

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**LAPEER COUNTY, MICHIGAN**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**BOARD OF COMMISSIONERS**

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

**ISSUED BY:  
COUNTY ADMINISTRATION OFFICE**

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

# LAPEER COUNTY, MICHIGAN

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MICHIGAN'S OLDEST COURTHOUSE

# *Lapeer County Administration Office*

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June 23, 2010

*To the Board of Commissioners and Citizens of Lapeer County:*

The Comprehensive Annual Financial Report (CAFR) of the County of Lapeer, Michigan, for the year ended December 31, 2009, is submitted herewith. The administration of Lapeer County is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the County as a whole. The report is prepared for the purpose of disclosing the County's financial condition to our community, elected officials, and other interested parties.

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

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lapeer County, for the fiscal year ended December 31, 2009, 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, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## PROFILE OF LAPEER COUNTY

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

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

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

The taxable value of property was \$3,127,825,150 as compared to \$3,195,751,102 in 2008, a decrease of approximately 2.12%. During the same period, S.E.V. decreased from \$4,292,379,530 to \$3,821,919,300 down 10.96%. The tax levy of 3.7886 remained the same from 2008 for general County operations. In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County experienced a population decrease in 2009. The U.S. Census Bureau estimated the population at 89,974 down from 90,875 in 2008. This is the fourth year of a downward trend from the highest estimate of 92,240 in 2005.

The average residential selling price in 2009 was \$91,423, down from \$127,110 in 2008 based on data from the Lapeer and Upper Thumb Association of Realtors. These trends will be discussed further in the **Financial Practices, Factors Affecting Financial Conditions** section.

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

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

Creating a link between government and businesses interested in locating or expanding in the County, the Lapeer Development Corporation “LDC” continues to lead and coordinate economic development. During 2009, LDC assisted in the creation of 141 jobs, and \$20,348,900 million of investment value. Since its inception in 1981, the LDC has brought a private sector investment of \$500,445,142 into the County and has assisted with the creation of 6,194 new jobs and the retention of 459 jobs. An expanded partnership evolved in 2003 with the LDC established as the County Brownfield Authority by the Board of Commissioners. With the Brownfield designation, another tool was added to the local economic development process.

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

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

Reflective of the changing County is the emergence of the Lapeer Community Foundation. Since beginning as a fund of the Community Foundation of Flint in 1996, the Foundation’s assets have grown and approximately \$60,000 is awarded in scholarships and \$100,000 is granted to non-profit groups, educational and government institutions annually. The Foundation, which became independent in 2005, manages 45 funds for community organizations.

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

Higher education opportunities are provided by a number of institutions at sites within the County. Mott Community College and Davenport University offer classes in the City of Lapeer.

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

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

## **ORGANIZATION STRUCTURE**

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

The Judicial System within the County operates under the direction of the State Supreme Court. Two Judges are elected at large in the 71-A District Court for six-year terms, one Judge is elected at large for a six-year term in the Probate Court, and two Judges are elected at large for six-year terms in the 40th Judicial Circuit Court. One Judge is selected by the Supreme Court to serve as the Chief Judge of the Court. The office of the Friend of the Court is a statutorily created agency of the Circuit Court. The office is headed by a Friend of the Court appointed by the chief judge.

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

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

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

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

## FINANCIAL PRACTICES

### Factors Affecting Financial Condition

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

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

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

The transfer to the General Fund from the RSRF is indexed to the FY 2003/2004 state payment of \$1,432,407 with annual consumer price index adjustment as allowed by PA 356. The reserve fund is expected to last until FY 2010, at which time state revenue sharing will resume pursuant to PA 356. In 2009, \$1,676,475 was transferred from the fund, and consistent with directions from the Michigan Department of Treasury, the balance will be moved in 2010.

The level of investment income remains an important element in the County Budget. The County Treasurer and the Finance Officer engage in a focused investment program within the statutory guidelines. While timely investment management produced approximately \$279,000 for use in the General Fund Budget in 2009, market factors were such that earnings have declined precipitously from \$600,000 in FY 2008. Accordingly, revenue forecasts will be adjusted to account for the reduction and incorporated into the fiscal planning process.

Growth in the tax base through 2008 produced an incremental annual increase in property tax revenue. While not offsetting other lost or reduced revenue, the expansion of taxable value, even with the required rollback in the tax rate, had provided some restrained capacity to meet the growing demands on the general fund budget. As noted in the 2008 CAFR, trends indicating that this growth had leveled along with the slowing of the State economy, and in fact may be declining were evident. Indeed, the data from 2009 confirms the rather ominous reversal in the growth of the property tax base and consequently, tax revenue. Furthermore, the continued decrease in population, accelerated foreclosures and delinquencies, and a high level of unemployment are evidence of a changing economic base. Consequently, the declining revenue forecasts necessitate the need for corresponding expenditure reductions to maintain fiscal stability into the future.

The property tax revenue captured by Local Tax Increment Finance Authorities (TIFA's) and Downtown Development Authorities (DDA's) by local units of governments that is not available for use in the general fund remains as a little understood tax policy. The apparent revenue produced for the general fund by multiplying the taxable value of property by the adopted tax rate was reduced by approximately \$673,874 that was "captured" by local government TIFA's and DDA's in 2009. It should be noted that through an agreement with a Lapeer City TIFA, \$94,917 was returned to the County and directed toward capital needs in FY 2009.

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

### **Long term Financial Planning/Budgeting**

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

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

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

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

### **Capital Improvement/Acquisitions**

A key element in overall fiscal planning has been the strong support of the Board of Commissioners in maintaining facilities and equipment. Through the adoption of a capital planning and budgeting process, the County has taken affirmative steps to maintain buildings, parking lots, and the fleet. Capital budgeting has in addition provided the means to address technology needs and to replace aging equipment on a schedule.

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

### **Cooperative Purchasing**

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

### **Privatization**

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

### **Shared Services**

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

### **Bond Rating**

The County of Lapeer is cognizant of the value of Bond ratings for the present and future development of infrastructure throughout the County. A constant focus of fiscal planning is the attainment of Bond ratings that support low interest rates when the need to acquire capital occurs. It is not only the County that benefits from a favorable rate, but also local units that borrow with the pledge of limited faith and credit of the County. Standard & Poor's recently revised the county's A+ rating to AA and assigned an AA rating on the South Branch of Mill Creek Intercounty Drainage District drain bonds. The County continues to maintain an extremely low debt load that remains a significant factor in the rating. Without a focused financial planning perspective relating to ratings of future debt issues, the cost to the citizens of the County to construct and/or improve public facilities and infrastructure may be significantly higher.

## **Budgeting Controls**

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

## **Major Initiatives**

The implementation of the Information Systems Plan to upgrade technology throughout all Departments continued into 2009. The integration of systems, additional security applications and backup capacity have added efficiencies to our communication capacities. The collaborative effort with the Immediate School District for Internet service and fiber optic lines remains a cost effective and productive relationship.

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

## **AWARDS AND ACKNOWLEDGEMENTS:**

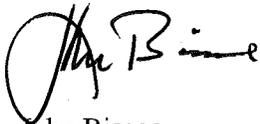
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lapeer County for its CAFR for the fiscal year ending December 31, 2008. The Certificate of Achievement is a prestigious national award that 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.

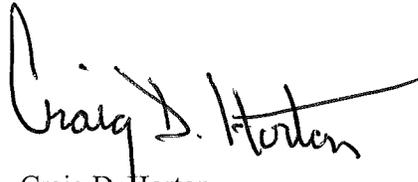
The Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to Certificate of Achievement Program requirements, and are submitting it to the GFOA to determine eligibility for recognition for FY 2009.

