eligible participants.

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 Single Audit of the Federal programs and the periodic program compliance audits of many of the 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.

NOTE 11 - POST EMPLOYMENT BENEFITS - (cont'd):

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

There are various other legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Corporation Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions, for which a reasonable estimate can be determined of the County's potential liability, if any, are considered to be immaterial.

Road Commission -

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

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

NOTE 12 - RISK MANAGEMENT:

Primary Government -

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

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

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.

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

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

The Authority administers risk management funds providing Lapeer County with loss protection for general and auto liability, motor vehicle physical damage, and property. Under most circumstances the County's maximum loss per occurrence is limited as follows:

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 2007, that Stop Loss Program limited the retention for Lapeer County to $25,949 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.

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

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

	General Fund		Medical Care Facility		Workers' Compensation	
	2007	2006	2007	2007	2007	2006
Unpaid claims, beginning of year	$ 60,000	$ 101,200	$ 82,115	$ 158,566	$ 38,000	$ 49,000
Incurred claims (including IBNR's)	44,160	29,820	44,471	15,310	50,331	59,000
Claims Paid	(89,160)	(71,020)	(23,471)	(91,761)	(50,331)	(70,000)
Unpaid claims, end of year	15,000	60,000	103,115	82,115	37,000	38,000
Less current portion	(5,000)	(4,000)	(20,000)	(20,000)	(11,000)	(11,000)
Long-Term Liabilities	$ 10,000	$ 56,000	$ 83,115	$ 62,115	$ 26,000	$ 27,000

Component Units -

Road Commission -

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

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

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

NOTE 13 - DEFERRED COMPENSATION:

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

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

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

NOTE 14 - FUND EQUITY:

RESERVED FUND BALANCE -

Fund Balance has been reserved in various governmental funds to indicate the portion of Fund Balance not available but reserved for a specific purpose. The following is a summary of Reserved Fund Balance for all County funds at December 31, 2007:

Fund Type/Fund	Description	Amount
Primary Government -		
General Fund	Advance to Other Funds/Component Units	$ 198,000
Special Revenue Funds -		
Mental Health	Prepaid Expenditures	44,946
	Advance to Other Funds	7,500
	Accrued Vacation and Sick	104,850
	Risk Corridor Financing	321,410
		478,706
Health Department	Prepaid Expenditures	4,559
DOSA	Inventory	2,469
Total Governmental Funds		683,734
Fiduciary Fund -		
Pension	Pension Benefit	946,411
Public Employee - Health Care	Health Benefit	137,238
		1,083,649
Total Primary Government Reserved Fund Balance		$ 1,767,383

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, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	$ 10,820,000	$ 10,820,000	$ 10,282,079	$(537,921)
Licenses and permits	9,420	9,420	14,850	5,430
Intergovernmental -				
Federal/State	1,408,057	1,426,866	1,475,177	48,311
Charges for services	2,320,275	2,265,448	2,375,527	110,079
Fines and forfeits	333,000	348,000	388,865	40,865
Interest and rent	517,973	413,513	841,791	428,278
Other	2,634,031	2,635,345	2,656,004	20,659
Total Revenues	18,042,756	17,918,592	18,034,293	115,701
Expenditures:				
Legislative:				
Board of Commissioners	284,400	284,401	244,333	40,068
Judicial:				
Circuit Court	637,855	646,799	646,275	524
District Court	1,554,116	1,554,116	1,518,333	35,783
Jury Board	4,344	5,769	5,455	314
Indigent Counsel	303,500	375,147	375,146	1
Probate Court	1,252,118	1,252,118	1,201,628	50,490
Adult Probation	14,345	14,345	12,712	1,633
	3,766,278	3,848,294	3,759,549	88,745
General Government:				
Administrative	263,192	263,191	243,518	19,673
Elections	34,434	56,003	56,003	-
Professional Services	332,999	345,618	168,473	177,145
County Clerk	506,995	505,164	476,978	28,186
Tax Equalization	232,605	232,241	227,688	4,553
Prosecuting Attorney	1,222,907	1,240,219	1,224,490	15,729
Register of Deeds	362,975	361,769	302,422	59,347
County Treasurer	525,830	527,457	511,596	15,861
Computer Operations	263,146	262,783	125,441	137,342
Accounting	351,260	350,594	275,939	74,655
Building Operations	460,000	453,466	368,525	84,941
Building and Grounds	758,219	763,582	763,582	-
Drain Commissioner	425,532	424,290	364,435	59,855
Boundary Commission	593	593	450	143
	5,740,687	5,786,970	5,109,540	677,430

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Safety:				
Sheriff	2,775,003	2,825,983	2,821,765	4,218
Criminal Justice Training	9,524	10,795	10,794	1
Marine Safety	8,205	8,205	7,907	298
Emergency Services	2,000	2,000	-	2,000
Jail/Feeding Prisoners	2,579,810	2,594,812	2,593,517	1,295
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	50,193	62,215	61,992	223
PLAT Board	641	641	-	641
	5,426,376	5,505,651	5,495,975	9,676
Public Works:				
Road Commission	268,013	264,296	264,296	-
Drains - County at Large	115,025	115,025	179,132	(64,107)
	383,038	379,321	443,428	(64,107)
Health and Welfare:				
Medical Examiner	56,980	56,980	50,538	6,442
Veterans' Burial	37,500	37,500	14,720	22,780
Veterans' Affairs	106,530	106,238	102,733	3,505
Veterans' Relief	1,000	1,000	-	1,000
Economic Development Commission	7,000	7,000	7,000	-
	209,010	208,718	174,991	33,727
Recreation and Cultural:				
Conservation Activities	10,710	12,512	12,512	-
Cooperative Extension	248,190	247,785	235,725	12,060
	258,900	260,297	248,237	12,060
Other:				
Bonds and Insurance	650,000	650,000	483,566	166,434
Health Care Saving Program	-	660,000	630,000	30,000
Memberships and Dues	18,050	18,050	17,024	1,026
	668,050	1,328,050	1,130,590	197,460
Total Expenditures	16,736,739	17,601,702	16,606,643	995,059
Revenues over (under) expenditures	1,306,017	316,890	1,427,650	1,110,760
Other Financing Sources (Uses):				
Transfers In	1,563,661	1,563,661	1,569,716	6,055
Transfers Out	(2,975,594)	(3,444,115)	(3,085,890)	358,225
Total Transfers	(1,411,933)	(1,880,454)	(1,516,174)	364,280
Net Change in Fund Balance	(105,916)	(1,563,564)	(88,524)	1,475,040
Fund Balance at beginning of year	105,916	1,563,564	2,483,684	920,120
Fund Balance at end of year	$ -	$ -	$ 2,395,160	$ 2,395,160

Concluded

LAPEER COUNTY, MICHIGAN

SCHEDULE OF TRANSFERS OUT
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Transfers Out:				
County Appropriations -				
Special Revenue Funds -				
Parks Department	$ 250,000	$ 284,355	$ 284,355	$ -
Friend of the Court	308,138	308,138	308,138	-
Health Department	554,886	554,886	554,886	-
Mental Health	297,735	297,735	297,735	-
Animal Control	54,989	71,989	71,620	369
Environment/Recycling	15,000	17,250	14,656	2,594
Budget Stabilization	5,000	3,756	-	3,756
Emergency Management	52,940	52,940	52,940	-
Community Corrections	70,332	70,332	44,218	26,114
Police Service Contracts	288,924	288,924	267,864	21,060
Law Enforcement - Marine Division	4,912	4,912	4,275	637
Law Enforcement	5,631	5,631	3,910	1,721
Juvenile Grant	1,302	1,302	-	1,302
Law Library	4,500	4,500	4,500	-
Cooperative Extension	3,888	3,888	3,888	-
Department of Social Service	52,662	52,662	10,812	41,850
Child Care	711,674	648,296	399,530	248,766
Multi Purpose Collaborative Body	33,081	33,081	33,080	1
	2,715,594	2,704,577	2,356,407	348,170
Capital Projects Funds -				
Capital Construction & Improvement	25,000	376,500	376,500	-
Old Courthouse	20,000	20,000	20,000	-
	45,000	396,500	396,500	-
Internal Service Funds -				
Equipment Acquisition & Replacement	25,000	150,500	150,500	-
Total Primary Government Appropriations	2,785,594	3,251,577	2,903,407	348,170
Other -				
Special Revenue Funds -				
Health Department-				
Cigarette tax	150,000	152,538	152,538	-
Liquor tax	40,000	40,000	29,945	10,055
	190,000	192,538	182,483	10,055
Total Primary Government	$ 2,975,594	$ 3,444,115	$ 3,085,890	$ 358,225

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, 2007

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental -				
Federal/State	$ 2,208,468	$ 2,125,845	$ 1,789,602	$(336,243)
Local	65,000	85,000	137,106	52,106
Charges for services	11,083,697	11,077,971	11,781,622	703,651
Interest	83,000	117,000	134,736	17,736
Other	147,514	184,014	203,204	19,190
Total Revenues	13,587,679	13,589,830	14,046,270	456,440
Expenditures:				
Health and Welfare	13,683,994	13,847,438	14,064,762	(217,324)
Revenues (under) expenditures	(96,315)	(257,608)	(18,492)	239,116
Other Financing Sources:				
Transfers in	297,735	297,735	297,735	-
Net change in Fund Balance	201,420	40,127	279,243	239,116
Fund Balance at beginning of year	869,160	869,160	869,160	-
Fund Balance at end of year	$ 1,070,580	$ 909,287	$ 1,148,403	$ 239,116

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - REVENUE SHARING RESERVE SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest			$ 250,594	$ 250,594
Other Financing Uses:				
Transfers Out	-	-	(1,569,716)	(1,569,716)
Net change in Fund Balance	-	-	(1,319,122)	(1,319,122)
Fund Balance at beginning of year	-	-	6,669,959	6,669,959
Fund Balance at end of year	$ -	$ -	$ 5,350,837	$ 5,350,837

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SENIOR MILLAGE FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	$ 722,155	$ 722,155	$ 725,744	$ 3,589
Expenditures:				
Health and welfare	233,294	233,294	12,155	221,139
Revenues over expenditures	488,861	488,861	713,589	224,728
Other Financing Uses:				
Transfers Out	(488,861)	(488,861)	(528,861)	(40,000)
Net change in Fund Balance	-	-	184,728	184,728
Fund Balance at beginning of year	-	-	477,126	477,126
Fund Balance at end of year	$ -	$ -	$ 661,854	$ 661,854

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D.O.S.A. - Department of Senior Activities - is used to account for the operation of senior citizens health, welfare and recreational programs financed primarily through an ad valorem special property tax Millage and federal and state grant sources.

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.

Environmental/Recycling - is used to maintain the community host tipping fees assessed to users of the landfill. These fees support the costs of monitoring the landfill.

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

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

DEBT SERVICE FUND

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

Lapeer Mental Health - is used to account for the accumulation of rents 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, 2007

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
ASSETS					
Cash and cash equivalents	$ 11,673	$ 570	$ 482,828	$ -	$ 30,071
Investments	-	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	9,815	-	-
Accounts and interest	-	-	132,914	-	-
Due from other governmental units -					
Federal/State	-	-	43,761	152,529	-
Local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	$ 11,673	$ 570	$ 669,318	$ 152,529	$ 30,071
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 2,469	$ -	$ 10,838	$ 4,029	$ 400
Accrued liabilities	8,421	-	46,517	33,775	-
Due to other governmental units -					
Federal/State	-	-	-	8,560	-
Due to other funds	783	-	6,510	3,514	-
Interfund payables	-	-	-	26,153	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	9,815	-	-
Total Liabilities	11,673	-	73,680	76,031	400
Fund Balance:					
Reserved for:					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	-	570	595,638	76,498	29,671
Total Fund Balance	-	570	595,638	76,498	29,671
Total Liabilities and Fund Balance	$ 11,673	$ 570	$ 669,318	$ 152,529	$ 30,071

Special Revenue Funds						
Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
$ 40,083	$ -	$ 13,913	$ 3,153	$ 34,296	$ -	$ 341,569
-	-	-	-	-	-	-
-	-	-	-	-	-	-
230,158	-	-	-	-	-	-
57,149	79,098	-	6,814	-	64,513	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,469	-	-	-	-	-
4,559	-	-	-	-	-	-
$ 331,949	$ 81,567	$ 13,913	$ 9,967	$ 34,296	$ 64,513	$ 341,569
$ 20,053	$ 29,933	$ 4,703	$ 9,967	$ -	$ 3,477	$ -
46,095	10,188	8,349	-	-	-	-
-	-	-	-	-	-	-
4,663	769	861	-	-	-	-
-	38,623	-	-	-	61,036	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
70,811	79,513	13,913	9,967	-	64,513	-
-	2,469	-	-	-	-	-
4,559	-	-	-	-	-	-
256,579	(415)	-	-	34,296	-	341,569
261,138	2,054	-	-	34,296	-	341,569
$ 331,949	$ 81,567	$ 13,913	$ 9,967	$ 34,296	$ 64,513	$ 341,569