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

Respectfully submitted,



John Biscoe  
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, 2008

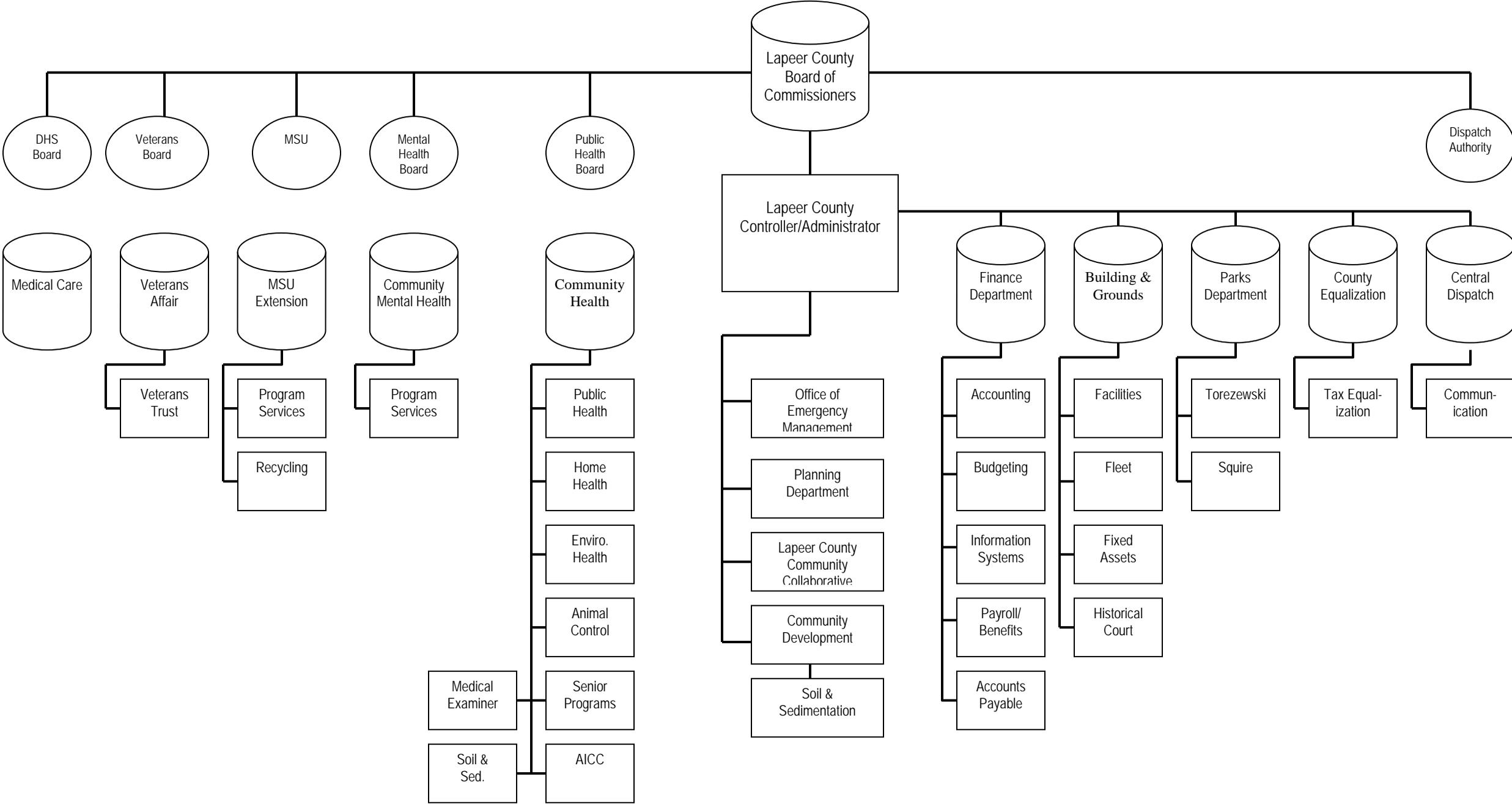
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



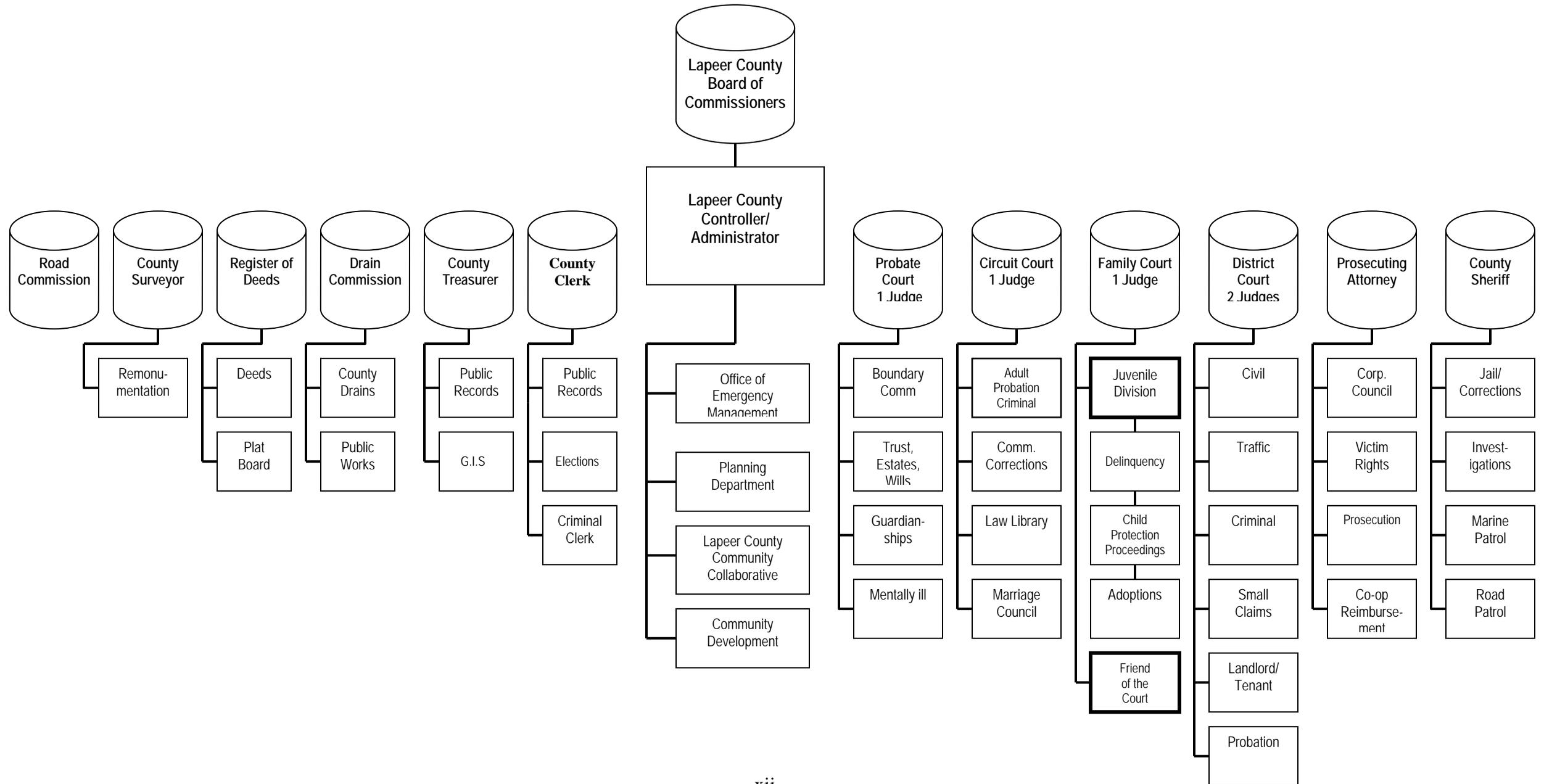
President

Executive Director

# LAPEER COUNTY APPOINTED ORGANIZATIONAL CHART



# LAPEER COUNTY ELECTORATE ORGANIZATIONAL CHART



**LAPEER COUNTY, MICHIGAN**

**BOARD OF COMMISSIONERS**

**Chairperson**  
David Taylor

**Vice Chairperson**  
Cheryl Clark

**Members**

Dyle Henning  
Lenny Schneider

Linda Jarvis

C. Ian Kempf  
Gary Roy

**COURT JUDGES**

John T. Connolly  
District Court

Michael Higgins  
Family Court

Laura Cheger Barnard  
District Court

Nick O. Holowka  
Family Court

Justus Scott  
Family Court

**COUNTY ELECTED OFFICIALS**

Dana M. Miller  
Treasurer

Ronald J. Kalanquin  
Sheriff

John E. Cosens  
Drain Commissioner

Marlene M. Bruns  
Clerk

Byron Kenschuh  
Prosecuting Attorney

Ray Davis  
Surveyor

Melissa R. DeVaugh  
Register of Deeds

County Appointed  
John Biscoe  
Controller/Administrator

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of Lapeer County  
Lapeer, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan, as of and for the year ended December 31, 2009, 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, 2009, 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 25, 2010, 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 71 through 77 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Certified Public Accountants

June 25, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Lapeer's (the County) management's discussion and analysis is intended to provide the readers of the County's financial statements a general overview of the financial activities for the fiscal year ending December 31, 2009. This analysis should be read in conjunction with the transmittal letter, beginning on page i of this report, and with the financial statements that follows this section.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

- In total, Lapeer County primary government improved its financial position during fiscal year 2009.
- Net assets increased \$1,860,075 to \$68,099,329 (excluding component units) through current year activity and prior period adjustments.
- Government activities net assets increased \$102,732 to \$36,302,784 through current year activity and prior period adjustments.
- Business-type activity net assets increased \$1,757,343 to \$31,796,545.

#### Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16,540,896 decreasing \$41,793 from the prior year governmental funds combined ending fund balance.
- The transfer out of the "Revenue Sharing Reserve Fund" (RSRF) of \$1,676,495 without a corresponding deposit of taxes occurred. As required by PA 357 of 2004, the RSRF was created from the proceeds of shifting the annual County operating millage from a December 1 levy date to a July 1 levy date over three years with the last posting of taxes to the RSRF in 2006. The balance in the RSRF decreased from \$3,299,176 to \$1,625,587 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 approximately the lost revenue sharing will occur each subsequent fiscal year through 2010 until which time it is estimated the Fund will be depleted and the suspended State Revenues are restored.
- The General Fund Balance increased \$967,362 to \$4,107,939 from 2008.
- The Budget Stabilization Fund balance increased from \$2,212,035 to \$2,320,361 as a result of \$108,326 in investment earnings. A financial planning objective of the County is to retain a balance equaling approximately 10% of the General Fund expenditures in this Fund.

### **Capital and Long-Term Debt Activities:**

- The County's capital assets (net of accumulated depreciation) experienced a net decrease of \$470,985 to \$26,713,813 during the fiscal year.
- The County paid \$160,000 in bond and note obligations during fiscal year 2009.
- The County is below its authorized debt limit of \$378,150,930.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The statement of net assets presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. This statement format combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the changes 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. 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 40 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Mental Health Fund, Community Development Fund, Local Reserve Fund and the Senior Millage Fund, all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The 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 17 - 22 of this report.

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. 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 - 70 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 five major governmental funds. This required supplementary information can be found on pages 71 - 77 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 78 - 114 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$68,099,329.

Approximately 47.92%, or \$32,638,140 of the County's net assets, is unrestricted and available for future obligations. Approximately 38.08%, or \$25,931,313 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	
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	\$ 23,735,565	\$ 22,473,834	\$ 24,475,575	\$ 22,983,493	\$ 48,211,140	\$ 45,457,327
Capital Assets	<u>17,437,207</u>	<u>18,353,631</u>	<u>9,276,606</u>	<u>8,831,167</u>	<u>26,713,813</u>	<u>27,184,798</u>
Total Assets	<u>41,172,772</u>	<u>40,827,465</u>	<u>33,752,181</u>	<u>31,814,660</u>	<u>74,924,953</u>	<u>72,642,125</u>
Liabilities						
Long-term debt outstanding	1,588,308	1,054,000	325,225	422,938	1,913,583	1,476,938
Other Liabilities	<u>3,281,680</u>	<u>3,573,413</u>	<u>1,630,411</u>	<u>1,352,520</u>	<u>4,912,091</u>	<u>4,925,933</u>
Total Liabilities	<u>4,869,988</u>	<u>4,627,413</u>	<u>1,955,636</u>	<u>1,775,458</u>	<u>6,825,624</u>	<u>6,402,871</u>
Net Assets:						
Invested in Capital Assets, net of debt	16,654,707	17,396,631	9,276,606	8,831,167	25,931,313	26,227,798
Restricted	8,221,319	9,677,863	1,308,557	1,049,307	9,529,876	10,727,170
Unrestricted	<u>11,426,758</u>	<u>9,125,558</u>	<u>21,211,382</u>	<u>20,158,728</u>	<u>32,638,140</u>	<u>29,284,286</u>
Total Net Assets	<u>\$ 36,302,784</u>	<u>\$ 36,200,052</u>	<u>\$ 31,796,545</u>	<u>\$ 30,039,202</u>	<u>\$ 68,099,329</u>	<u>\$ 66,239,254</u>

**Normal Impacts**

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

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

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

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

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

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

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

The County's combined net assets increased from \$66,654,417 to \$68,099,329 for a net change of Governmental and Business-type activities of \$1,444,912 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	
	2009	2008	2009	2008	2009	2008
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 22,356,919	\$ 21,483,569	\$ 18,800,309	\$ 18,339,326	\$ 41,157,228	\$ 39,822,895
Operating grants and Contributions	7,823,955	7,777,755	-	-	7,823,955	7,777,755
Capital Grants and Contributions	46,076	239,556	-	-	46,076	239,556
General Revenue:						
Property Taxes	13,944,341	14,141,996	1,011,140	1,151,144	14,955,481	15,293,140
Grants and Contributions not restricted to specific Programs-	4,875	375,956	51,997	48,070	56,872	424,026
Other	<u>433,575</u>	<u>931,362</u>	<u>68,471</u>	<u>314,808</u>	<u>502,046</u>	<u>1,246,170</u>
<b>Total Revenue</b>	<u>44,609,741</u>	<u>44,950,194</u>	<u>19,931,917</u>	<u>19,853,348</u>	<u>64,541,658</u>	<u>64,803,542</u>
<b>Expenses:</b>						
Legislative	275,784	259,301	-	-	275,784	259,301
Judicial	5,318,644	5,021,694	-	-	5,318,644	5,021,694
General Government	6,329,101	7,594,940	-	-	6,329,101	7,594,940
Public Safety	10,578,956	10,394,105	-	-	10,578,956	10,394,105
Public Works	380,476	384,302	-	-	380,476	384,302
Health and Welfare	21,212,635	21,809,561	-	-	21,212,635	21,809,561
Recreation and Culture	822,024	877,814	-	-	822,024	877,814
Interest on Long-Term Debt	51,166	57,550	-	-	51,166	57,550
Medical Care Facility	-	-	18,054,605	18,392,690	18,054,605	18,392,690
Delinquent Tax	-	-	<u>119,969</u>	<u>74,646</u>	<u>119,969</u>	<u>74,646</u>
<b>Total Expenses</b>	<u>44,968,786</u>	<u>46,339,267</u>	<u>18,174,514</u>	<u>18,467,336</u>	<u>63,143,360</u>	<u>64,866,603</u>
Change in net assets before transfers	( 359,045)	(1,449,073)	1,757,343	1,386,012	1,398,298	(63,061)
Transfers	<u>46,614</u>	<u>125,489</u>	<u>-</u>	<u>-</u>	<u>46,614</u>	<u>125,489</u>
Change in net assets	( 312,431)	(1,323,584)	1,757,343	1,386,012	1,444,912	62,428
Net assets at beginning of year, as restated	<u>36,615,215</u>	<u>37,523,636</u>	<u>30,039,202</u>	<u>28,653,190</u>	<u>66,654,417</u>	<u>66,176,826</u>
Net assets at end of year	<u>\$ 36,302,784</u>	<u>\$ 36,200,052</u>	<u>\$ 31,796,545</u>	<u>\$ 30,039,202</u>	<u>\$ 68,099,329</u>	<u>\$ 66,239,254</u>

### Normal Impacts

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

#### Revenues:

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

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

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

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

#### **Expenses:**

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

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

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

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

#### **Governmental Activities:**

The largest revenue source for governmental activities is the allocated operating property tax. The property tax rate remained at 3.7886 in 2009 as a result of the Headlee Amendment and the application of the base tax rate reduction fraction. As indicated, of the 83 counties in Michigan, 78 have higher millage rates.

Although the taxable value of the property assessments decreased from \$3,195,751,102 in 2008 to \$3,127,825,150 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 \$674,000 of property tax revenue that otherwise would have been available for use in the General Fund. It is important to note the existing TIFA's and DDA's continue to "capture" each year an increasing percentage of the total property tax, thereby limiting the capacity of the County to otherwise apply the revenue to mandated and essential activities.

State Revenue Sharing, which had been the second largest single source of general revenue, was suspended in 2004. In 2001 the County received \$1,774,671 in State Revenue Sharing, declining to \$699,788 by 2004. PA 357 of 2004 provided for the shift of property tax payments and the creation of the Revenue Sharing Reserve Fund. In accordance with the Act, \$1,676,475 was transferred to the General Fund from the RSRF for operations and similar to revenue sharing, remains the second single source of revenue for the general fund.

Revenue by Source – Governmental Activities

	<u>2009</u>	<u>2008</u>
Taxes	\$ 13,944,341	\$ 14,141,996
Licenses and permits	520,455	540,707
Intergovernmental	7,870,031	8,382,519
Charges for services	16,985,601	17,115,895
Fines and forfeits	457,485	493,068
Rents and royalties	378,183	410,797
Interest	430,689	931,362
Other	3,899,379	2,933,850
	<u>\$ 44,486,164</u>	<u>\$ 44,950,194</u>

In total, fiscal year 2009 governmental activity revenue decreased by \$464,030. Market conditions resulted in interest income being reduced by \$500,673. A reduction in intergovernmental of \$512,488 also affected the lower revenue totals.

**Business-type Activities:**

Business-type activities increased the County's net assets by \$1,757,343.

Revenue by source – Business-Type Activities

	<u>2009</u>	<u>2008</u>
Charges for services	\$ 17,410,157	\$ 17,125,881
Interest on taxes	784,922	781,997
Fees and penalties on delinquent taxes	322,074	230,196
Other operating revenues	283,156	201,252
Property taxes	1,011,140	1,151,144
Donations	51,997	48,070
Interest on investments	68,471	314,808
Gain (Loss) on sale of assets	<u>-</u>	<u>620</u>
	<u>\$ 19,931,917</u>	<u>\$ 19,853,968</u>

**Financial Analysis of the County's Major Funds**

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

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

At December 31, 2009, the County's governmental funds reported combined ending fund balances of \$16,540,896 a decrease of \$41,793 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, 2009 the general fund reported a fund balance of \$4,107,939 with \$3,909,939 of that amount unreserved/undesignated. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unreserved fund balance represents about 20% of the total general fund expenditures and transfers.

The 2009 amended budget of the general fund had projected revenues of \$18,893,574 and transfers in of \$1,600,000 with expenditures of \$18,669,021 and transfers out of \$3,074,553. The final budget anticipates expenditures over revenues of \$1,250,000 or approximately 6% of expenditures and transfers out.

Of the four other major government funds, Community Mental Health reported a fund balance of \$1,404,590, Community Development reported a fund balance of \$11,757, Local Reserve reported a fund balance of \$3,739,185, and Senior Millage reported a fund balance of \$749,521.

**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, 2009.

The Delinquent Tax Fund reported an increase in net assets of \$1,381,634 to \$14,893,581. The Medical Care Facility Fund reported an increase of \$375,709 to \$16,902,964.

### 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, 2009 amounted to \$26,713,813 (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	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,016,863	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863	\$ 1,016,863
Land improvement	424,490	433,472	701	1,039	425,191	355,609
Construction in progress	-	-	984,775	-	984,775	-
Buildings and improvements	15,032,387	15,792,274	7,744,663	8,194,211	22,777,050	23,986,484
Machinery and equipment	520,111	661,373	546,467	635,917	1,066,578	1,242,181
Vehicles	<u>443,356</u>	<u>449,649</u>	<u>-</u>	<u>-</u>	<u>443,356</u>	<u>583,661</u>
Totals	<u>\$ 17,437,207</u>	<u>\$ 18,353,631</u>	<u>\$ 9,276,606</u>	<u>\$ 8,831,167</u>	<u>\$ 26,713,813</u>	<u>\$27,184,798</u>

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

## Outstanding Debt

**Long-term Debt:** At December 31, 2009, the County primary government had a total debt outstanding of \$1,913,533 declining from the 2008 debt of \$2,117,372.