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
ASSETS					
Cash and cash equivalents	$ 1,421,436	$ 25,295	$ 14,706	$ -	$ 77,592
Investments	517,450	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	49	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	7,747	70,557	15,712
Local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	327,999	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	$ 2,266,934	$ 25,295	$ 22,453	$ 70,557	$ 93,304
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ -	$ 896	$ 22	$ 16,706	$ 28,581
Accrued liabilities	-	-	1,985	2,830	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	79,705	-	206	282	-
Interfund payables	-	-	-	49,991	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	79,705	896	2,213	69,809	28,581
Fund Balance:					
Reserved for:					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	2,187,229	24,399	20,240	748	64,723
Total Fund Balance	2,187,229	24,399	20,240	748	64,723
Total Liabilities and Fund Balance	$ 2,266,934	$ 25,295	$ 22,453	$ 70,557	$ 93,304

Special Revenue Funds						
Police Service Contracts	Law Enforcement Program	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Community Development
$ 150,613	$ 91,179	$ 9,518	$ 48,352	$ 133,799	$ 19,582	$ 50,637
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	14,133	-	69,142	-	-	-
296	-	-	-	-	-	-
-	8,191	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 150,909	$ 113,503	$ 9,518	$ 117,494	$ 133,799	$ 19,582	$ 50,637
$ -	$ 1,712	$ -	$ 25,752	$ 57	$ 921	$ 546
39,617	-	-	2,917	-	-	5,348
-	-	-	-	-	-	-
4,554	24,525	-	365	-	-	483
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44,171	26,237	-	29,034	57	921	6,377
-	-	-	-	-	-	-
-	-	-	-	-	-	-
106,738	87,266	9,518	88,460	133,742	18,661	44,260
106,738	87,266	9,518	88,460	133,742	18,661	44,260
$ 150,909	$ 113,503	$ 9,518	$ 117,494	$ 133,799	$ 19,582	$ 50,637

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Special Revenue Funds				
	D.O.S.A.	Local Reserve	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services
ASSETS					
Cash and cash equivalents	$ -	$ 603,249	$ 826	$ -	$ 25,112
Investments	-	1,500,000	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	326	610	15,710
Local	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	$ -	$ 2,103,249	$ 1,152	$ 610	$ 40,822
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ 15,710
Accrued liabilities	-	-	1,130	538	-
Due to other governmental units -					
Federal/State	-	-	-	-	18,000
Due to other funds	-	-	22	11	-
Interfund payables	-	-	-	61	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	-	-	1,152	610	33,710
Fund Balance:					
Reserved for:					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	-	2,103,249	-	-	7,112
Total Fund Balance	-	2,103,249	-	-	7,112
Total Liabilities and Fund Balance	$ -	$ 2,103,249	$ 1,152	$ 610	$ 40,822

Special Revenue Funds				Debt Service Fund	Capital Project Funds	
Child Care	Veterans' Trust	K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement
$ 12,805	$ 520	$ 77	$ -	$ 162,346	$ 629,558	$ 301,616
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
128,641	-	-	92,830	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 141,446	$ 520	$ 77	$ 92,830	$ 162,346	$ 629,558	$ 301,616
$ 31,739	$ -	$ -	$ 1,449	$ -	$ -	$ -
3,312	-	-	4,595	-	-	-
-	-	-	-	-	-	-
5,226	-	-	551	-	-	-
93,169	-	-	58,966	-	-	-
-	-	-	7,500	-	-	-
-	-	-	-	-	-	-
133,446	-	-	73,061	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,000	520	77	19,769	162,346	629,558	301,616
8,000	520	77	19,769	162,346	629,558	301,616
$ 141,446	$ 520	$ 77	$ 92,830	$ 162,346	$ 629,558	$ 301,616

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Capital Projects Fund	
	Old Courthouse	Total
ASSETS		
Cash and cash equivalents	$ 38,401	$ 4,775,375
Investments	-	2,017,450
Receivables -		
Current and delinquent property taxes	-	9,815
Accounts and interest	-	363,121
Due from other governmental units -		
Federal/State	-	819,272
Local	-	296
Due from other funds	-	8,191
Interfund receivables	-	327,999
Inventory	-	2,469
Prepayments and deposits	-	4,559
Total Assets	$ 38,401	$ 8,328,547
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -	$ 209,960
Accrued liabilities	-	215,617
Due to other governmental units -		
Federal/State	-	26,560
Due to other funds	-	133,030
Interfund payables	-	327,999
Advances from other funds	-	7,500
Deferred revenue	-	9,815
Total Liabilities	-	930,481
Fund Balance:		
Reserved for:		
Inventory	-	2,469
Prepayments and deposits	-	4,559
Unreserved	38,401	7,391,038
Total Fund Balance	38,401	7,398,066
Total Liabilities and Fund Balance	$ 38,401	$ 8,328,547

Concluded

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	$ -	$ -	$ 1,628,242	$ -	$ -
Licenses and permits	-	-	-	-	8,470
Intergovernmental -					
Federal/State	-	12,980	-	844,536	-
Local	-	-	-	-	-
Charges for services	181,683	-	13,552	108,815	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	6,550	-	-	-	-
Interest	-	-	76,843	-	-
Other	7,669	-	-	566	-
Total Revenues	195,902	12,980	1,718,637	953,917	8,470
Expenditures:					
Current -					
Judicial	-	-	-	1,274,364	2,638
General Government	-	-	-	-	-
Public Safety	-	-	1,929,310	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	480,395	12,539	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service-					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	480,395	12,539	1,929,310	1,274,364	2,638
Revenues over (under) expenditures	(284,493)	441	(210,673)	(320,447)	5,832
Other Financing Sources (Uses):					
Transfers In	284,355	-	-	308,138	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	284,355	-	-	308,138	-
Net change in Fund Balances	(138)	441	(210,673)	(12,309)	5,832
Fund Balances at beginning of year	138	129	806,311	88,807	23,839
Fund Balances at end of year	$ -	$ 570	$ 595,638	$ 76,498	$ 29,671

Special Revenue Funds						
Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
$ -	$ -	$ -	$ -	$ -	$ -	$ -
225,610	-	213,645	-	-	-	-
1,709,345	427,616	-	6,814	-	107,841	-
-	-	-	-	-	-	-
1,435,286	-	45,348	-	-	3,500	95,325
-	-	9,958	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	14,956
106,131	58,509	3,072	-	-	-	-
3,476,372	486,125	272,023	6,814	-	111,341	110,281
-	-	-	-	-	-	-
-	-	-	-	-	111,341	45,805
-	-	357,486	-	-	-	-
-	-	-	22,174	-	-	-
4,273,955	1,031,155	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,273,955	1,031,155	357,486	22,174	-	111,341	45,805
(797,583)	(545,030)	(85,463)	(15,360)	-	-	64,476
744,071	531,891	71,620	14,656	-	-	-
-	-	-	-	-	-	-
744,071	531,891	71,620	14,656	-	-	-
(53,512)	(13,139)	(13,843)	(704)	-	-	64,476
314,650	15,193	13,843	704	34,296	-	277,093
$ 261,138	$ 2,054	$ -	$ -	$ 34,296	$ -	$ 341,569

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	-	-	29,445	340,591	121,063
Local	-	-	-	-	-
Charges for services	-	-		71,680	-
Fines and forfeits	-	-	-	-	11,254
Rents and royalties	-	104,941	-	-	-
Interest	59,132	-	-	-	4,390
Other	-	-	188	-	18,038
Total Revenues	59,132	104,941	29,633	412,271	154,745
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	85,509	-	-	-
Public Safety	-	-	85,771	457,214	188,404
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service-					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	-	85,509	85,771	457,214	188,404
Revenues over (under) expenditures	59,132	19,432	(56,138)	(44,943)	(33,659)
Other Financing Sources (Uses):					
Transfers In	-	-	52,940	44,218	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	-	-	52,940	44,218	-
Net change in Fund Balances	59,132	19,432	(3,198)	(725)	(33,659)
Fund Balances at beginning of year	2,128,097	4,967	23,438	1,473	98,382
Fund Balances at end of year	$ 2,187,229	$ 24,399	$ 20,240	$ 748	$ 64,723

Special Revenue Funds						
Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Community Development
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	174,377
-	48,449	-	180,315	2,888	-	156,485
-	-	-	2,000	-	-	-
890,117	39,398	-	12,883	-	-	33,386
-	-	-	-	69,719	6,500	3,620
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,990	-	8,450	-	-	-
890,117	94,837	-	203,648	72,607	6,500	367,868
-	-	-	-	-	7,430	-
-	-	-	-	-	-	-
1,134,992	103,848	-	199,463	39,321	-	178,738
-	-	-	-	-	-	-
-	-	-	-	-	-	144,870
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,134,992	103,848	-	199,463	39,321	7,430	323,608
(244,875)	(9,011)	-	4,185	33,286	(930)	44,260
267,864	4,275	-	3,910	-	4,500	-
-	-	-	-	-	-	-
267,864	4,275	-	3,910	-	4,500	-
22,989	(4,736)	-	8,095	33,286	3,570	44,260
83,749	92,002	9,518	80,365	100,456	15,091	-
$ 106,738	$ 87,266	$ 9,518	$ 88,460	$ 133,742	$ 18,661	$ 44,260

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds				
	D.O.S.A.	Local Reserve	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services
Revenues:					
Taxes	$ -	$ 1,025,000	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	-	-	22,921	3,554	141,130
Local	-	-	9,950	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	-	-	-	-	-
Interest	-	63,249	-	-	-
Other	-	-	-	10,002	24,432
Total Revenues	-	1,088,249	32,871	13,556	165,562
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	36,759	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	185,634
Recreation and Cultural	-	-	-	13,602	-
Capital Outlay	-	-	-	-	-
Debt Service-					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	-	-	36,759	13,602	185,634
Revenues over (under) expenditures	-	1,088,249	(3,888)	(46)	(20,072)
Other Financing Sources (Uses):					
Transfers In	-	-	3,888	-	10,812
Transfers Out	(3,030)	-	-	-	-
Total Other Sources (Uses)	(3,030)	-	3,888	-	10,812
Net change in Fund Balances	(3,030)	1,088,249	-	(46)	(9,260)
Fund Balances at beginning of year	3,030	1,015,000	-	46	16,372
Fund Balances at end of year	$ -	$ 2,103,249	$ -	$ -	$ 7,112

Special Revenue Funds				Debt Service Fund	Capital Project Funds	
Child Care	Veterans' Trust	K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
455,069	25,792	-	293,827	-	-	-
-	-	-	34,497	-	-	-
239,190	-	-	2,302	-	-	-
4,530	-	-	-	-	-	-
-	-	-	-	148,677	-	-
-	-	-	-	8,618	-	-
-	-	-	7,500	-	-	18,518
698,789	25,792	-	338,126	157,295	-	18,518
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,098,319	26,086	-	360,193	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	333,766
-	-	-	-	150,000	-	-
-	-	-	-	53,650	-	-
1,098,319	26,086	-	360,193	203,650	-	333,766
(399,530)	(294)	-	(22,067)	(46,355)	-	(315,248)
399,530	-	-	33,080	-	-	376,500
-	-	-	-	-	-	-
399,530	-	-	33,080	-	-	376,500
-	(294)	-	11,013	(46,355)	-	61,252
8,000	814	77	8,756	208,701	629,558	240,364
$ 8,000	$ 520	$ 77	$ 19,769	$ 162,346	$ 629,558	$ 301,616

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Capital Projects Fund	
	Old Courthouse	Total
Revenues:		
Taxes	$ -	$ 2,653,242
Licenses and permits	-	622,102
Intergovernmental -		
Federal/State	-	4,930,661
Local	-	46,447
Charges for services	-	3,172,465
Fines and forfeits	-	105,581
Rents and royalties	-	260,168
Interest	-	227,188
Other	38,459	308,524
Total Revenues	38,459	12,326,378
Expenditures:		
Current -		
Judicial	-	1,284,432
General Government	-	279,414
Public Safety	-	4,674,547
Public Works	-	22,174
Health and Welfare	-	7,120,212
Recreation and Cultural	-	506,536
Capital Outlay	54,121	387,887
Debt Service-		
Principal	-	150,000
Interest and charges	-	53,650
Total Expenditures	54,121	14,478,852
Revenues over (under) expenditures	(15,662)	(2,152,474)
Other Financing Sources (Uses):		
Transfers In	20,000	3,176,248
Transfers Out	-	(3,030)
Total Other Sources (Uses)	20,000	3,173,218
Net change in Fund Balances	4,338	1,020,744
Fund Balances at beginning of year	34,063	6,377,322
Fund Balances at end of year	$ 38,401	$ 7,398,066