	Governmental Activities		Business-type Activities		Total Governmental	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 820,000	\$ 980,000	\$ -	\$ -	\$ 820,000	\$ 980,000
Accrued Vacation and Sick	645,808	640,434	246,428	236,023	892,236	876,457
Accrued Claims Liability	<u>160,000</u>	<u>119,000</u>	<u>78,797</u>	<u>186,915</u>	<u>238,797</u>	<u>305,915</u>
Totals (1)	<u>\$ 1,625,808</u>	<u>\$ 1,739,434</u>	<u>\$ 325,225</u>	<u>\$ 422,938</u>	<u>\$ 1,951,033</u>	<u>\$ 2,162,372</u>

- (1) Total does not include deferred amounts of \$(37,500) for 2009 and \$(45,000) for 2008. See Note 8 to the financial statements for additional information regarding long-term debt.

## Economic Outlook

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

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

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

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

## **Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 6,451,125	\$ 12,908,170	\$ 19,359,295	\$ 6,894,582
Investments	12,058,217	2,926,277	14,984,494	1,122,570
Receivables (net of allowance)	4,677,271	8,034,964	12,712,235	11,932,707
Due from primary government	-	-	-	264,296
Prepaid items	307,004	118,840	425,844	244,596
Internal balances	( 266,142)	257,742	( 8,400)	-
Inventory	1,502	120,276	121,778	732,497
Advance to component units	90,000	-	90,000	-
Other Assets	-	722	722	-
Temporary restricted - Assets -				
Cash and cash equivalents	416,588	108,584	525,172	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	1,016,863	984,775	2,001,638	42,095,703
Assets being depreciated	16,420,344	8,291,831	24,712,175	43,233,713
Total Assets	<u>41,172,772</u>	<u>33,752,181</u>	<u>74,924,953</u>	<u>106,520,664</u>
<b>LIABILITIES:</b>				
Payables and accrued liabilities	2,424,109	1,521,827	3,945,936	1,005,501
Advances and deposits	-	-	-	319,288
Advances from primary government	-	-	-	90,000
Unearned revenue	857,571	-	857,571	-
Liabilities payable from restricted assets	-	108,584	108,584	-
Non-current liabilities -				
Net OPEB Obligation	-	-	-	1,429,182
Due within one year	812,808	135,821	948,629	1,412,872
Due in more than one year	775,500	189,404	964,904	9,146,196
Total Liabilities	<u>4,869,988</u>	<u>1,955,636</u>	<u>6,825,624</u>	<u>13,403,039</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related liabilities	16,654,707	9,276,606	25,931,313	80,611,295
Net assets -				
Restricted -				
Debt service	93,883	-	93,883	1,505,243
Foreclosure sales	-	1,308,557	1,308,557	-
Plant replacement and expansion	688,829	-	688,829	252,605
Revenue sharing reserve	1,625,587	-	1,625,587	-
E - 911 operations	688,736	-	688,736	-
Budget stabilization	2,320,361	-	2,320,361	-
Health services and senior activities	772,699	-	772,699	-
General and mental health	1,404,590	-	1,404,590	-
Police services and law enforcement	555,982	-	555,982	-
Other purposes	70,652	-	70,652	-
Unrestricted	11,426,758	21,211,382	32,638,140	10,748,482
Total Net Assets	<u>\$ 36,302,784</u>	<u>\$ 31,796,545</u>	<u>\$ 68,099,329</u>	<u>\$ 93,117,625</u>

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Legislative	\$ 275,784	\$ 1,044	\$ -	\$ -
Judicial	5,318,644	1,547,048	1,314,890	-
General Government	6,329,101	4,655,630	1,152,969	-
Public Safety	10,578,956	2,056,577	571,652	46,076
Public Works	380,476	1,412	-	-
Health and Welfare	21,212,635	13,779,838	4,769,604	-
Recreation and Culture	822,024	153,867	14,840	-
Interest on Long Term Debt	51,166	161,503	-	-
Total governmental activities	44,968,786	22,356,919	7,823,955	46,076
Business type activities:				
Medical Care Facility	18,054,605	17,327,488	-	-
Delinquent Tax	119,969	1,472,821	-	-
Total business type activities	18,174,574	18,800,309	-	-
Total Primary Government	63,143,360	41,157,228	7,823,955	46,076
<b>Component Units</b>				
Road Commission	\$ 11,779,908	\$ 2,360,017	\$ 7,638,830	\$ -
Department of Public Works	312,117	-	-	303,410
Drainage Districts	1,011,944	362,428	-	219,383
Total Component Units	\$ 13,103,969	\$ 2,722,445	\$ 7,638,830	\$ 522,793
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Transfers - internal activities				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Prior period adjustments (Note 16)				
Net assets at beginning of year, restated				
Net assets at end of year				

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

Net (Expense) Revenue and Change in Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$( 274,740)	\$ -	\$( 274,740)	\$ -
( 2,456,706)	-	( 2,456,706)	-
( 520,502)	-	( 520,502)	-
( 7,904,651)	-	( 7,904,651)	-
( 379,064)	-	( 379,064)	-
( 2,663,193)	-	( 2,663,193)	-
( 653,317)	-	( 653,317)	-
110,337	-	110,337	-
<u>( 14,741,836)</u>	<u>-</u>	<u>( 14,741,836)</u>	<u>-</u>
-	( 727,117)	( 727,117)	-
-	1,352,852	1,352,852	-
-	625,735	625,735	-
<u>( 14,741,836)</u>	<u>625,735</u>	<u>( 14,116,101)</u>	<u>-</u>
-	-	-	( 1,781,061)
-	-	-	( 8,707)
-	-	-	( 430,133)
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,219,901)</u>
13,944,341	1,011,140	14,955,481	-
4,875	51,997	56,872	-
433,575	68,471	502,046	63,406
46,614	-	46,614	-
<u>14,429,405</u>	<u>1,131,608</u>	<u>15,561,013</u>	<u>63,406</u>
<u>( 312,431)</u>	<u>1,757,343</u>	<u>1,444,912</u>	<u>( 2,156,495)</u>
36,200,052	30,039,202	66,239,254	95,274,120
415,163	-	415,163	-
<u>36,615,215</u>	<u>30,039,202</u>	<u>66,654,417</u>	<u>95,274,120</u>
<u>\$ 36,302,784</u>	<u>\$ 31,796,545</u>	<u>\$ 68,099,329</u>	<u>\$ 93,117,625</u>

**LAPEER COUNTY, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

<b>ASSETS</b>	General	Community Mental Health	Community Development	Local Reserve
<b>Assets:</b>				
Cash and cash equivalents	\$ 58,116	\$ 1,431,103	\$ -	\$ 39,185
Investments	5,703,976	-	-	3,000,000
Receivables -				
Current and delinquent property taxes	874,997	-	-	-
Interest and accounts	67,178	49,836	1,169,342	-
Due from other governmental units -				
Federal/State	210,343	97,280	59,922	-
Local	417	78,367	-	-
Due from other funds	79,804	-	-	-
Interfund receivables	-	1,000,000	-	700,000
Inventory	-	-	-	-
Advances to other funds	108,000	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	-	37,379	-	-
Restricted Assets -				
Cash	-	416,588	-	-
Total Assets	\$ 7,192,831	\$ 3,118,053	\$ 1,229,264	\$ 3,739,185
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 178,365	\$ 1,252,506	\$ -	\$ -
Accrued liabilities	115,972	102,931	541	-
Due to other governmental units -				
Federal/State	7,445	136,923	-	-
Local	383	148,238	-	-
Due to other funds	271,680	-	55	-
Interfund payables	2,500,000	-	47,569	-
Advances from other funds	-	-	-	-
Deferred revenue	11,047	72,865	1,169,342	-
Total Liabilities	3,084,892	1,713,463	1,217,507	-
<b>Fund Balances:</b>				
Reserved	198,000	461,467	-	-
Unreserved -				
Undesignated -				
General Fund	3,909,939	-	-	-
Special Revenue Funds	-	943,123	11,757	3,739,185
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Total Equity	4,107,939	1,404,590	11,757	3,739,185
Total Liabilities and Fund Equity	\$ 7,192,831	\$ 3,118,053	\$ 1,229,264	\$ 3,739,185

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

<u>Senior Millage</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 36,026	\$ 2,353,326	\$ 3,917,756
-	3,354,241	12,058,217
667,505	9,815	1,552,317
-	455,140	1,741,496
-	940,669	1,308,214
-	96,454	175,238
-	-	79,804
800,000	514,859	3,014,859
-	1,502	1,502
-	-	115,500
-	-	90,000
-	9,484	46,863
-	-	416,588
<u>\$ 1,503,531</u>	<u>\$ 7,735,490</u>	<u>\$ 24,518,354</u>

\$ 35	\$ 196,327	\$ 1,627,233
-	140,066	359,510
-	105,762	250,130
-	-	148,621
-	95,188	366,923
-	467,290	3,014,859
-	7,500	7,500
753,975	195,453	2,202,682
<u>754,010</u>	<u>1,207,586</u>	<u>7,977,458</u>
-	10,986	670,453
-	-	3,909,939
749,521	5,734,206	11,177,792
-	93,883	93,883
-	688,829	688,829
<u>749,521</u>	<u>6,527,904</u>	<u>16,540,896</u>
<u>\$ 1,503,531</u>	<u>\$ 7,735,490</u>	<u>\$ 24,518,354</u>

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

Fund Balances - total governmental funds	\$ 16,540,896
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	31,271,401
Accumulated depreciation	( 16,682,745)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Housing Rehabilitation Loan	1,169,342
Other	75,769
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	( 56,797)
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)	
	24,643
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	
	69,654
Internal Service Funds used by management to charge cost of health, unemployment and worker's 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.	
	5,473,262
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Accrued compensated absences	( 645,808)
Bonds payable	( 820,000)
Insurance claims payable	( 110,000)
Accrued interest on bonds/notes payable	( 6,833)
Net Assets of governmental activities	<u>\$ 36,302,784</u>

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Community Mental Health	Community Development	Local Reserve
<b>Revenues:</b>				
Taxes	\$ 10,778,574	\$ -	\$ -	\$ 550,000
Licenses and permits	31,132	-	59,478	-
Intergovernmental	1,308,866	1,817,734	200,505	-
Charges for services	2,359,230	12,399,856	28,250	-
Fines and forfeits	355,790	-	1,330	-
Rents and royalties	160,716	-	-	-
Interest	291,566	18,927	-	6,433
Other	3,506,467	143,132	-	-
Total Revenues	18,792,341	14,379,649	289,563	556,433
<b>Expenditures:</b>				
Current -				
Legislative	275,784	-	-	-
Judicial	3,837,743	-	-	-
General Government	5,274,237	-	-	-
Public Safety	5,843,892	-	76,265	-
Public Works	367,816	-	-	-
Health and Welfare	197,450	14,476,733	201,541	-
Recreation and Cultural	275,310	-	-	-
Other Activities	497,101	-	-	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	16,569,333	14,476,733	277,806	-
Revenues over (under) expenditures	2,223,008	( 97,084)	11,757	556,433
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,721,318	291,780	-	-
Transfers out	( 2,976,964)	-	-	-
Total Other Financing Sources (Uses)	( 1,255,646)	291,780	-	-
Net change in Fund Balances	967,362	194,696	11,757	556,433
Fund Balances at beginning of year	3,140,577	1,209,894	-	3,182,752
Fund Balances at end of year	\$ 4,107,939	\$ 1,404,590	\$ 11,757	\$ 3,739,185

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

<u>Senior Millage</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ 772,023	\$ 1,843,744	\$ 13,944,341
-	429,845	520,455
-	4,308,070	7,635,175
-	2,198,265	16,985,601
-	100,365	457,485
-	217,467	378,183
-	113,763	430,689
-	249,780	3,899,379
<u>772,023</u>	<u>9,461,299</u>	<u>44,251,308</u>
-	-	275,784
-	1,495,613	5,333,356
-	156,330	5,430,567
-	4,450,339	10,370,496
-	12,060	379,876
17,027	6,146,871	21,039,622
-	485,428	760,738
-	-	497,101
-	8,612	8,612
-	160,000	160,000
-	45,000	45,000
<u>17,027</u>	<u>12,960,253</u>	<u>44,301,152</u>
<u>754,996</u>	<u>( 3,498,954)</u>	<u>( 49,844)</u>
-	3,398,113	5,411,211
<u>( 704,878)</u>	<u>( 1,721,318)</u>	<u>( 5,403,160)</u>
<u>( 704,878)</u>	<u>1,676,795</u>	<u>8,051</u>
50,118	( 1,822,159)	( 41,793)
<u>699,403</u>	<u>8,350,063</u>	<u>16,582,689</u>
<u>\$ 749,521</u>	<u>\$ 6,527,904</u>	<u>\$ 16,540,896</u>

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - total governmental funds	\$( 41,793)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	107,336
Depreciation expense	( 863,430)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	234,856
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>	
Principal payments on long-term liabilities	160,000
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net assets:</p>	
Decrease in accrued interest payable	1,334
Amortization of bond issuance costs	( 4,928)
Amortization of premium on bonds	11,359
Amortization of deferred loss on refunding	( 13,931)
Internal Service Funds used by management to charge costs of healthcare, unemployment and worker's compensation expenses and claims and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.	162,140
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Increase in compensated absences	( 5,374)
Increase in accrued insurance claims payable	( 60,000)
Change in net assets of governmental activities	<u><u>\$( 312,431)</u></u>

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical</u>	<u>Delinquent</u>	<u>Total</u>	<u>Internal</u>
	<u>Care Facility</u>	<u>Tax</u>		<u>Service Fund</u>
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 2,230,324	\$ 10,677,846	\$ 12,908,170	\$ 2,533,369
Investments	2,926,277	-	2,926,277	-
Accounts receivable-				
Current and delinquent taxes	896,880	3,407,139	4,304,019	-
Accounts (net of allowance for doubtful accounts)	3,096,088	-	3,096,088	6
Accrued interest	16,215	618,642	634,857	-
Inventories	120,276	-	120,276	-
Prepaid items	118,840	-	118,840	260,141
Due from other funds	-	257,813	257,813	3,209
Restricted Assets -				
Cash and cash equivalents	108,584	-	108,584	-
Total Current Assets	<u>9,513,484</u>	<u>14,961,440</u>	<u>24,474,924</u>	<u>2,796,725</u>
<b>Capital Assets:</b>				
Property, plant and equipment net of accumulated depreciation	9,269,439	7,167	9,276,606	2,848,551
<b>Other Assets:</b>				
Capital lease discount, net of amortization	722	-	722	-
Total Non-current assets	<u>9,270,161</u>	<u>7,167</u>	<u>9,277,328</u>	<u>2,848,551</u>
Total Assets	<u>18,783,645</u>	<u>14,968,607</u>	<u>33,752,252</u>	<u>5,645,276</u>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	626,520	4,056	630,576	14,014
Accrued liabilities	598,358	515	598,873	-
Advances and deposits	-	-	-	108,000
Due to other governmental units -				
Federal/State	221,994	-	221,994	-
Local	-	70,384	70,384	-
Due to other funds	-	71	71	-
Current portion of-				
Worker's compensation claims	20,000	-	20,000	9,500
Accrued vacation and sick	115,821	-	115,821	-
Liabilities payable from restricted assets -				
Patient trust liability	44,958	-	44,958	-
Patient deposits	63,626	-	63,626	-
Total Current Liabilities	<u>1,691,277</u>	<u>75,026</u>	<u>1,766,303</u>	<u>131,514</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2009**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax</u>	<u>Total</u>	<u>Internal Service Fund</u>
	<b>Long-Term Liabilities (less current portions):</b>			
Accrued vacation and sick	\$ 130,607	\$ -	\$ 130,607	\$ -
Accrued workers' compensation claims	58,797	-	58,797	40,500
Total Long-Term Liabilities	<u>189,404</u>	<u>-</u>	<u>189,404</u>	<u>40,500</u>
Total Liabilities	<u>1,880,681</u>	<u>75,026</u>	<u>1,955,707</u>	<u>172,014</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	9,269,439	7,167	9,276,606	2,848,551
Restricted -				
Foreclosure sales	-	1,308,557	1,308,557	-
Unrestricted	<u>7,633,525</u>	<u>13,577,857</u>	<u>21,211,382</u>	<u>2,624,711</u>
Total Net Assets	<u>\$ 16,902,964</u>	<u>\$ 14,893,581</u>	<u>\$ 31,796,545</u>	<u>\$ 5,473,262</u>

Concluded

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 17,175,657	\$ 234,500	\$ 17,410,157	\$ 4,716,103
Interest on taxes	-	784,922	784,922	-
Fees and penalties on delinquent taxes	-	322,074	322,074	-
Other	151,831	131,325	283,156	-
Total Operating Revenues	<u>17,327,488</u>	<u>1,472,821</u>	<u>18,800,309</u>	<u>4,716,103</u>
<b>Operating Expenses:</b>				
Personal services	-	6,493	6,493	339,842
Insurance and claims	-	-	-	3,855,970
Administrative and general	2,669,597	9,069	2,678,666	-
Maintenance	1,129,606	-	1,129,606	-
Nursing	8,185,692	-	8,185,692	-
Daycare	330,438	-	330,438	-
Professional service	4,607,214	-	4,607,214	-
Other services	-	103,691	103,691	-
Depreciation and amortization	590,561	716	591,277	411,315
Total Operating Expenses	<u>17,513,108</u>	<u>119,969</u>	<u>17,633,077</u>	<u>4,607,127</u>
Operating Income	<u>( 185,620)</u>	<u>1,352,852</u>	<u>1,167,232</u>	<u>108,976</u>
<b>Non-Operating Revenues (Expenses):</b>				
Donations	51,997	-	51,997	-
Property taxes	1,011,140	-	1,011,140	-
Interest on investments	39,689	28,782	68,471	4,215
Maintenance of effort	( 534,247)	-	( 534,247)	-
Interest on capital lease and note	( 7,250)	-	( 7,250)	-
Gain on sale of assets	-	-	-	10,386
Total Non-Operating Revenues	<u>561,329</u>	<u>28,782</u>	<u>590,111</u>	<u>14,601</u>
Net Income Before Transfers	375,709	1,381,634	1,757,343	123,577
<b>Transfers:</b>				
Transfers in	-	-	-	38,563
Change in Net Assets	<u>375,709</u>	<u>1,381,634</u>	<u>1,757,343</u>	<u>162,140</u>
Net Assets at beginning of year	<u>16,527,255</u>	<u>13,511,947</u>	<u>30,039,202</u>	<u>5,311,122</u>
Net Assets end of year	<u><u>\$ 16,902,964</u></u>	<u><u>\$ 14,893,581</u></u>	<u><u>\$ 31,796,545</u></u>	<u><u>\$ 5,473,262</u></u>