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
PARKS DEPARTMENT			
Revenues:			
Intergovernmental-			
Charges for services	$ 234,100	$ 181,683	$(52,417)
Rents and royalties	6,000	6,550	550
Other	5,750	7,669	1,919
Total Revenues	245,850	195,902	(49,948)
Expenditures:			
Recreation and cultural	495,850	480,395	15,455
Revenues under expenditures	(250,000)	(284,493)	(34,493)
Other Financing Sources:			
Transfers in	250,000	284,355	34,355
Net change in fund balance	-	(138)	(138)
Fund Balance at beginning of year	-	138	138
Fund Balance at end of year	$ -	$ -	$ -
POLLY ANN TRAIL			
Revenues:			
Intergovernmental -			
Federal/State	$ 20,000	$ 12,980	$(7,020)
Expenditures:			
Recreation and cultural	20,000	12,539	7,461
Revenues over expenditures	-	441	441
Fund Balance at beginning of year	-	129	129
Fund Balance at end of year	$ -	$ 570	$ 570

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
E - 911			
Revenues:			
Taxes	$ 1,680,549	$ 1,628,242	$(52,307)
Charges for services	-	13,552	13,552
Interest and rent	74,385	76,843	2,458
Total Revenues	1,754,934	1,718,637	(36,297)
Expenditures:			
Public Safety	2,204,934	1,929,310	275,624
Revenues under expenditures	(450,000)	(210,673)	239,327
Fund Balance at beginning of year	450,000	806,311	356,311
Fund Balance at end of year	$ -	$ 595,638	$ 595,638
FRIEND OF THE COURT			
Revenues:			
Intergovernmental - Federal/State	$ 864,971	$ 844,536	$(20,435)
Charges for services	123,400	108,815	(14,585)
Other	37,422	566	(36,856)
Total Revenues	1,025,793	953,917	(71,876)
Expenditures:			
Judicial	1,368,743	1,274,364	94,379
Revenues under expenditures	(342,950)	(320,447)	22,503
Other Financing Sources:			
Transfers in	342,950	308,138	(34,812)
Net change in Fund Balance	-	(12,309)	(12,309)
Fund Balance at beginning of year	-	88,807	88,807
Fund Balance at end of year	$ -	$ 76,498	$ 76,498

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
FAMILY MARRIAGE COUNSELING			
Revenues:			
Licenses and permits	$ 9,086	$ 8,470	$(616)
Expenditures:			
Judicial	9,086	2,638	6,448
Revenues over expenditures	-	5,832	5,832
Fund Balance at beginning of year	-	23,839	23,839
Fund Balance at end of year	$ -	$ 29,671	$ 29,671
HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	$ 429,450	$ 225,610	$(203,840)
Intergovernmental -			
Federal/State	1,340,098	1,709,345	369,247
Charges for services	1,446,938	1,435,286	(11,652)
Other	176,333	106,131	(70,202)
Total Revenues	3,392,819	3,476,372	83,553
Expenditures:			
Health and welfare	4,357,292	4,273,955	83,337
Revenues under expenditures	(964,473)	(797,583)	166,890
Other Financing Sources:			
Transfers in	744,886	744,071	(815)
Net change in Fund Balance	(219,587)	(53,512)	166,075
Fund Balance at beginning of year	219,587	314,650	95,063
Fund Balance at end of year	$ -	$ 261,138	$ 261,138

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
PERSONAL CARE AIDE PROGRAM			
Revenues:			
Intergovernmental - Federal/State	$ 390,694	$ 427,616	$ 36,922
Charges for services	4,050	-	(4,050)
Other	53,939	58,509	4,570
Total Revenues	448,683	486,125	37,442
Expenditures:			
Health and welfare	1,019,316	1,031,155	(11,839)
Revenues under expenditures	(570,633)	(545,030)	25,603
Other Financing Sources:			
Transfers in	570,633	531,891	(38,742)
Net change in Fund Balance	-	(13,139)	(13,139)
Fund Balance at beginning of year	-	15,193	15,193
Fund Balance at end of year	$ -	$ 2,054	$ 2,054
ANIMAL CONTROL			
Revenues:			
Licenses and permits	$ 214,500	$ 213,645	$(855)
Charges for services	55,300	45,348	(9,952)
Fines and forfeits	17,100	9,958	(7,142)
Other	1,750	3,072	1,322
Total Revenues	288,650	272,023	(16,627)
Expenditures:			
Public safety	357,868	357,486	382
Revenues under expenditures	(69,218)	(85,463)	(16,245)
Other Financing Sources:			
Transfers in	54,989	71,620	16,631
Net change in Fund Balance	(14,229)	(13,843)	386
Fund Balance at beginning of year	14,229	13,843	(386)
Fund Balance at end of year	$ -	$ -	$ -

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance Positive (Negative)
ENVIRONMENTAL/RECYCLING			
Revenues:			
Intergovernmental - Federal/State	$ 7,500	$ 6,814	$(686)
Expenditures:			
Public works	24,873	22,174	2,699
Revenues under expenditures	(17,373)	(15,360)	2,013
Other Financing Sources:			
Transfers in	17,250	14,656	(2,594)
Net change in Fund Balance	(123)	(704)	(581)
Fund Balance at beginning of year	123	704	581
Fund Balance at end of year	$ -	$ -	$ -
EMERGENCY DISASTER			
Fund Balance at beginning of year	$ -	$ 34,296	$ 34,296
Fund Balance at end of year	$ -	$ 34,296	$ 34,296
COUNTY SURVEYOR			
Revenues:			
Intergovernmental - Federal/State	$ 108,319	$ 107,841	$(478)
Charges for services	3,500	3,500	-
Total Revenues	111,819	111,341	(478)
Expenditures:			
General Government	111,819	111,341	478
Revenues over expenditures	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ -	$ -

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance Positive (Negative)
REGISTER OF DEEDS AUTOMATION			
Revenues:			
Charges for services	$ 140,000	$ 95,325	$(44,675)
Interest	2,500	14,956	12,456
Total Revenues	142,500	110,281	(32,219)
Expenditures:			
General Government	142,500	45,805	96,695
Revenues over expenditures	-	64,476	64,476
Fund Balance at beginning of year	-	277,093	277,093
Fund Balance at end of year	$ -	$ 341,569	$ 341,569
BUDGET STABILIZATION			
Revenues:			
Interest	$ -	$ 59,132	$ 59,132
Expenditures:			
General Government	5,000	-	5,000
Revenues over (under) expenditures	(5,000)	59,132	64,132
Other Financing Sources:			
Transfer In	5,000	-	(5,000)
Net change in Fund Balance	-	59,132	59,132
Fund Balance at beginning of year	-	2,128,097	2,128,097
Fund Balance at end of year	$ -	$ 2,187,229	$ 2,187,229
RENTAL PROPERTY			
Revenues:			
Rents and royalties	$ 107,428	$ 104,941	$(2,487)
Expenditures:			
General Government	107,428	85,509	21,919
Revenues over expenditures	-	19,432	19,432
Fund Balance at beginning of year	-	4,967	4,967
Fund Balance at end of year	$ -	$ 24,399	$ 24,399

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
EMERGENCY MANAGEMENT			
Revenues:			
Intergovernmental -			
Federal/State	$ 22,733	$ 29,445	$ 6,712
Other	-	188	188
	22,733	29,633	6,900
Expenditures:			
Public safety	75,673	85,771	(10,098)
Revenues under expenditures	(52,940)	(56,138)	(3,198)
Other Financing Sources:			
Transfers in	52,940	52,940	-
Net change in Fund Balance	-	(3,198)	(3,198)
Fund Balance at beginning of year	-	23,438	23,438
Fund Balance at end of year	$ -	$ 20,240	$ 20,240
COMMUNITY GRANTS			
Revenues:			
Intergovernmental -			
Federal/State	$ 363,818	$ 340,591	$(23,227)
Charges for services	83,600	71,680	(11,920)
Total Revenues	447,418	412,271	(35,147)
Expenditures:			
Public safety	517,750	457,214	60,536
Revenues under expenditures	(70,332)	(44,943)	25,389
Other Financing Sources:			
Transfers in	70,332	44,218	(26,114)
Net change in Fund Balance	-	(725)	(725)
Fund Balance at beginning of year	-	1,473	1,473
Fund Balance at end of year	$ -	$ 748	$ 748

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
THUMB NARCOTICS UNIT			
Revenues:			
Intergovernmental - Federal/State	$ 139,565	$ 121,063	$(18,502)
Fines and forfeitures	38,750	11,254	(27,496)
Interest	270	4,390	4,120
Other	26,150	18,038	(8,112)
Total Revenues	204,735	154,745	(49,990)
Expenditures:			
Public safety	234,735	188,404	46,331
Revenues under expenditures	(30,000)	(33,659)	(3,659)
Fund Balance at beginning of year	30,000	98,382	68,382
Fund Balance at end of year	$ -	$ 64,723	$ 64,723
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	$ 928,749	$ 890,117	$(38,632)
Expenditures:			
Public safety	1,217,673	1,134,992	82,681
Revenues under expenditures	(288,924)	(244,875)	44,049
Other Financing Sources:			
Transfers in	288,924	267,864	(21,060)
Net change in Fund Balance	-	22,989	22,989
Fund Balance at beginning of year	-	83,749	83,749
Fund Balance at end of year	$ -	$ 106,738	$ 106,738

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT PROGRAMS			
Revenues:			
Intergovernmental -			
Federal/State	$ 35,737	$ 48,449	$ 12,712
Charges for services	14,500	39,398	24,898
Other	28,707	6,990	(21,717)
Total Revenues	78,944	94,837	15,893
Expenditures:			
Public safety	83,856	103,848	(19,992)
Revenues under expenditures	(4,912)	(9,011)	(4,099)
Other Financing Sources:			
Transfers in	4,912	4,275	(637)
Net change in Fund Balance	-	(4,736)	(4,736)
Fund Balance at beginning of year	-	92,002	92,002
Fund Balance at end of year	$ -	$ 87,266	$ 87,266
POLICING CONTRACTS			
Fund Balance at beginning of year	$ -	$ 9,518	$ 9,518
Fund Balance at end of year	$ -	$ 9,518	$ 9,518
LAW ENFORCEMENT			
Revenues:			
Intergovernmental -			
Federal/State	$ 184,335	$ 180,315	$(4,020)
Local	3,000	2,000	(1,000)
Charges for services	20,000	12,883	(7,117)
Other	15,552	8,450	(7,102)
Total Revenues	222,887	203,648	(19,239)
Expenditures:			
Public safety	228,518	199,463	29,055
Revenues over (under) expenditures	(5,631)	4,185	9,816
Other Financing Sources:			
Transfers in	5,631	3,910	(1,721)
Net change in Fund Balance	-	8,095	8,095
Fund Balance at beginning of year	-	80,365	80,365
Fund Balance at end of year	$ -	$ 88,460	$ 88,460

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT - OTHER			
Revenues:			
Intergovernmental -			
Federal/State	$ -	$ 2,888	$ 2,888
Fines and forfeits	24,000	69,719	45,719
Total Revenues	24,000	72,607	48,607
Expenditures:			
Public safety	38,171	39,321	(1,150)
Revenues over (under) expenditures	(14,171)	33,286	47,457
Fund Balance at beginning of year	14,171	100,456	86,285
Fund Balance at end of year	$ -	$ 133,742	$ 133,742
LAW LIBRARY			
Revenues:			
Fines and forfeits	$ 6,500	$ 6,500	$ -
Expenditures:			
Judicial	11,247	7,430	3,817
Revenues under expenditures	(4,747)	(930)	3,817
Other Financing Sources:			
Transfers in	4,500	4,500	-
Net change in Fund Balance	(247)	3,570	3,817
Fund Balance at beginning of year	247	15,091	14,844
Fund Balance at end of year	$ -	$ 18,661	$ 18,661

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY DEVELOPMENT			
Revenues:			
Licenses and permits	$ 127,497	$ 174,377	$ 46,880
Intergovernmental - Federal/State	152,024	156,485	4,461
Charges for services	103,000	33,386	(69,614)
Fines and forfeits	1,000	3,620	2,620
Total Revenues	383,521	367,868	(15,653)
Expenditures:			
Public Safety	255,024	178,738	76,286
Health and welfare	128,497	144,870	(16,373)
Total Expenditures	383,521	323,608	59,913
Revenues over expenditures	-	44,260	44,260
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ 44,260	$ 44,260
D.O.S.A.			
Other Financing Sources:			
Transfers out	$ -	$(3,030)	$(3,030)
Net change in Fund Balance	-	(3,030)	(3,030)
Fund Balance at beginning of year	-	3,030	3,030
Fund Balance at end of year	$ -	$ -	$ -
LOCAL RESERVE			
Revenues:			
Taxes	$ -	$ 1,025,000	$ 1,025,000
Interest	-	63,249	63,249
Total Revenues	-	1,088,249	1,088,249
Net change in Fund Balance	-	1,088,249	1,088,249
Fund Balance at beginning of year	-	1,015,000	1,015,000
Fund Balance at end of year	$ -	$ 2,103,249	$ 2,103,249