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business Type Activities-Enterprise Funds			Governmental
	Medical			Activities
	Care Facility	Delinquent Tax	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>				
Cash receipts from customers	\$ 16,210,850	\$ 234,500	\$ 16,445,350	\$ 4,723,298
Cash receipts for taxes	-	1,275,178	1,275,178	-
Cash payments to suppliers and employees	( 16,844,408)	( 128,394)	( 16,972,802)	( 4,089,705)
Other cash receipts	151,831	131,325	283,156	-
Net Cash Provided (Used) by Operating Activities	<u>( 481,727)</u>	<u>1,512,609</u>	<u>1,030,882</u>	<u>633,593</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Maintenance of effort payment	( 565,780)	-	( 565,780)	-
Patient trust deposits	1,098	-	1,098	-
Interfund transfers	-	( 257,813)	( 257,813)	38,563
Net Cash Provided (Used) By Noncapital Financing Activities	<u>( 564,682)</u>	<u>( 257,813)</u>	<u>( 822,495)</u>	<u>38,563</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Property taxes and contributions	1,073,804	-	1,073,804	-
Acquisition of capital assets	( 822,097)	-	( 822,097)	( 250,985)
Proceeds from sale of capital assets	-	-	-	10,386
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>251,707</u>	<u>-</u>	<u>251,707</u>	<u>( 240,599)</u>
<b>Cash Flows From Investing Activities:</b>				
Purchase of investments	( 877,828)	772,136	( 105,692)	-
Interest earned	41,844	28,782	70,626	4,215
Net Cash Provided (Used) by Investing Activities	<u>( 835,984)</u>	<u>800,918</u>	<u>( 35,066)</u>	<u>4,215</u>
Net Increase (Decrease) in Cash and Cash Equivalents	( 1,630,686)	2,055,714	425,028	435,772
Cash and cash equivalents at beginning of year	<u>3,969,594</u>	<u>8,622,132</u>	<u>12,591,726</u>	<u>2,097,597</u>
Cash and cash equivalents at end of year	<u>\$ 2,338,908</u>	<u>\$ 10,677,846</u>	<u>\$ 13,016,754</u>	<u>\$ 2,533,369</u>
<b>Statement of Net Assets -</b>				
Cash and Cash Equivalent -				
Current assets	2,230,324	10,677,846	12,908,170	2,533,369
Temporarily restricted assets	108,584	-	108,584	-
Cash and Cash Equivalents at End of Year	<u>\$ 2,338,908</u>	<u>\$ 10,677,846</u>	<u>\$ 13,016,754</u>	<u>\$ 2,533,369</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business Type Activities-Enterprise Funds			Governmental
	Medical	Delinquent	Total	Activities
	Care Facility	Tax	Total	Internal Service Funds
<b>Reconciliation of Net Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss) for the year	\$( 185,620)	\$ 1,352,852	\$ 1,167,232	\$ 108,976
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation and amortization	590,561	716	591,277	411,315
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	( 964,807)	158,800	( 806,007)	-
Due from other funds	-	-	-	7,195
Prepaid and deposits	85,241	-	85,241	149,764
Inventory	( 2,926)	-	( 2,926)	-
Increase (decrease) in-				
Accounts payable	( 23,890)	( 9,727)	( 33,617)	( 24,657)
Accrued liabilities	( 102,772)	515	( 102,257)	( 19,000)
Due to other funds	-	71	71	
Due to other governmental units	122,486	9,382	131,868	-
Net Cash Provided (Used) By Operating Activities	\$( 481,727)	\$ 1,512,609	\$ 1,030,882	\$ 633,593

Concluded

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2009**

	<u>Pension Trust Fund</u>	<u>Public Employee Health Care</u>	<u>Agency Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 540,622	\$ 483,597	\$ 2,537,911
Due from other funds	<u>17,768</u>	<u>-</u>	<u>-</u>
Total Assets	<u>558,390</u>	<u>483,597</u>	<u>2,537,911</u>
<b>LIABILITIES:</b>			
Accounts payable	214,819	-	-
Due to individuals and agencies	-	-	810,301
Due to other governmental units	<u>-</u>	<u>-</u>	<u>1,727,610</u>
Total Liabilities	<u>214,819</u>	<u>-</u>	<u>\$ 2,537,911</u>
<b>NET ASSETS:</b>			
Held in trust for pension and health care benefits	<u>\$ 343,571</u>	<u>\$ 483,597</u>	

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Pension Trust Fund</u>	<u>Public Employee Health Care</u>
<b>Additions:</b>		
Contributions	\$ 1,827,760	\$ 125,010
<b>Deductions:</b>		
Transfer to administrative agents	<u>2,618,022</u>	<u>902,884</u>
Net deletions to net assets held in trust	( 790,262)	( 777,874)
Net assets held in trust at beginning of year	<u>1,133,833</u>	<u>1,261,471</u>
Net assets held in trust at end of year	<u><u>\$ 343,571</u></u>	<u><u>\$ 483,597</u></u>

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

## **COMPONENT UNITS**

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2009**

	Road Commission	Board of Public Works	Drainage Districts	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,216,836	\$ 466,691	\$ 3,211,055	\$ 6,894,582
Investments	-	-	1,122,570	1,122,570
Receivables	2,561,970	5,430,984	3,939,753	11,932,707
Due from primary government	264,296	-	-	264,296
Inventories	732,497	-	-	732,497
Prepayments and deposits	73,979	-	170,617	244,596
Capital Assets (net of accumulated depreciation)				
Assets not being depreciated	38,092,222	-	4,003,481	42,095,703
Assets being depreciated	30,780,146	-	12,453,567	43,233,713
Total Assets	75,721,946	5,897,675	24,901,043	106,520,664
<b>LIABILITIES</b>				
Payables and current liabilities	770,363	16,095	152,423	938,881
Accrued interest	10,092	40,633	15,895	66,620
Advances and deposits	319,288	-	-	319,288
Advance from primary government	-	-	90,000	90,000
Non-current liabilities -				
Net OPEB Obligation	1,429,182	-	-	1,429,182
Due within one year	703,838	399,374	309,660	1,412,872
Due in more than one year	462,804	5,441,573	3,241,819	9,146,196
Total Liabilities	3,695,567	5,897,675	3,809,797	13,403,039
<b>NET ASSETS</b>				
Invested in capital assets, net of related liabilities	67,705,726	-	12,905,569	80,611,295
Restricted for:				
Debt service	-	-	1,505,243	1,505,243
Capital projects	-	-	252,605	252,605
Unrestricted	4,320,653	-	6,427,829	10,748,482
Total net assets	\$ 72,026,379	\$ -	\$ 21,091,246	\$ 93,117,625

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, 2009**

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Total</u>
<b>Expenses:</b>				
Public works	\$ -	\$ 312,117	\$ 1,011,944	\$ 1,324,061
Highways and streets	11,779,908	-	-	11,779,908
Total Expenses	<u>11,779,908</u>	<u>312,117</u>	<u>1,011,944</u>	<u>13,103,969</u>
<b>Program revenues:</b>				
Charges for services	2,360,017	-	362,428	2,722,445
Operating grants and contributions	7,638,830	-	-	7,638,830
Capital grants and contributions	-	303,410	219,383	522,793
Total program revenues	<u>9,998,847</u>	<u>303,410</u>	<u>581,811</u>	<u>10,884,068</u>
Net program expense	( 1,781,061)	( 8,707)	( 430,133)	( 2,219,901)
<b>General revenues:</b>				
Unrestricted investment income	<u>26,131</u>	<u>8,707</u>	<u>28,568</u>	<u>63,406</u>
Change in net assets	( 1,754,930)	-	( 401,565)	( 2,156,495)
Net assets, beginning of year	<u>73,781,309</u>	<u>-</u>	<u>21,492,811</u>	<u>95,274,120</u>
Net assets, end of year	<u>\$ 72,026,379</u>	<u>\$ -</u>	<u>\$ 21,091,246</u>	<u>\$ 93,117,625</u>

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity -**

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

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

**BLENDED COMPONENT UNIT -**

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

**DISCRETELY PRESENTED COMPONENT UNITS -**

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

**LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW)** is 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, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

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

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

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

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

**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 is financially accountable.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

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

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

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

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

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

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

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).

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

### 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, worker's compensation, equipment acquisition and replacement and health care, and to account for the payment of related insurance claims and expenses.

#### **Fiduciary Fund Types -**

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

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

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principle operating revenues of the Enterprise and Internal Services Funds are charges to customers for sales 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.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

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

#### **D. Assets, Liabilities and Net Assets or Equity -**

##### **Deposits and Investments -**

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

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition and financial institution pooled funds. The financial institution 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 valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

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

##### **Receivables and Payables -**

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

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

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

##### **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 for the Personal Care Aide Program Fund and the Road Commission (Component Unit) inventories, which are recognized using the consumption method (recorded as expenditures when used).

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Prepaid Items -**

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

**Property Tax Calendar -**

The property taxes for the County's general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the proceeding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The general fund levy and the Medicaid Care Facility levy are recognized in the year of the levy. The senior citizens taxes that are levied on December 1 are recorded as a receivable and deferred since they are budgeted as revenues in the subsequent year. For the year the County levied 3.7886 mills for the General Fund, .3300 mills for Medical Care Facility and .2456 mills for Senior Citizens.