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
LAPEER AREA YOUTH COORDINATOR			
Revenues:			
Intergovernmental -			
Federal/State	$ 23,763	$ 22,921	$(842)
Local	8,813	9,950	1,137
	32,576	32,871	295
Expenditures:			
General government	36,464	36,759	(295)
Revenues under expenditures	(3,888)	(3,888)	-
Other Financing Sources:			
Transfers in	3,888	3,888	-
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ -	$ -
4-H PROGRAMS			
Revenues:			
Intergovernmental -			
Federal/State	$ 5,312	$ 3,554	$(1,758)
Other	10,341	10,002	(339)
Total Revenues	15,653	13,556	(2,097)
Expenditures:			
Recreation and cultural	15,653	13,602	2,051
Revenues under expenditures	-	(46)	(46)
Fund Balance at beginning of year	-	46	46
Fund Balance at end of year	$ -	$ -	$ -

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance Positive (Negative)
DEPARTMENT OF HUMAN SERVICES			
Revenues:			
Intergovernmental -			
Federal/State	$ -	$ 141,130	$ 141,130
Other	-	24,432	24,432
Total Revenues	-	165,562	165,562
Expenditures:			
Health and welfare	52,662	185,634	(132,972)
Revenues under expenditures	(52,662)	(20,072)	32,590
Other Financing Sources:			
Transfers in	52,662	10,812	(41,850)
Net change in Fund Balance	-	(9,260)	(9,260)
Fund Balance at beginning of year	-	16,372	16,372
Fund Balance at end of year	$ -	$ 7,112	$ 7,112
CHILD CARE			
Revenues:			
Intergovernmental -			
Federal/State	$ 569,038	$ 455,069	$(113,969)
Charges for services	254,209	239,190	(15,019)
Fines and forfeits	9,000	4,530	(4,470)
Total Revenues	832,247	698,789	(133,458)
Expenditures:			
Health and welfare	1,543,919	1,098,319	445,600
Revenues under expenditures	(711,672)	(399,530)	312,142
Other Financing Sources:			
Transfers in	711,672	399,530	(312,142)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	8,000	8,000
Fund Balance at end of year	$ -	$ 8,000	$ 8,000

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, 2007

	Final Budget	Actual	Variance Positive (Negative)
VETERANS' TRUST			
Revenues:			
Intergovernmental -			
Federal/State	$ -	$ 25,792	$ 25,792
Fines and forfeits	11,240	-	(11,240)
Total Revenues	11,240	25,792	14,552
Expenditures:			
Health and welfare	11,240	26,086	(14,846)
Revenues under expenditures	-	(294)	(294)
Fund Balance at beginning of year	-	814	814
Fund Balance at end of year	$ -	$ 520	$ 520
K.I.N.D.			
Fund Balance at beginning of year	$ -	$ 77	$ 77
Fund Balance at end of year	$ -	$ 77	$ 77
MULTI PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental -			
Federal/State	$ 308,202	$ 293,827	$(14,375)
Local	57,271	34,497	(22,774)
Charges for services	3,000	2,302	(698)
Other	7,500	7,500	-
Total Revenues	375,973	338,126	(37,847)
Expenditures:			
Health and welfare	414,585	360,193	54,392
Revenues under expenditures	(38,612)	(22,067)	16,545
Other Financing Sources:			
Transfers in	33,081	33,080	(1)
Net change in Fund Balance	(5,531)	11,013	16,544
Fund Balance at beginning of year	5,531	8,756	3,225
Fund Balance at end of year	$ -	$ 19,769	$ 19,769

Concluded

INTERNAL SERVICE FUNDS

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

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2007

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 149,798	$ 176,171	$ 1,716,870	$ 10,009
Cash on deposit with agent	-	-	6,000	-
Receivables -				
Accrued interest and other	-	6	-	-
Due from other funds	450,000	25,428	8,572	-
Prepaid expenses	273,112	-	-	-
Total Current Assets	872,910	201,605	1,731,442	10,009
Noncurrent Assets:				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	872,910	201,605	1,731,442	10,009
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	-	-	3,540	-
Current portion of claims liabilities	-	-	11,000	-
Due to other funds	-	-	450,000	-
Total Current Liabilities	-	-	464,540	-
Long-Term Liabilities:				
Accrued claims liabilities	-	-	26,000	-
Advances from other funds	-	-	-	4,000
Total Long-Term Liabilities	-	-	26,000	4,000
Total Liabilities	-	-	490,540	4,000
Net Assets				
Invested in capital assets, net of related liabilities	-	-	-	-
Unrestricted	872,910	201,605	1,240,902	6,009
Total Net Assets	872,910	201,605	1,240,902	6,009
Total Liabilities and Net Assets	$ 872,910	$ 201,605	$ 1,731,442	$ 10,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
$ 50,262	$ 586,631	$ 2,689,741
-	-	6,000
-	-	6
-	-	484,000
-	-	273,112
50,262	586,631	3,452,859
490,781	2,311,906	2,802,687
541,043	2,898,537	6,255,546
-	8,251	11,791
-	-	11,000
-	-	450,000
-	8,251	472,791
-	-	26,000
-	104,000	108,000
-	104,000	134,000
-	112,251	606,791
490,781	2,311,906	2,802,687
50,262	474,380	2,846,068
541,043	2,786,286	5,648,755
$ 541,043	$ 2,898,537	$ 6,255,546

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Operating Revenues:				
Charges for services	$ 3,530,664	$ 15,806	$ 334,883	$ -
Operating Expenses:				
Administrative and operating	-	-	-	-
Insurance and claims	3,506,483	17,902	50,331	-
Depreciation	-	-	-	-
Total Operating Expenses	3,506,483	17,902	50,331	-
Operating Income (Loss)	24,181	(2,096)	284,552	-
Non-operating Revenues:				
Intergovernmental-				
Federal/State	-	-	-	-
Interest	-	8,210	73,280	-
Loss on disposal of assets	-	-	-	-
Total Non-operating Revenues	-	8,210	73,280	-
Net Income (Loss) Before Transfers	24,181	6,114	357,832	-
Transfers:				
Transfers In	-	-	-	-
Change in net assets	24,181	6,114	357,832	-
Net Assets at beginning of year	848,729	195,491	883,070	6,009
Net Assets at end of year	$ 872,910	$ 201,605	$ 1,240,902	$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
$ 49,347	$ 348,011	$ 4,278,711
14,122	220,990	235,112
-	-	3,574,716
52,238	363,950	416,188
66,360	584,940	4,226,016
(17,013)	(236,929)	52,695
-	4,972	4,972
-	-	81,490
-	(24,277)	(24,277)
-	(19,305)	62,185
(17,013)	(256,234)	114,880
-	150,500	150,500
(17,013)	(105,734)	265,380
558,056	2,892,020	5,383,375
$ 541,043	$ 2,786,286	$ 5,648,755

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Cash Flows From Operating Activities:				
Receipts for services	$ 3,530,664	$ 15,743	$ 334,883	$ -
Payments to suppliers	(3,330,652)	(17,902)	(47,791)	-
Other cash (payments)	-	-	(1,254)	-
Net Cash Provided (Used) By Operating Activities	200,012	(2,159)	285,838	-
Cash Flows From Noncapital Financing Activities:				
Transfers in	-	-	-	-
Net Cash Provided By Non-capital Financing Activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities:				
Acquisition and disposal of fixed assets	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	-	-	-	-
Cash Flows From Investing Activities:				
Interest earned	-	8,210	73,280	-
Net Cash Provided by Investing Activities	-	8,210	73,280	-
Net increase in cash and cash equivalents	200,012	6,051	359,118	-
Cash and Cash Equivalents at beginning of year	(50,214)	170,120	1,363,752	10,009
Cash and Cash Equivalents at end of year	$ 149,798	$ 176,171	$ 1,722,870	$ 10,009
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating Income (Loss)	$ 24,181	$(2,096)	$ 284,552	$ -
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	-	(63)	(1,254)	-
Prepaid expenses	175,831	-	-	-
Accounts payable	-	-	3,540	-
Accrued claims	-	-	(1,000)	-
Net Cash Provided (Used) by Operating Activities	$ 200,012	$(2,159)	$ 285,838	$ -

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
$ 49,347	$ 350,011	$ 4,280,648
(14,122)	(252,117)	(3,662,584)
-	-	(1,254)
35,225	97,894	616,810
-	150,500	150,500
-	150,500	150,500
-	(143,058)	(143,058)
-	(143,058)	(143,058)
-	-	81,490
-	-	81,490
35,225	105,336	705,742
15,037	481,295	1,989,999
$ 50,262	$ 586,631	$ 2,695,741
$(17,013)	$(236,929)	$ 52,695
52,238	363,950	416,188
-	2,000	683
-	15,835	191,666
-	(46,962)	(43,422)
-	-	(1,000)
$ 35,225	$ 97,894	$ 616,810

FIDUCIARY FUNDS

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

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

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

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

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2007

	Pension	Public Employee Health Care	Total
Assets:			
Cash and cash equivalents	$ 655,349	$ 137,238	$ 792,587
Due from other funds	442,186	-	442,186
Total Assets	1,097,535	137,238	1,234,773
Liabilities:			
Accounts payable	151,124	-	151,124
Net Assets held in trust for pension and health care benefits	$ 946,411	$ 137,238	$ 1,083,649

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS FIDUCIARY NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2007

	Pension	Public Employee Health Care	Total
Additions:			
Contributions	$ 2,716,366	$ 182,765	$ 2,899,131
Deductions:			
Transfer to administrative agent	2,498,942	850,650	3,349,592
Net additions (deductions) to net assets held in trust	217,424	(667,885)	(450,461)
Net assets held in trust at beginning of year	728,987	805,123	1,534,110
Net assets held in trust at end of year	$ 946,411	$ 137,238	$ 1,083,649

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2007

	Agency Funds				
	General Agency	Library Penal Fines	District Court	Common Banking	Total
Assets:					
Cash and cash equivalents	$ 944,126	$ 31,810	$ 95,308	$ 297,431	$ 1,368,675
Liabilities:					
Due to other governmental units	308,153	-	-	205,974	514,127
Due to individuals and agencies	635,973	31,810	95,308	91,457	854,548
Total Liabilities	$ 944,126	$ 31,810	$ 95,308	$ 297,431	$ 1,368,675

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	$ 1,887,167	$ 104,607,486	$ 105,125,978	$ 1,368,675
Liabilities:				
Accounts payable	-	42,964,843	42,964,843	-
Due to other governmental units	387,804	46,788,642	46,662,319	514,127
Due to individuals and agencies	1,499,363	4,591,919	5,236,734	854,548
Total Liabilities	$ 1,887,167	$ 94,345,404	$ 94,863,896	$ 1,368,675
GENERAL AGENCY FUND				
Assets:				
Cash and cash equivalents	$ 1,801,492	$ 71,803,993	$ 72,661,359	$ 944,126
Liabilities:				
Accounts Payable	-	41,179,452	41,179,452	-
Due to other governmental units	541,319	39,145,346	39,378,512	308,153
Due to individuals and agencies	1,260,173	1,273,863	1,898,063	635,973
Total Liabilities	$ 1,801,492	$ 81,598,661	$ 82,456,027	$ 944,126
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	$ 30,776	$ 500,618	$ 499,584	$ 31,810
Liabilities:				
Due to -				
Individuals and agencies	$ 30,776	$ 992,887	$ 991,853	$ 31,810

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
DISTRICT COURT				
Assets:				
Cash and cash equivalents	$(19,561)	$ 3,016,533	$ 2,901,664	$ 95,308
Liabilities:				
Accounts payable	$ -	$ 711,719	$ 711,719	$ -
Due to other governmental units	(182,653)	2,691,143	2,508,490	-
Due to individuals and agencies	163,092	1,081,043	1,148,827	95,308
Total Liabilities	$(19,561)	$ 4,483,905	$ 4,369,036	$ 95,308
COMMON BANKING				
Assets:				
Cash and cash equivalents	$ 74,460	$ 29,286,342	$ 29,063,371	$ 297,431
Liabilities:				
Accounts payable	$ -	$ 1,073,672	$ 1,073,672	$ -
Due to other governmental units	29,138	4,952,153	4,775,317	205,974
Due to individuals and agencies	45,322	1,244,126	1,197,991	91,457
Total Liabilities	$ 74,460	$ 7,269,951	$ 7,046,980	$ 297,431

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, 2007

	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
General County:				
Land	$ 472,827	$ 226,006	$ -	$ 698,833
Land improvements	1,684,159	-	-	1,684,159
Buildings	22,057,353	394,768	-	22,452,121
Equipment	6,179,752	194,565	-	6,374,317
Vehicles	200,221	21,500	-	221,721
	30,594,312	836,839	-	31,431,151
Less - accumulated depreciation	(14,358,373)	(970,840)	-	(15,329,213)
	16,235,939	(134,001)	-	16,101,938
Construction in progress	234,535	51,468	286,003	-
Net Total Investment in General Fixed Assets	$ 16,470,474	$(82,533)	$ 286,003	$ 16,101,938

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, 2007

	Total	Land and Improvements	Buildings	Equipment	Vehicles
General Government:					
Legislative	$ 1,018,057	$ 226,006	$ 792,051	$ -	$ -
Judicial	3,418,583	-	3,279,075	139,508	-
General Services	6,300,158	388,309	5,702,051	204,251	5,547
	10,736,798	614,315	9,773,177	343,759	5,547
Public Works:					
Environmental/Recycling	30,000	-	30,000	-	-
Drain Commission	194,674	-	-	-	194,674
	224,674	-	30,000	-	194,674
Public Safety:					
Animal Shelter	274,324	25,302	221,800	27,222	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	6,342,208	75,926	969,067	5,297,215	-
Sheriff	6,121,877	498,391	5,488,610	134,876	-
	12,759,909	599,619	6,679,477	5,459,313	21,500
Health and Welfare:					
Health Department	628,619	37,221	238,782	352,616	-
Mental Health	2,977,343	129,692	2,709,808	137,843	-
D.O.S.A.	32,686	-	-	32,686	-
Family Independence Agency	1,883,330	143,480	1,728,320	11,530	-
	5,521,978	310,393	4,676,910	534,675	-
Recreation and Cultural:					
Parks and Recreation	2,040,974	817,068	1,194,356	29,550	-
Cooperative Extension	7,021	-	-	7,021	-
Libraries	139,797	41,597	98,200	-	-
	2,187,792	858,665	1,292,556	36,571	-
Total Capital Assets	31,431,151	2,382,992	22,452,120	6,374,318	221,721
Less: accumulated depreciation	(15,329,213)	(1,211,908)	(8,146,426)	(5,766,358)	(204,521)
Total Capital Assets (Net of Accumulated Depreciation)	$ 16,101,938	$ 1,171,084	$ 14,305,694	$ 607,960	$ 17,200

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, 2007

	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
General Government:				
Legislative	$ 397,283	$ 620,774	$ -	$ 1,018,057
Judicial	3,418,583	-	-	3,418,583
General Services	6,286,858	13,300	-	6,300,158
Total General Government	10,102,724	634,074	-	10,736,798
Construction in Progress	234,535	51,468	286,003	-
Total General Government	10,337,259	685,542	286,003	10,736,798
Public Works:				
Environmental/Recycling	30,000	-	-	30,000
Drain Commission	194,674	-	-	194,674
Total Public Works	224,674	-	-	224,674
Public Safety:				
Animal Shelter	274,324	-	-	274,324
Marine Safety	-	21,500	-	21,500
911 Center	6,170,289	171,919	-	6,342,208
Sheriff	6,112,531	9,346	-	6,121,877
Total Public Safety	12,557,144	202,765	-	12,759,909
Health and Welfare:				
Health Department	628,619	-	-	628,619
Mental Health	2,977,343	-	-	2,977,343
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,883,330	-	-	1,883,330
Total Health and Welfare	5,521,978	-	-	5,521,978
Recreation and Cultural:				
Parks and Recreation	2,040,974	-	-	2,040,974
Cooperative Extension	7,021	-	-	7,021
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	2,187,792	-	-	2,187,792
Total Capital Assets	$ 30,828,847	$ 888,307	$ 286,003	$ 31,431,151

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

BOARD OF PUBLIC WORKS FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
BOARD OF PUBLIC WORKS
DECEMBER 31,2007

	Major Funds					
	Debt Service				Capital Projects	
	Dryden Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Almont WSSI 2007	Dryden WSSI 2007
ASSETS						
Cash and cash equivalents	$ 1,611	$ 6,567	$ 7,535	$ 400,801	$ 38,718	$ 5,946
Due from other governmental units - Federal/State	-	-	-	-	214,707	55,136
Contracts receivable	845,000	-	200,000	1,860,000	-	-
Total Assets	$ 846,611	$ 6,567	$ 207,535	$ 2,260,801	$ 253,425	$ 61,082
ABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ 240,650	$ 61,082
Deferred revenue	845,000	-	200,000	1,860,000	-	-
Total Liabilities	845,000	-	200,000	1,860,000	240,650	61,082
Fund Balance:						
Unreserved						
Undesignated	1,611	6,567	7,535	400,801	12,775	-
Total Liabilities and Fund Balance	$ 846,611	$ 6,567	$ 207,535	$ 2,260,801	$ 253,425	$ 61,082

Nonmajor Funds							
Debt Service					Capital Project		
Dryden Drinking Water	Almont Wastewater Treatment	Almont WSS 2007	Dryden WSS 2007	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total
$ 833	$ 784	$ -	$ -	$ 397	$ 57,594	$ 59,608	$ 520,786
-	-	-	-	-	-	-	269,843
656,507	22,000	810,444	468,773	455,000	-	2,412,724	5,317,724
$ 657,340	$ 22,784	$ 810,444	$ 468,773	$ 455,397	$ 57,594	$ 2,472,332	$ 6,108,353
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 301,732
656,507	22,000	810,444	468,773	455,000	-	2,412,724	5,317,724
656,507	22,000	810,444	468,773	455,000	-	2,412,724	5,619,456
833	784	-	-	397	57,594	59,608	488,897
$ 657,340	$ 22,784	$ 810,444	$ 468,773	$ 455,397	$ 57,594	$ 2,472,332	$ 6,108,353

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, 2007

Fund Balance - Total Governmental Funds		$ 488,897
Amounts available in the Capital Projects Funds that reduce the contract receivable on the government wide statements		(496,913)
Liabilities that are not payable in the current period and therefore not reported in the governmental fund statements		
Bonds/Notes Payable		(5,317,724)
Accrued interest on bonds/notes payable		(31,358)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized for net assets, (netted against bonds payables)	12,290	
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	11,848	
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets (netted against bonds payables)	15,236	39,374
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		5,317,724
Net Assets of governmental activities		$ -

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BOARD OF PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Major Funds					
	Debt Service				Capital Projects	
	Dryden Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Almont WSSI 2007	Dryden WSSI 2007
Revenues:						
Intergovernmental -						
Local	$ 133,855	$ 169,870	$ 111,295	$ 151,709	$ 5,126	$ -
Interest	571	206	2,899	19,916	4,285	-
Total Revenues	134,426	170,076	114,194	171,625	9,411	-
Expenditures:						
Capital Outlay	-	-	-	-	788,266	468,773
Debt Service-						
Principal retirement	100,000	165,000	95,000	85,000	240,000	-
Interest and fiscal charges	33,655	4,870	16,295	90,721	8,192	-
Total Expenditures	133,655	169,870	111,295	175,721	1,036,458	468,773
Excess of revenues over (under) expenditures	771	206	2,899	(4,096)	(1,027,047)	(468,773)
Other Financing Sources:						
Bond/Note proceeds	-	-	-	-	810,444	468,773
Total Other Sources	-	-	-	-	810,444	468,773
Net change in Fund Balances	771	206	2,899	(4,096)	(216,603)	-
Fund Balances at beginning of year	840	6,361	4,636	404,897	229,378	-
Fund Balances at end of year	$ 1,611	$ 6,567	$ 7,535	$ 400,801	$ 12,775	$ -

Nonmajor Funds							
Debt Service					Capital Project		
Dryden Drinking Water	Almont Wastewater Treatment	Almont WSSI 2007	Dryden WSSI 2007	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total
$ 61,975	$ 11,876	$ -	$ -	$ 53,955	$ -	$ 127,806	$ 699,661
151	322	-	-	20	2,821	3,314	31,191
62,126	12,198	-	-	53,975	2,821	131,120	730,852
-	-	-	-	-	-	-	1,257,039
45,000	10,000	-	-	25,000	-	80,000	765,000
16,975	1,726	-	-	28,955	-	47,656	201,389
61,975	11,726	-	-	53,955	-	127,656	2,223,428
151	472	-	-	20	2,821	3,464	(1,492,576)
-	-	-	-	-	-	-	1,279,217
-	-	-	-	-	-	-	1,279,217
151	472	-	-	20	2,821	3,464	(213,359)
682	312	-	-	377	54,773	56,144	702,256
$ 833	$ 784	$ -	$ -	$ 397	$ 57,594	$ 59,608	$ 488,897

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, 2007

Net change in fund balances - total governmental funds	$(	213,359)
Amounts reported for governmental activities in the statement activities are different because:		
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments on long term liabilities		765,000
Bond/Note proceeds	(	1,279,217)
Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premium and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purpose of net assets:		
Decrease in accrued interest payable		4,500
Amortization of bond issuance costs	(	2,177)
Amortization of discount on bonds	(	1,693)
Amortization on of deferred loss on refunding	(	1,756)
Revenues reported in the governmental funds when received, however, in the statement of activities when earned		728,702
Change in net assets of governmental activities	$	-

DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
DRAINAGE DISTRICTS
DECEMBER 31, 2007

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
ASSETS					
Cash and cash equivalents	$ 506,343	$ 137,944	$ 352,199	$ -	$ 2,972,931
Receivables -					
Special assessments	477,615	1,281,223	2,658,201	-	227,531
Due from other funds	65,820	-	119,700	128,898	-
Deposits				429,741	
Total Assets	$ 1,049,778	$ 1,419,167	$ 3,130,100	$ 558,639	$ 3,200,462
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 150	$ -	$ 112	$ -	$ 10,610
Due to other funds	-	114,114	-	-	722,426
Advances from primary government	-	-	-	-	-
Deferred revenue	392,667	1,115,378	2,387,209	-	-
Total Liabilities	392,817	1,229,492	2,387,321	-	733,036
Fund Balances -					
Reserved -					
Debt service	656,961	189,675	742,779	-	-
Capital projects	-	-	-	558,639	-
Unreserved - undesignated	-	-	-	-	2,467,426
Total Fund Balance	656,961	189,675	742,779	558,639	2,467,426
Total Liabilities and Fund Balance	$ 1,049,778	$ 1,419,167	$ 3,130,100	$ 558,639	$ 3,200,462

Nonmajor Funds						
Debt Service			Capital Projects			
Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving	Total Nonmajor Funds	Total
$ 15,974	$ 127,885	$ 20,970	$ 153,261	$ 34,470	$ 352,560	$ 4,321,977
-	256,920	63,620	-	-	320,540	4,965,110
-	32,019	5,117	-	63,755	100,891	415,309
					-	429,741
$ 15,974	$ 416,824	$ 89,707	$ 153,261	$ 98,225	$ 773,991	$ 10,132,137
$ -	$ -	$ -	$ -	$ 164	$ 164	$ 11,036
-	-	-	4,531	-	4,531	841,071
-	-	-	-	90,000	90,000	90,000
-	243,145	-	-	-	243,145	4,138,399
-	243,145	-	4,531	90,164	337,840	5,080,506
15,974	173,679	89,707	-	-	279,360	1,868,775
-	-	-	148,730	8,061	156,791	715,430
-	-	-	-	-	-	2,467,426
15,974	173,679	89,707	148,730	8,061	436,151	5,051,631
$ 15,974	$ 416,824	$ 89,707	$ 153,261	$ 98,225	$ 773,991	$ 10,132,137

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, 2007

Fund Balances - Total Governmental Funds	$	5,051,631
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		29,017,927
Accumulated depreciation	(	11,926,727)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Special Assessments		4,138,399
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.		1,018,679
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	(	5,235,098)
Bond issuance cost (netted against bonds payables)		181,809
Accrued interest on bonds/notes payable	(	24,893)
Net Assets of governmental activities	$	22,221,727

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Revenues:					
Local contribution	$ 49,736	$ -	$ 257,319	$ -	$ 479,704
Interest	25,896	4,530	4,995	-	143,735
Other -					
Special assessments	17,499	185,145	47,792	-	215,446
Total Revenues	93,131	189,675	310,106	-	838,885
Expenditures:					
Capital Outlay-					
Construction	-	-	-	553,827	-
Maintenance	-	-	-	-	331,944
Debt Service -					
Principal retirement	100,000	-	150,000	-	-
Interest and fiscal charges	52,300	-	112,930	-	-
Total Expenditures	152,300	-	262,930	553,827	331,944
Excess of revenues over (under) expenditures	(59,169)	189,675	47,176	(553,827)	506,941
Fund Balances at beginning of year	716,130	-	695,603	1,112,466	1,960,485
Fund Balances at end of year	$ 656,961	$ 189,675	$ 742,779	$ 558,639	$ 2,467,426

Nonmajor Funds						
Debt Service			Capital Projects			
360 Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving	Total Nonmajor Funds	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 786,759
2,844	3,581	1,195	7,738	3,820	19,178	198,334
-	60,676	62,826	-	-	123,502	589,384
2,844	64,257	64,021	7,738	3,820	142,680	1,574,477
-	-	-	-	-	-	553,827
-	-	-	-	53,367	53,367	385,311
-	25,000	69,000	-	-	94,000	344,000
-	20,998	4,802	167	-	25,967	191,197
-	45,998	73,802	167	53,367	173,334	1,474,335
2,844	18,259	(9,781)	7,571	(49,547)	(30,654)	100,142
13,130	155,420	99,488	141,159	57,608	466,805	4,951,489
$ 15,974	$ 173,679	$ 89,707	$ 148,730	$ 8,061	$ 436,151	$ 5,051,631