**Capital Assets -**

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

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

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

#### **Compensated Absences -**

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation leave under formulas and conditions specified in the contracts. All vested vacation is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for 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 financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Equity -**

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

#### **Estimates -**

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

#### **Federal Programs -**

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit Financial Report will be issued prior to August 31, 2010, under separate cover as supplementary information to the Annual Financial Statements.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Upcoming Accounting Change -**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**Budgetary Information -**

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

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

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

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

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

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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.

During the year ended December 31, 2009, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund except for transfers out, which are at the account level, and functional level for the Special Revenue Funds as follows:

**Expenditures Over Appropriations -**

<u>Fund Type/Function/Activity/Account</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Variance</u>
<b>PRIMARY GOVERNMENT -</b>			
<b>General Fund -</b>			
General Government -			
Transfers Out -			
Parks Department	\$ 289,443	\$ 320,443	\$ 31,000
Friend of the Court	314,138	393,138	79,000
County Surveyor	-	20,121	20,121
Rental Property	40,000	42,455	2,455
Police Service Contracts	296,166	296,380	214
<b>Nonmajor Special Revenue Funds -</b>			
<b>Judicial -</b>			
Friend of the Court	1,341,136	1,483,034	141,898
<b>Health and Welfare -</b>			
Personal Care Aide Program	1,221,832	1,232,155	10,323
Department of Human Services	52,307	188,481	136,174
<b>Public Safety -</b>			
E-911	1,796,166	1,871,033	74,867
Emergency Management	84,223	130,591	46,368
Law Enforcement - Other	63,417	65,404	1,987

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.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**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 deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand	\$ 13,780	\$ 350	\$ 300	\$ 14,430
Deposits with Financial Institutions	23,168,677	4,640,798	3,561,830	31,371,305
Cash Held by Brokers	<u>978,470</u>	<u>362</u>	<u>-</u>	<u>978,832</u>
	<u>24,160,927</u>	<u>4,641,510</u>	<u>3,562,130</u>	<u>32,364,567</u>
<b>Investments</b>				
Corporate Bonds	281,498	48,346	-	329,844
Municipal Bonds	417,939	-	-	417,939
U.S. Government Securities	6,740,447	93,474	-	6,833,921
Mutual Funds	1,005,708	100,000	-	1,105,708
Investment Trust Funds	<u>2,262,442</u>	<u>3,133,822</u>	<u>-</u>	<u>5,396,264</u>
Total Investments	<u>10,708,034</u>	<u>3,375,642</u>	<u>-</u>	<u>14,083,676</u>
<b>Total Cash on Hand, Deposits and Investments</b>	<u>\$ 34,868,961</u>	<u>\$ 8,017,152</u>	<u>\$ 3,562,130</u>	<u>\$ 46,448,243</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

	Primary Government	Component Units	Fiduciary Unit	Reporting Entity
<b>Reconciliation to Combined Balance Sheet</b>				
Reported as Cash and Cash				
Equivalents -				
Cash on Hand	\$ 13,780	\$ 350	\$ 300	\$ 14,430
Cash Held by Broker	978,470	362	-	978,832
Cash in Checking/ Money				
Market/Savings	16,629,775	3,760,048	3,561,830	23,951,653
Investment Trust Funds	2,262,442	3,133,822	-	5,396,264
Total Cash and Cash				
Equivalents Reported on				
Combined Balance Sheet	19,884,467	6,894,582	3,562,130	30,341,179
Reported as Investments -				
Corporate Bonds	281,498	48,346	-	329,844
Municipal Bonds	417,939	-	-	417,939
U.S. Government Securities	6,740,447	93,474	-	6,833,921
Certificates of Deposit	6,538,902	880,750	-	7,419,652
Mutual Funds	1,005,708	100,000	-	1,105,708
Total Investments Reported on				
Combined Balance Sheet	14,984,494	1,122,570	-	16,107,064
Grand Total - Combined				
Balance Sheet	\$ 34,868,961	\$ 8,017,152	\$ 3,562,130	\$ 46,448,243

**Deposits with Financial Institutions -**

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

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

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

**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, 2009, the book value of the County's deposits was \$32,350,137 with a corresponding bank balance of \$33,138,489. Insured deposits were \$23,380,602, and the remaining \$9,757,887 was uninsured or uncollateralized.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

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

The common account is utilized by most of the funds and component units within the reporting entity. The common account consists of checking and savings accounts and investment trust funds. The investment trust portion of \$1,278,697 in the common account is reported in the investment category of this note. Segregation of the bank balance between the primary government and component units was not practical. The bank balance of the common checking account was included as part of the primary government's demand deposits for the determination of FDIC insurance coverage.

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

#### Investments -

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage</u>
U.S. Government Securities	\$ 6,833,921	48.6 %
Investment Trust Funds	5,396,264	38.4
Mutual Funds	1,105,708	7.9
Municipal Bonds	417,939	3.0
Corporate Bonds	<u>329,844</u>	<u>2.1</u>
Total	<u>\$ 14,083,676</u>	100.00 %

**Credit Risk - Investments** - The County has \$5,396,264 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trusts have been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government -				
MBIA Michigan CLASS	\$ 1,302,903	AAA/m	S & P	54
Comerica - J Fund	902,823	Not Rated	N/A	32
Bank of America – Fidelity Institutional Cash Portfolio	56,716	Not Rated	N/A	26
Component Unit -				
Chase - Sweep Investment Accounts	3,133,822	Aaa	Moody	N/A

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

These investment pools have been reported in the financial statements as cash equivalents because they have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

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

Fair Value	Ratings
\$ 58,575	AAA
180,594	AA3
16,032	A3
52,378	A2
32,494	BAA1
407,710	No Rating
\$ 747,783	

**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, 2009, \$7,581,704 of investments was held in third-party safekeeping not in the County's name, however, evidenced by safekeeping receipts.

**Concentration of Credit Risk - Investments** - is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy requires diversification by security type but does not place a fixed percentage limit for any one issuer. As of December 31, 2009, the County did not hold 5% or more in any one issuer.

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

Investment Type	Fair Value	Maturity (Years)			
		<1	1-5	6-10	>10
U.S. Government Securities	\$ 6,833,921	\$ 536,874	\$ 2,566,452	\$ 737,653	\$ 2,992,942
Investment Trust Funds	5,396,264	5,396,264	-	-	-
Mutual Funds	1,105,708	1,105,708	-	-	-
Municipal Bonds	417,939	181,286	236,653	-	-
Corporate Bonds	329,844	75,831	221,835	21,196	10,982
Total Investments	\$14,083,676	\$ 7,295,963	\$ 3,024,940	\$ 758,849	\$ 3,003,924

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 4 - RECEIVABLES:**

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

	Governmental Activities	Business-type Activities
Property Taxes	\$ 1,552,317	\$ 4,304,019
Interest and accounts	1,741,502	3,820,945
Intergovernmental -		
Federal/State	1,280,129	-
Local	203,323	-
	3,607,929	8,124,964
Less - allowance for uncollectible	( 100,000)	( 90,000)
	<u>\$ 4,677,271</u>	<u>\$ 8,034,964</u>

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
General Fund -		
Grants	\$ 11,047	\$ -
Community Mental Health -		
Grants/fees received prior to meeting all eligibility requirements	-	72,865
Community Development		
Revolving Loan	1,169,342	-
Senior Millage -		
Property Taxes	-	753,975
Non-Major Governmental Funds -		
Property taxes	9,815	-
Fees received prior to meeting all eligibility requirements	-	20,731
Grants	154,907	10,000
	<u>164,722</u>	<u>30,731</u>
	<u>\$ 1,345,111</u>	<u>\$ 857,571</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,016,863	\$ -	\$ -	\$ 1,016,863
Capital assets, being depreciated:				
Buildings	25,442,033	39,775	101,606	25,380,202
Improvement other than buildings	1,687,442	23,340	90,320	1,620,462
Machinery and equipment	7,772,453	79,716	197,242	7,654,927
Vehicles	1,682,544	218,904	125,371	1,776,077
Total capital assets being depreciated	<u>36,584,472</u>	<u>361,735</u>	<u>514,539</u>	<u>36,431,668</u>
Less accumulated depreciation for:				
Buildings	9,649,759	799,662	101,606	10,347,815
Improvements other than buildings	1,253,970	32,322	90,320	1,195,972
Machinery and equipment	7,111,080	220,978	197,242	7,134,816
Vehicles	1,232,895	221,783	121,957	1,332,721
Total accumulated depreciation	<u>19,247,704</u>	<u>1,274,745</u>	<u>511,125</u>	<u>20,011,324</u>
Total capital assets being depreciated, net	<u>17,336,768</u>	<u>( 913,010)</u>	<u>( 3,414)</u>	<u>16,420,344</u>
Governmental activities capital assets, net	<u>\$ 18,353,631</u>	<u>\$ ( 913,010)</u>	<u>\$ ( 3,414)</u>	<u>\$ 17,437,207</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ -	\$ 984,775	\$ -	\$ 984,775
Capital assets, being depreciated:				
Buildings	13,641,637	22,062	-	13,663,699
Improvement other than buildings	6,750	-	-	6,750
Machinery and equipment	3,178,526	29,879	-	3,208,405
Total capital assets being depreciated	<u>16,826,913</u>	<u>51,941</u>	<u>-</u>	<u>16,878,854</u>
Less accumulated depreciation for:				
Buildings	5,479,335	439,701	-	5,919,036
Improvements other than buildings	5,711	338	-	6,049
Machinery and equipment	2,510,700	151,238	-	2,661,938
Total accumulated depreciation	<u>7,995,746</u>	<u>591,277</u>	<u>-</u>	<u>8,587,023</u>
Total capital assets, being depreciated, net	<u>8,831,167</u>	<u>( 539,336)</u>	<u>-</u>	<u>8,291,831</u>
Business activities capital assets, net	<u>\$ 8,831,167</u>	<u>\$ 445,439</u>	<u>\$ -</u>	<u>\$ 9,276,606</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