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, 2007

Net change in fund balances - total governmental funds	$	100,142
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		553,827
Depreciation expense	(	953,628)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		897,127
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments on long term liabilities		344,000
Amortization of bond issuance costs	(	10,101)
An internal service fund is used by management to charge costs of maintenance. The net revenues attributable to this fund are reported with governmental activities		83,678
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable		22,783
Change in net assets of governmental activities	$	1,037,828

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
DECEMBER 31,2007

Assets:		
Current Assets -		
Cash and cash equivalents	$	586,186
Due from other funds		425,762
		1,011,948
Capital Assets -		
Property, plant and equipment		
net of accumulated depreciation		7,391
Total Assets	$	1,019,339
Liabilities:		
Accounts payable	$	660
Net Assets:		
Invested in capital assets		14,782
Unrestricted		1,003,897
Total Net Assets	$	1,018,679

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Operating Revenue:		
Charges for services	$	221,475
Operating Expenses:		
Administrative and Operating -		
Drain Maintenance		162,295
Depreciation		7,391
Total Operating Expenses		169,686
Operating income		51,789
Non-Operating Revenue:		
Interest		31,889
Change in net assets		83,678
Net Assets at beginning of year		935,001
Net Assets at end of year	$	1,018,679

LAPEER COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS
DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS
FOR THE YEARS ENDED DECEMBER 31, 2007

Cash Flows From Operating Activities:	
Receipts for services	$ 105,403
Payment to suppliers	(162,512)
Net Cash Used by Operating Activities	(57,109)
Cash Flows From Investing Activities:	
Interest earned on investments	31,889
Net Cash Provided by Investing Activities	31,889
Net decrease in cash and cash equivalents	(25,220)
Cash and Cash Equivalents at beginning of year	611,406
Cash and Cash Equivalents at end of year	$ 586,186
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating income	$ 51,789
Adjustments to reconcile operating income to net cash used by operating activities:	
depreciation	7,391
Changes in assets and liabilities:	
accrued liabilities	(217)
due from other funds	(116,072)
Net Cash Used by Operating Activities	$(57,109)

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 Page Number

Financial Trends S-1 to S-6

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity S-7 to S-13

These schedules contain information to help the reader assess the government's most significant local revenue source, Michigan transportation funds.

Debt Capacity S-14 to S-16

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.

Demographic and Economic Information S-17 to S-21

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information S-22 to S-23

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.

Miscellaneous Statistics S-24 to S-25

These schedules contain miscellaneous information to help the reader assess the County Government.

LAPEER COUNTY, MICHIGAN

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

	1998	1999	2000	2003	2002	2003	2004	2005	2006	2007
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
Restricted	-	-	-	-	-	-	6,562,611	11,296,788	13,948,783	14,073,426
Unrestricted	-	-	-	-	-	12,714,648	7,508,523	4,516,543	5,070,872	5,631,585
Total Government activities net assets	$ -	$ -	$ -	$ -	$ -	$ 32,712,085	$ 33,647,109	$ 34,979,304	$ 37,361,723	$ 37,523,636
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
Restricted	-	-	-	-	-	399,139	498,836	615,632	773,255	926,562
Unrestricted	-	-	-	-	-	13,287,507	13,168,742	13,942,229	17,519,560	19,600,864
Total business-type activities net assets	$ -	$ -	$ -	$ -	$ -	$ 20,580,083	$ 20,812,806	$ 21,991,136	$ 25,300,557	$ 27,991,781
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
Restricted	-	-	-	-	-	399,139	7,061,447	11,912,420	14,722,038	14,999,988
Unrestricted	-	-	-	-	-	26,002,155	20,677,265	18,458,772	22,590,432	25,232,449
Total primary government net assets	$ -	$ -	$ -	$ -	$ -	$ 53,292,168	$ 54,459,915	$ 56,970,440	$ 62,662,280	$ 65,515,417

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

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

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

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

Continued

LAPEER COUNTY, MICHIGAN

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

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

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

Source: Lapeer County Finance Department

Concluded

LAPEER COUNTY, MICHIGAN

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS (A)
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	$ 281,215	$ 307,200	$ 327,575	$ 327,575	$ 327,575	$ 208,000	$ 198,596	$ 198,000	$ 198,000	$ 198,000
Unreserved	1,306,098	1,680,074	2,762,217	1,545,098	1,532,529	1,725,292	1,943,248	2,217,908	2,285,684	2,197,160
Total general fund	$ 1,587,313	$ 1,987,274	$ 3,089,792	$ 1,872,673	$ 1,860,104	$ 1,933,292	$ 2,141,844	$ 2,415,908	$ 2,483,684	$ 2,395,160
All other Governmental Funds										
Reserved	$ 304,087	$ 280,273	$ 1,141,128	$ 980,349	$ 1,326,378	$ 569,624	$ 378,004	$ 308,045	$ 444,784	$ 485,734
Unreserved, reported in:										
Special revenue funds	3,781,425	4,986,494	5,482,594	6,641,024	6,227,882	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505
Debt service funds	125,482	230,082	229,090	77,974	85,703	87,198	138,128	180,756	208,701	162,346
Capital project funds	528,004	6,792,714	1,166,834	992,832	843,372	1,364,928	1,276,701	938,570	903,985	969,575
Total all other Governmental Funds	$ 4,738,998	$ 12,289,563	$ 8,019,646	$ 8,692,179	$ 8,483,335	$ 7,676,390	$ 9,942,215	$ 11,604,833	$ 14,393,567	$ 14,559,160

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	$ 9,980,316	$ 9,304,898	$ 10,203,971	$ 10,519,340	$ 10,569,557	$ 10,272,241	$ 13,827,448	$ 15,215,837	$ 15,972,806	$ 13,661,065
Licenses and permits	470,370	560,314	572,510	569,475	583,292	665,679	673,888	744,802	604,566	636,952
Intergovernmental	9,563,552	17,344,008	18,876,382	19,043,961	19,484,696	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993
Charges for services	10,701,978	5,960,665	6,127,686	6,147,365	6,431,061	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614
Fines and forfeits	578,776	731,825	654,474	656,205	766,103	662,086	441,379	567,729	470,635	494,446
Rents and royalties	533,320	537,044	1,402,327	1,384,982	1,391,408	284,049	455,079	454,466	498,268	424,512
Interest on long term debt	739,143	963,728	1,514,771	1,237,287	636,197	405,047	537,174	567,529	1,156,276	1,289,965
Other	1,013,488	1,156,953	1,106,685	1,534,138	2,292,784	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732
Total Revenues	33,580,943	36,559,435	40,458,806	41,092,753	42,155,098	41,135,109	43,702,980	45,169,600	45,917,530	45,383,279
Expenditures										
Current-										
Legislative	93,576	130,831	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333
Judicial	3,322,276	3,434,095	3,439,243	3,801,117	4,074,305	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981
General Government	2,924,932	3,370,913	3,481,487	3,941,682	4,517,676	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954
Public Safety	5,151,418	5,882,861	6,337,890	7,207,059	7,847,720	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522
Public Works	282,042	303,164	255,057	294,796	277,651	219,521	368,071	485,781	451,126	465,602
Health and Welfare	15,521,091	15,641,160	17,057,474	18,322,730	18,815,657	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120
Recreation and Culture	1,652,821	1,706,875	2,099,346	2,200,602	2,281,305	1,165,073	726,496	743,898	746,350	754,773
Other Activities	130,480	249,114	306,112	403,074	499,260	666,630	1,403,536	1,461,013	1,586,008	1,130,590
Capital outlay	1,621,098	2,533,241	8,083,491	3,526,148	1,723,173	1,166,824	929,230	841,275	312,739	387,887
Debt Service-										
Principal	911,556	1,051,806	1,747,509	700,000	755,000	100,000	115,000	110,000	155,000	150,000
Interest and Charges	493,846	625,925	495,928	416,799	383,130	107,107	92,284	59,350	56,700	53,650
Total Expenditures	32,105,136	34,929,985	43,453,597	40,996,851	41,393,008	41,593,505	41,930,787	43,298,444	43,413,845	45,162,412
Revenues over (under) expenditures	1,475,807	1,629,450	(2,994,791)	95,902	762,090	(458,396)	1,772,193	1,871,156	2,503,685	220,867
Other financing sources (uses)										
Issuance of bonds	-	7,177,500	-	-	-	-	1,535,000	-	-	-
Premium of refunding bonds	-	-	-	-	-	-	113,593	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	-	(1,599,309)	-	-	-
Transfers in	3,207,194	2,603,975	4,647,510	5,413,908	4,104,897	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699
Transfers out	(4,253,727)	(3,293,975)	(4,320,604)	(6,002,996)	(4,677,156)	(4,484,171)	(3,969,064)	(4,702,707)	(5,167,418)	(5,187,497)
Transfers to component units	-	(166,390)	(179,469)	(190,813)	(182,074)	(220,711)	-	-	-	-
Total other financing sources (uses)	(1,046,533)	6,321,110	147,437	(779,901)	(754,333)	(232,870)	702,184	65,526	352,825	(143,798)
Net change in fund balance	$ 429,274	$ 7,950,560	$(2,847,354)	$(683,999)	$ 7,757	$(691,266)	$ 2,474,377	$ 1,936,682	$ 2,856,510	$ 77,069
Debt service as a percentage of noncapital expenditures	4.6%	5.2%	6.3%	3.0%	2.9%	0.5%	0.5%	0.4%	0.5%	0.5%

(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 FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	$ 6,386,215	$ 6,779,556	$ 7,510,583	$ 7,682,964	$ 8,269,037	$ 8,841,375	$ 9,253,271	$ 9,723,100	$ 10,318,105	$ 10,282,079
Licenses and permits	22,297	16,800	15,980	27,524	37,035	12,300	22,817	18,818	13,065	14,850
Intergovernmental	3,102,902	3,135,169	3,273,923	3,428,275	3,353,851	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177
Charges for services	2,368,283	2,763,557	2,744,739	2,807,435	3,143,010	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527
Fines and forfeits	211,715	292,567	306,672	282,897	321,948	405,245	367,628	445,362	350,626	388,865
Rents and royalties	168,336	172,221	297,018	183,865	168,337	-	167,314	167,920	167,953	164,344
Interest on long term debt	556,154	585,959	949,500	847,494	520,945	347,269	490,240	437,402	750,799	677,447
Other	476,832	539,069	735,623	877,357	1,870,795	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004
Total Revenues	13,292,734	14,284,898	15,834,038	16,137,811	17,684,958	17,677,683	17,551,003	17,412,914	18,007,496	18,034,293
Expenditures										
Current-										
Legislative	93,576	130,831	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333
Judicial	2,261,380	2,343,934	2,381,350	2,649,341	2,945,132	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549
General Government	2,924,932	3,370,913	3,481,487	3,873,954	4,420,123	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540
Public Safety	3,609,793	3,828,755	4,002,965	4,165,025	4,561,536	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975
Public Works	201,747	226,131	171,456	162,651	136,344	129,736	351,792	458,180	422,514	443,428
Health and Welfare	143,283	150,256	154,112	158,160	168,947	189,358	181,367	171,403	166,274	174,991
Recreation and Culture	175,351	196,544	190,300	211,577	218,642	242,232	243,037	230,892	242,019	248,237
Other Activities	97,973	220,479	242,615	270,773	343,802	425,239	1,147,127	1,402,842	1,586,008	1,130,590
Capital outlay	43,370	26,271	28,454	21,457	76,527	-	-	-	-	-
Total Expenditures	9,551,405	10,494,114	10,802,799	11,695,782	13,089,184	13,748,595	15,107,890	15,934,842	16,343,207	16,606,643
Revenues over expenditures	3,741,329	3,790,784	5,031,239	4,442,029	4,595,774	3,929,088	2,443,113	1,478,072	1,664,289	1,427,650
Other financing sources (uses)										
Bond note and proceeds	-	-	50,000	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,063	-	663,154	1,480,197	1,513,709	1,569,716
Transfers out	(3,438,023)	(3,224,433)	(3,799,252)	(5,468,335)	(4,427,332)	(3,635,189)	(2,897,715)	(2,684,205)	(3,110,222)	(3,085,890)
Transfers to component units	-	(166,390)	(179,469)	(190,813)	(182,074)	(220,711)	-	-	-	-
Total other financing uses	(3,438,023)	(3,390,823)	(3,928,721)	(5,659,148)	(4,608,343)	(3,855,900)	(2,234,561)	(1,204,008)	(1,596,513)	(1,516,174)
Net change in fund balance	$ 303,306	$ 399,961	$ 1,102,518	$(1,217,119)	$(12,569)	$ 73,188	$ 208,552	$ 274,064	$ 67,776	$(88,524)

(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					
1998	1997	$ 1,509,934,254	$ 210,141,498	$ 128,895,112	$ 32,427,924	$ 145,185,261	$ 2,026,584,049	$ 68,963,858	4.0405	$ 4,053,168,098
1999	1998	$ 1,704,024,927	$ 266,148,365	$ 143,656,967	$ 38,022,581	$ 155,642,257	$ 2,307,495,097	$ 77,809,488	4.0977	$ 4,614,990,194
2000	1999	$ 1,945,941,039	$ 284,194,478	$ 153,504,578	$ 53,259,490	$ 157,656,879	$ 2,594,556,464	$ 77,265,527	4.0977	$ 5,189,112,928
2001	2000	$ 2,156,154,421	$ 361,950,894	$ 203,175,808	$ 57,213,986	$ 167,488,640	$ 2,945,983,749	$ 98,261,356	3.9901	$ 5,891,967,498
2002	2001	$ 2,376,858,559	$ 414,968,942	$ 213,162,109	$ 65,336,304	$ 174,233,809	$ 3,244,559,723	$ 103,433,247	3.9454	$ 6,489,119,446
2003	2002	$ 2,556,306,399	$ 448,224,584	$ 246,079,606	$ 82,489,628	$ 173,032,010	$ 3,506,132,227	$ 114,269,022	3.8941	$ 7,012,264,454
2004	2003	$ 2,719,638,942	$ 452,467,363	$ 273,278,745	$ 86,901,323	$ 169,103,295	$ 3,701,389,668	$ 119,857,158	3.8539	$ 7,402,779,336
2005	2004	$ 2,907,988,203	$ 513,809,132	$ 308,289,264	$ 97,695,138	$ 177,164,475	$ 4,004,946,212	$ 126,686,310	3.8165	$ 8,009,892,424
2006	2005	$ 3,089,983,948	$ 496,143,179	$ 328,283,473	$ 122,033,651	$ 184,700,861	$ 4,221,145,112	$ 138,691,363	3.7886	$ 8,442,290,224
2007	2006	$ 3,171,262,397	$ 511,502,613	$ 344,229,658	$ 120,089,567	$ 180,491,191	$ 4,327,575,426	$ 155,457,319	3.7886	$ 8,655,150,852

Notes:

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

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

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

LAPEER COUNTY, MICHIGAN

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County-										
Operating	4.0405	4.0977	4.0977	3.9901	3.9454	3.8941	3.8539	3.8165	3.7886	3.7886
Extra Voted	2.5259	2.5620	2.4942	1.7459	1.7325	1.7098	1.8200	1.8021	1.7888	0.9757
Total County	6.5664	6.6597	6.5919	5.7360	5.6779	5.6039	5.6739	5.6186	5.5774	4.7643
Townships-										
Almont	3.0269	2.9874	2.341	2.8951	3.8704	3.6763	3.8195	3.7556	3.7556	5.0056
Arcadia	1.6000	1.5812	1.5468	1.5140	1.5085	1.4757	1.4509	1.4305	1.4149	2.3149
Attica	2.5837	2.5472	2.6205	4.2470	4.1806	4.0997	4.0413	3.9624	3.3695	4.3695
Burlington	1.7637	1.7541	1.7428	1.7063	1.6769	1.6626	1.6463	1.6188	1.6003	2.4969
Burnside	1.5077	1.6937	1.6772	1.6585	1.6462	1.6172	1.5966	1.5966	1.5966	2.4788
Deerfield	1.4417	1.5356	1.4755	1.4744	1.4107	1.3586	1.3185	1.4012	1.6349	2.5267
Dryden	5.1514	5.6356	4.8820	4.7392	4.6911	4.6537	4.5652	4.6975	4.6252	4.6252
Elba	3.0592	3.0274	3.0329	2.9752	2.9212	2.8717	2.9389	2.9006	3.1285	4.0285
Goodland	2.4773	2.4254	1.5625	1.5215	1.5209	1.5012	1.4915	1.4625	1.4332	2.3332
Hadley	2.0521	2.4285	2.4416	2.3431	2.2440	2.1803	2.1003	2.0237	1.9367	2.7812
Imlay	1.6830	1.6547	1.6401	2.6501	2.5634	2.5017	2.4629	2.4535	1.9790	2.9702
Lapeer	1.6924	1.6811	1.6743	1.6510	1.6570	1.6402	1.6287	1.6148	1.8572	2.7572
Marathon	1.6230	1.5530	1.5408	1.5221	1.7461	1.4424	1.4206	1.4071	1.3927	2.2927
Mayfield	1.7130	1.6703	1.6452	1.6216	1.6066	1.5948	1.5823	1.5720	1.8091	2.7053
Metamora	4.6534	4.6253	5.3822	4.6892	4.5718	4.5667	4.6333	4.5845	4.4955	5.3965
North Branch	3.1719	3.1095	3.1151	3.0854	3.0480	3.0144	2.9595	2.9458	2.9207	3.9174
Oregon	1.6568	1.6140	1.6074	1.5786	1.5554	1.5298	1.5030	1.4807	1.7238	2.6238
Rich	1.7856	1.7491	1.7164	1.6904	4.5568	4.5128	4.4256	4.5856	4.5035	5.4035
Cities-										
Imlay City	17.7500	17.7500	17.7500	16.7500	17.7500	17.7500	17.7500	19.7627	20.2061	20.5000
City of Lapeer	8.7911	8.7911	8.7911	8.7911	8.7911	8.7911	8.7911	9.8000	10.0500	10.9500
Brown City	17.0000	17.0000	18.0289	18.0206	18.0094	17.9962	17.9633	17.9716	18.1233	18.1233

Continued

LAPEER COUNTY, MICHIGAN

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Villages-										
Almont	17.2511	16.6526	15.9486	15.4714	14.9314	14.6769	14.5044	14.6711	14.1004	13.0070
Clifford	21.7843	21.7608	21.7608	21.6534	21.3587	21.1034	21.1034	16.1034	19.6034	19.1700
Columbiaville	15.0014	14.7463	14.6607	14.5404	14.3150	14.0616	13.7480	13.5184	13.2101	13.1241
Dryden	10.7750	10.7750	10.5765	10.3734	10.1182	10.0433	10.0021	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	15.6280	15.5358	15.2902	15.2871	15.2703	14.9831	14.8991	14.8215	14.7918	14.6483
Otter Lake	12.0000	12.0000	12.0000	14.0000	14.3672	13.8586	13.3638	12.6688	13.2483	12.8932
Local School Districts-										
Almont	14.4500	14.4500	14.4500	14.4500	17.8613	13.4500	14.4500	14.4500	14.4500	14.4500
Brandon	14.2400	14.2400	14.2400	14.2400	15.9718	13.2400	14.2400	14.2400	14.2400	14.2400
Brown City	7.1800	6.0000	6.0000	11.9980	17.7948	10.9980	11.9980	11.9980	11.9980	11.9980
Capac	9.9000	9.9000	9.9000	9.9000	17.9748	8.9000	9.9000	9.9000	9.9000	9.9000
Davison	9.5473	9.5394	9.3774	9.2390	17.8525	8.4428	9.4191	9.4016	9.3325	9.3316
Dryden	6.8500	7.5000	7.7000	7.7000	18.0000	7.2400	8.2400	8.2400	8.2400	8.2400
Goodrich	13.0000	13.0000	13.7500	13.7500	17.9973	12.7500	13.7500	13.7498	13.7500	13.7500
Imlay	12.7000	12.7000	14.4500	12.2000	18.0000	11.0635	11.0000	11.7500	11.7500	11.7500
Kingston	11.0200	11.0200	12.3000	12.3000	0.0000	11.6400	12.6400	12.5000	12.2500	12.1500
Lakeville	6.0000	6.0000	11.9500	11.9500	18.0000	10.9500	10.7500	10.7000	10.3400	10.1000
Lapeer	6.6500	6.6000	6.6000	6.3750	18.0000	7.2500	8.2320	8.2194	8.2038	8.2038
Marlette	6.4700	6.0000	6.6000	6.0000	17.8293	5.0000	6.0000	6.0000	6.0000	6.0000
Mayville	6.3000	6.1200	6.6000	6.0000	17.8578	5.0000	12.0000	12.0000	12.0000	12.0000
North Branch	13.3000	13.3000	13.3000	13.3000	17.7750	12.3000	13.3000	13.0000	13.0000	13.0000
Oxford	13.0000	13.0000	13.3000	13.0000	16.3326	12.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.1978	3.1605	3.1189	3.0773	3.0467	3.0084	2.9794	2.9509	2.9295	2.9295

Concluded

Notes:

1. Rates are stated in dollars per one thousand of state-equalized valuation.

2. Rates are levied in December of the year preceding the County's fiscal year end.

Source: County Equalization Department

LAPEER COUNTY, MICHIGAN

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	Current Fiscal Year (2007)			Historical Fiscal Year (1998)		
Taxpayer	**Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
DTE Energy	46,140,336	1	1.51%	44,666,059	1	2.56%
International Transmission Co.	20,143,087	2	0.62%	N/A		N/A
Consumers Energy	13,015,690	3	0.42%	13,461,126	2	0.77%
Pinnacle Foods	9,173,764	4	0.30%	6,825,000	4	0.39%
Great Lakes Gas Transmission	6,925,623	5	0.22%	8,594,299	3	0.49%
Lapeer Metal Products	5,698,689	6	0.20%	N/A		N/A
Toyo Seat USA Corp.	5,837,991	7	0.18%	N/A		N/A
Durakon Industries, Inc.	4,911,121	8	0.17%	3,159,100	10	0.18%
Wal-Mart Stores, Inc.	4,890,100	9	0.15%	2,198,600	15	0.13%
Meijers, Inc.	4,639,200	10	0.15%	5,599,000	6	0.32%
Total	$ 121,375,601		4%	$ 84,503,184		4.84%

Source: Lapeer County Equalization Department

LAPEER COUNTY, MICHIGAN

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

					Total collections Current Year			Total collections to Date	
Fiscal Year	Levy Year	Original Levy for Fiscal Year	Adjustments to Original Levy	Total Adjusted Levy	Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected	Collections in Subsequent Years	Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
1998	1997	$ 44,717,440	274,167	$ 44,443,273	$ 38,356,642	86.30	$ 6,086,633	$ 44,443,273	100%
1999	1998	$ 50,021,210	(379,919)	$ 49,642,291	$ 44,206,957	89.05	$ 5,435,334	$ 49,642,291	100%
2000	1999	$ 53,838,490	(451,766)	$ 53,405,052	$ 47,304,472	88.58	$ 6,100,580	$ 53,405,052	100%
2001	2000	$ 57,816,914	(455,356)	$ 57,192,846	$ 50,967,164	89.11	$ 6,225,682	$ 57,192,846	100%
2002	2001	$ 60,652,832	(598,160)	$ 60,054,672	$ 54,165,151	90.19	$ 5,889,063	$ 60,054,214	100%
2003	2002	$ 63,756,492	(1,272,037)	$ 62,484,455	$ 56,708,306	90.76	$ 5,773,490	$ 62,481,796	100%
2004	2003	$ 67,302,042	(381,562)	$ 66,920,480	$ 61,037,274	91.21	$ 5,877,490	$ 66,914,532	100%
2005	2004	$ 74,528,140	(562,368)	$ 73,965,772	$ 67,342,098	91.04	$ 6,614,998	$ 73,957,096	100%
2006	2005	$ 79,929,310	(488,237)	$ 79,441,073	$ 72,500,633	91.26	$ 6,830,738	$ 79,331,371	100%
2007	2006	$ 84,997,424	(343,361)	$ 84,654,063	$ 76,964,520	90.92	$ 6,130,923	$ 83,095,443	100%

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 FISCAL YEARS
(UNAUDITED)

					Total collections Current Year			Total collections to Date	
Fiscal Year	Levy Year	Original Levy for Fiscal Year	Adjustments to Original Levy	Total Adjusted Levy	Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected	Collections in Subsequent Years	Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
1998	1997	$ 6,602,004	(7,533)	$ 6,594,471	$ 5,926,180	89.87	$ 668,291	$ 6,594,471	100%
1999	1998	$ 7,049,818	(5,455)	$ 7,044,363	$ 6,308,343	89.55	$ 736,020	$ 7,044,363	100%
2000	1999	$ 7,680,288	(9,610)	$ 7,670,678	$ 6,915,652	90.16	$ - 755,026	$ 7,670,678	100%
2001	2000	$ 8,127,949	(10,089)	$ 8,117,860	$ 7,295,980	89.88	$ 821,880	$ 8,117,860	100%
2002	2001	$ 8,693,372	(85)	$ 8,693,592	$ 7,904,912	90.93	$ 788,055	$ 8,692,967	100%
2003	2002	$ 9,265,797	(8,383)	$ 9,257,414	$ 8,437,468	91.14	$ 819,530	$ 9,256,998	100%
2004	2003	$ 9,272,473	(14,058)	$ 9,658,415	$ 8,776,707	90.87	$ 880,571	$ 9,657,278	100%
2005	2004	$ 10,146,331	(18,260)	$ 10,128,070	$ 9,176,986	90.61	$ 948,237	$ 10,125,223	100%
2006	2005	$ 10,705,364	(15,437)	$ 10,689,927	$ 9,826,649	91.92	$ 849,418	$ 10,676,067	100%
2007	2006	$ 11,326,328	(1,106)	$ 11,325,222	$ 9,934,719	87.72	$ 1,286,291	$ 11,221,010	100%

Notes:

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

Fiscal Year	Levy Year	Total Adjusted Levy	Total collections Current Year: Current Amt. of Collections Thru 'March 1	Total collections Current Year: Percentage of Adjusted Levy Collected
1998	1997	$ 436,592	$ 436,592	100%
1999	1998	$ 661,372	$ 661,372	100%
2000	1999	$ 889,768	$ 889,768	100%
2001	2000	$ 534,463	$ 534,463	100%
2002	2001	$ 413,300	$ 413,300	100%
2003	2002	$ 543,486	$ 543,486	100%
2004	2003	$ 487,705	$ 487,705	100%
2005	2004	$ 420,383	$ 420,383	100%
2006	2005	$ 432,740	$ 432,740	100%
2007	2006	$ 836,022	$ 836,022	100%

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 FISCAL YEARS
(UNAUDITED)

Fiscal Year	Levy Year	County Population	Average Per Capita Income	Assessed Value of Taxable Property	Net General Bonded Debt	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
1998	1997	86,299	$ 24,904	$ 1,771,674,245	$ 6,245,000	0.29%	0.31%	72.37
1999	1998	87,080	$ 26,647	$ 2,026,587,049	$ 13,285,000	0.62%	0.58%	152.26
2000	1999	88,329	$ 28,087	$ 2,307,495,097	$ 12,339,000	0.53%	0.48%	139.69
2001	2000	89,530	$ 27,685	$ 2,594,556,464	$ 11,351,000	0.46%	0.39%	126.78
2002	2001	90,720	$ 27,290	$ 2,945,983,749	$ 12,553,000	0.51%	0.39%	138.37
2003	2002	91,454	$ 28,240	$ 3,244,559,723	$ 11,315,000	4.60%	0.32%	123.72
2004	2003	92,317	$ 28,060	$ 3,506,132,227	$ 10,081,000	0.39%	0.27%	109.20
2005	2004	93,220	$ 28,686	$ 3,701,389,668	$ 8,677,000	0.33%	0.22%	93.08
2006	2005	93,761	$ 28,729	$ 4,004,946,212	$ 7,197,000	0.27%	0.17%	76.76
2007	2006	95,682	$ 28,989	$ 4,221,145,112	$ 5,572,000	0.20%	0.13%	58.23

Notes:

Property Value data can be found in Schedule S-7
County Population and Per Capita Income can be found in Schedule S-17

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING LONG-TERM BONDED DEBT
DECEMBER 31, 2007
(UNAUDITED)

	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
Direct Debt:			
Building Authority	$ 2,195,000	$ -	$ 2,195,000
Water	1,240,000	1,240,000	-
Drain	5,416,162	3,592,627	1,823,535
Wastewater	1,140,000	1,140,000	-
Sewer	1,945,000	1,945,000	-
MTF Notes	1,960,000	1,960,000	-
Total Direct Debt	$ 13,896,162	$ 9,877,627	$ 4,018,535
Overlapping Debt of County:			
Total Overlapping Debt			1,690,332,052
Total County Net Direct and Overlapping Debt			$ 1,694,350,587

Debt Ratios:

Per Capita 2007 State Equalized Value	$ 44,116.00
Per Capita 2007 True Cash Value	$ 88,323.00
Per Capita Net Direct Debt	$ 42.46
Per Capita Net Direct and Overlapping Debt	$ 1,736.73
Percent of Net Direct Debt of 2007 State Equalized Value	0.09%
Percent of Net Direct and Overlapping Debt of 2007 State Equalized Values	3.80%
Percent of Net Direct Debt of 2007 True Cash Values	0.05%
Percent of Net Direct and Overlapping Debt of 2007 True Cash Values	1.90%

Source: Municipal Advisory Counsel of Michigan and Oppenheimer & Co Inc.

LAPEER COUNTY, MICHIGAN

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL 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
1998	1997	$ 1,771,674,245	$ 177,167,425	$ 8,826,517	$168,340,908	0.05
1999	1998	$ 2,026,584,049	$ 202,658,405	$ 16,397,904	$186,260,501	0.08
2000	1999	$ 2,307,495,097	$ 230,749,510	$ 15,424,325	$215,325,185	0.07
2001	2000	$ 2,596,452,794	$ 259,645,279	$ 12,705,079	$246,940,200	0.05
2002	2001	$ 2,945,993,749	$ 294,599,375	$ 15,668,162	$278,931,213	0.05
2003	2002	$ 3,244,559,723	$ 324,455,972	$ 14,838,099	$309,617,873	0.05
2004	2003	$ 3,510,193,880	$ 351,019,388	$ 13,339,507	$337,679,881	0.04
2005	2004	$ 3,701,389,668	$ 370,138,967	$ 14,326,507	$355,812,460	0.04
2006	2005	$ 4,004,172,237	$ 400,417,224	$ 13,717,605	$386,699,619	0.03
2007	2006	$ 4,221,145,112	$ 422,114,511	$ 12,742,822	$409,371,689	0.03

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 FISCAL YEARS
(UNAUDITED)

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

Sources:

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

LAPEER COUNTY, MICHIGAN

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Current Fiscal Year (2007)

Employer	Product/Service	Employees	Rank
Lapeer Regional Medical Center	Health Care	780	1
Lapeer Community Schools	Education	779	2
Lapeer County	Government	506	3
Metamora Products Corp.	Injection Molding	450	4
Durakon	Truck Bed Liners	450	4
Pinnacle Foods	Food Processing	400	6
Wal-mart, Inc.	Retail	400	6
Thumb Correctional Facility	State Prison	350	8
Meijer, Inc.	Retail	325	9
Lapeer Metal Products	Metal Stamping	300	10
Toyo Seat USA Corp.	Automotive Supplier	300	10
Dott Industries, Inc.	Plastic Injection Molds	300	10
North Branch Area Schools	Education	290	13
Imlay City Schools	Education	282	14
Almont Community Schools	Education	230	15
Kroger Foods	Retail	213	16
Carlisle Industries	Automotive Headliners	210	17
MK Chambers Co.	Screw Machine Shop	200	18
The County Press (HQ)	Newspaper Publishing	200	18
Kamax, L.P.	Automotive Supplier	175	20
American Shower & Bath	Bathtubs & Shower Stalls	160	21
Lapeer I.S.D.	Education	158	22
Wellington - Almont, LLC	Metal Stamping	155	23
Gestamp Alabama, Inc	Automotive Supplier	150	24
Growth & Opportunity	Automotive Supplier	150	24
Mantex Corporation	Molded Plastics	150	24
TOTAL: TOP 10		4,740	
TOTAL: TOP 15		6,142	
TOTAL: TOP 20		7,140	
TOTAL: TOP 25		8,063	

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

continued

LAPEER COUNTY, MICHIGAN

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Historical Fiscal Year (1998)

Employers	Product/Service	Employees	Rank
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
TOTAL: TOP 10		4,901	
TOTAL: TOP 15		6,101	

concluded

LAPEER COUNTY, MICHIGAN

PROPERTY VALUES
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	State Equalized Value (S.E.V.)	Taxable Value	Estimated Property Value (S.E.V. x 2)
1998	2,026,584,049	1,744,859,206	4,053,168,098
1999	2,307,495,097	1,874,360,817	4,614,990,194
2000	2,596,452,794	2,009,003,207	5,192,905,588
2001	2,945,993,749	2,179,025,395	5,891,987,498
2002	3,244,559,723	2,348,559,163	6,489,119,446
2003	3,510,193,880	2,483,938,539	7,020,387,760
2004	3,701,389,668	2,632,809,751	7,402,779,336
2005	4,004,172,237	2,805,165,220	8,008,344,474
2006	4,221,145,112	2,989,701,382	8,442,290,224
2007	4,327,575,426	3,129,128,779	8,655,150,852

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:

	County of Lapeer		State of Michigan	
Category	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:

	County of Lapeer		State of Michigan	
Category	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 (A)

(UNAUDITED)

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legislative										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	7.0	7.0	7.0	7.0	7.0
Administrative	3.1	3.0	3.0	2.2	2.9	3.0	3.0	2.9	3.0	3.0
Judicial										
Circuit Court	6.9	7.1	7.1	6.9	7.0	7.0	6.9	7.0	7.0	7.0
District Court	23.4	22.8	22.6	22.6	22.5	22.1	22.3	22.7	22.7	23.0
Friend of the Court	22.7	21.4	21.1	20.6	20.3	18.9	18.9	18.9	18.9	18.9
Probate Court	12.9	12.8	12.7	12.8	12.9	12.5	12.9	12.8	12.5	12.8
Community Corrections	1.5	1.5	2.7	2.5	2.5	3.5	3.6	3.6	3.7	3.7
Child Care	2.0	2.5	0.2	2.0	2.0	2.3	3.5	3.0	2.3	3.3
General Government										
County Clerk	7.2	7.0	7.0	7.5	7.3	7.8	7.8	7.8	8.0	8.0
Equalization	4.1	3.6	3.9	3.4	3.9	3.1	1.4	1.0	1.0	1.0
Prosecuting Attorney	13.4	12.9	12.8	13.8	14.4	15.9	16.0	15.9	15.9	16.0
Register of Deeds	4.8	4.7	5.4	5.4	5.3	5.9	6.0	5.8	5.5	4.9
County Treasurer	4.5	4.5	4.6	4.5	4.6	4.4	5.7	6.1	6.2	6.1
G.I.S.	1.0	1.0	1.0	1.0	1.0	1.0	0.3	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	4.1	3.9	3.9	4.6	4.4	4.0	4.0	3.9	4.0	4.0
Building and Grounds	9.4	9.2	9.1	8.4	8.0	6.9	6.7	7.0	7.0	7.0
Drain Office	6.0	6.4	6.6	6.6	6.9	6.9	6.8	6.0	6.0	6.0
MSU Extension	7.4	5.6	5.9	6.1	4.8	4.9	4.7	4.7	4.6	4.8
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	51.7	53.0	53.0	51.9	50.5	52.1	51.2	50.4	50.7	51.2
County Jail	27.9	28.6	29.1	29.5	29.9	29.1	29.4	29.2	29.3	29.9
Central Dispatch	13.9	16.3	17.2	18.6	18.5	19.0	19.5	18.8	18.4	19.0
Animal Control	6.1	5.8	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Emergency Operations	0.5	0.5	0.5	1.0	1.0	1.2	1.4	1.0	1.4	1.1
Health and Welfare										
Parks Department	10.4	9.8	10.5.	10.9.	12.6	11.4	10.9	11.8	11.0	10.8
Community Health										
Public Health	75.4	72.9	71.4	69.7	67.8	64.6	65.1	64.5	68.1	67.0
Senior Services	9.0	8.4	9.1	9.1	8.5	7.9	7.5	7.2	5.9	
Community Mental Health	70.3	70.2	76.5	79.8	77.3	75.6	75.8	70.1	70.8	69.7
Multi-Purpose	3.8	4.2	5.4	6.1	6.8	6.7	6.2	6.8	6.4	6.0
Veterans	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6	1.0	1.0
Community Development	0.4	0.8	1.3	1.6	1.0	1.8	2.4	3.0	3.8	3.9
	412.8	409.4	407.2	412.2	418.6	415.5	415.9	407.5	409.1	403.1

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

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TWO YEARS (A)

(UNAUDITED)

Function	2006	2007
Legislative		
Computers	10	10
Judicial		
Court Rooms	6	6
Vehicles	9	9
Computers	72	74
Printers	17	17
General Government		
All County Buildings	11	12
Vehicles not reported elsewhere	15	15
Computers	67	69
Printers	25	26
Public Safety		
Jail Beds Available	123	123
Vehicles		
Patrol	18	18
Other	22	22
Computers	48	53
Printers	10	11
Health and Welfare		
Vehicles	22	22
Park Acreage		
Torzewski	70	70
Squire	80	808
Other	1	8
Computers	203	203
Printers	70	75

Notes: Data was only available back to 2006.

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

DESCRIPTION OF INSURANCE COVERAGE IN FORCE
DECEMBER 31, 2007
(UNAUDITED)

Lapeer County became a member of the Michigan Municipal Risk Management Authority in 1985. The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations. This program covers the Public Officials Surety Bond and Faithful Performance as well as General Liability, Law Enforcement Officers, Business Auto, Building and Contents, Boiler and Machinery, Errors and Omissions, and Umbrella Coverage. The total amount of liability coverage for the County amounts to $10,000,000. The County's total contribution for 2007 is approximately $ 25,949 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 2007 is $50,331. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2007 is $1,240,902.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2007 is $17,902. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2007 is $201,605.

LAPEER COUNTY, MICHIGAN

OTHER STATISTICS
DECEMBER 31, 2007
(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.