Governmental activities:	
General government	\$ 348,147
Public Safety	262,179
Public Works	600
Health and Welfare	176,490
Recreation and Cultural	<u>76,014</u>
Depreciation expense-governmental activities	863,430
Depreciation in the internal service funds	<u>411,315</u>
Total depreciation expense - governmental activities	<u>\$ 1,274,745</u>
Business-type activities	
Medical Care Facility	\$ 590,561
Delinquent Tax Revolving	<u>716</u>
Total depreciation expense-business-type activities	<u>\$ 591,277</u>

**Discretely Presented Component Units**

**Drainage Districts:** Capital asset activity for the Drainage Districts for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Capital assets, not being depreciated -				
Land Improvements	\$ 2,809,103	\$ -	\$ -	\$ 2,809,103
Construction in progress	<u>1,194,378</u>	<u>-</u>	<u>-</u>	<u>1,194,378</u>
Total capital assets, not being depreciated	<u>4,003,481</u>	<u>-</u>	<u>-</u>	<u>4,003,481</u>
Capital assets, being depreciated -				
Equipment	728,927	-	-	728,927
Infrastructure	<u>25,041,791</u>	<u>-</u>	<u>-</u>	<u>25,041,791</u>
Total capital assets being depreciated	<u>25,770,718</u>	<u>-</u>	<u>-</u>	<u>25,770,718</u>
Less accumulated depreciation for -				
Equipment	728,927	-	-	728,927
Infrastructure	<u>12,067,936</u>	<u>520,288</u>	<u>-</u>	<u>12,588,224</u>
Total depreciation	<u>12,796,863</u>	<u>520,288</u>	<u>-</u>	<u>13,317,151</u>
Total capital assets being depreciated, net	<u>12,973,855</u>	<u>( 520,288)</u>	<u>-</u>	<u>12,453,567</u>
Drain Commissioner capital assets, net	<u>\$ 16,977,336</u>	<u>\$( 520,288)</u>	<u>\$ -</u>	<u>\$ 16,457,048</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Road Commission:** Capital asset activity for the Road Commission for the year ended September 30, 2009 was as follows:

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
Capital Assets, not being depreciated -				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land improvements	37,415,338	337,331	-	37,752,669
Right of Ways	180,046	-	-	180,046
Total Capital Assets, not being depreciated	<u>37,754,891</u>	<u>337,331</u>	<u>-</u>	<u>38,092,222</u>
Capital Assets, being depreciated -				
Building and Improvements	1,868,384	63,817	-	1,932,201
Road Equipment	6,786,419	194,624	-	6,981,043
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	41,262,141	505,995	1,636,138	40,131,998
Bridges	13,286,239	484,628	-	13,770,867
Traffic Signals	83,723	-	-	83,723
Depletable Assets -				
Gravel Pits	205,130	-	-	205,130
	<u>64,224,422</u>	<u>1,249,064</u>	<u>1,636,138</u>	<u>63,837,348</u>
Less - Accumulated Depreciation for -				
Buildings and Improvements	1,385,449	44,478	-	1,429,927
Road Equipment	5,187,595	539,414	-	5,727,009
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	19,971,140	2,314,096	1,636,138	20,649,098
Bridges	4,069,927	273,168	-	4,343,095
Traffic Signals	41,404	-	-	41,404
Depletable Assets	134,283	-	-	134,283
	<u>31,522,184</u>	<u>3,171,156</u>	<u>1,636,138</u>	<u>33,057,202</u>
Total Capital Assets, being depreciated, net	<u>32,702,238</u>	<u>( 1,922,092)</u>	<u>-</u>	<u>30,780,146</u>
Governmental Activity Capital Assets, net	<u>\$ 70,457,129</u>	<u>\$( 1,584,761)</u>	<u>\$ -</u>	<u>\$ 68,872,368</u>

Total depreciation for the year ended September 30, 2009 was \$3,171,156. Roads are removed from the capital assets at the time the group of individually recorded roads has been fully depreciated.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 6 - PAYABLES:**

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

	Governmental Activities	Business-type Activities
Accounts payable/accrued liabilities	\$ 1,641,247	\$ 630,576
Accrued Interest	6,833	-
Wages and fringe benefits	359,510	598,873
Due to Fiduciary Funds	17,768	-
 Intergovernmental -		
Federal/State	250,130	221,994
Local	148,621	70,384
	\$ 2,424,109	\$ 1,521,827
 Payables from restricted assets		
Patient Trust Liability	\$ -	\$ 44,958
Patient Deposits	-	63,626
	\$ -	\$ 108,584

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

The composition of interfund balances as of December 31, 2009 is as follows:

**Due To/From Other Funds -**

	Receivable	Payable
<b>General Fund -</b>	\$ 79,804	\$ 271,680
<b>Community Development -</b>	-	55
<b>Nonmajor Special Revenue Funds -</b>		
Parks Department	-	84
E-911	-	2,966
Friend of the Court	-	1,616
Health Department	-	5,507
Personal Care Aid	-	1,249
Animal Control	-	256
Budget Stabilization	-	79,706
Emergency Management	-	77
Community Grants	-	457
Police Service Contracts	-	1,985
Law Enforcement	-	422
Community Development	-	-
Department of Human Services	-	11
Multi Purpose Collaborative Body	-	852
Total Per Financial Statements	79,804	366,923

**LAPEER COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

	<u>Receivable</u>	<u>Payable</u>
<b>Enterprise Funds -</b>		
DTR	\$ 257,813	\$ 71
<b>Internal Service Funds -</b>		
Unemployment	160	-
Worker's Compensation	<u>3,049</u>	<u>-</u>
	<u>3,209</u>	<u>-</u>
<b>Fiduciary Funds -</b>		
Retirement System Fund	<u>17,768</u>	<u>-</u>
Total per Financial Statements	358,594	366,994
Adjustments for September 30, year-end funds	<u>8,400</u>	<u>-</u>
Total	<u>\$ 366,994</u>	<u>\$ 366,994</u>

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

Total due to primary government funds, as shown on the accompanying financial statements, reporting more than due from primary government funds by \$8,400, was attributable to transactions with funds reported on a September 30 year-end.

**Due To/From Primary Government and Component Units -**

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

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

**Advances From/To Other Funds -**

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

**LAPEER COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

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	\$ -
Drain - 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
<b>Primary Government -</b> Governmental Funds -		
General Fund	\$ -	\$ 2,500,000
Community Mental Health	1,000,000	-
Community Development	-	47,569
Local Reserve	700,000	-
Senior Millage	800,000	-
Polly Ann Trail	-	735
Friend of the Court	-	223,022
Health Department	-	83,806
Community Grants	-	18,164
Lapeer Area Youth Coordinator	-	613
4 - H Programs	-	759
Child Care	-	83,469
Multi Purpose Collaborative Body	-	56,722
Jail	514,859	-
	\$ 3,014,859	\$ 3,014,859

The interfund receivable/payable balances at December 31, 2009 represent short-term borrowing between funds to cover negative cash balance in the common checking account in accordance with County Board of Commissioner's Policy.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Transfers In and Out -**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks Department	(1) General Fund	\$ 320,443
Friend of the Court	(1) General Fund	393,138
Community Mental Health	(1) General Fund	291,780
Health Department	(1) General Fund	155,338
Health Department	(1) General Fund	15,450
Health Department	(1) General Fund	643,788
Animal Control	(1) General Fund	55,947
County Surveyor	(1) General Fund	20,121
Environment/Recycling	(1) General Fund	12,060
Building Rental	(1) General Fund	42,455
Emergency Management	(1) General Fund	53,089
Community Corrections	(1) General Fund	57,000
Police Service Contracts	(1) General Fund	296,380
Law Enforcement Programs	(1) General Fund	4,812
Law Enforcement Grants	(1) General Fund	24,414
Law Library	(1) General Fund	4,500
Cooperative Extension	(1) General Fund	3,888
Child Care	(1) General Fund	511,379
Family Continuation Coordinator	(1) General Fund	32,419
Personal Care	(2) Senior Millage Fund	704,878
General Fund	(4) Revenue Sharing Reserve	1,676,475
General Fund	(1) County Surveyor	44,843
Internal Service Funds –		
Equipment Acquisition and Replacement	(3) General Fund	<u>38,563</u>
Total Transfers Out Per Fund Financial Statements		5,403,160
Adjusted for September 30, year-end funds		<u>46,614</u>
Total Transfers In		<u>\$ 5,449,774</u>

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

Total transfers in for the primary government funds as reported in the accompanying financial statements were \$5,449,774 and total transfers out were \$5,403,160. The difference between these amounts, \$46,614, was attributable to transactions with funds, which are reported on a September 30, year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**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, 2009:

	Restated Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2009</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities:</u></b>					
Governmental Funds -					
General Obligation Bonds	\$ 980,000	\$ -	\$ 160,000	\$ 820,000	\$ 155,000
Accrued Claims Liability	50,000	313,297	253,297	110,000	10,000
Accrued Vacation	640,434	5,374	-	645,808	645,808
Add (Less) Deferred Amounts For -					
Issuance Premium	68,156	-	11,359	56,797	11,359
Bond Issuance Costs	( 29,571)	-	( 4,928)	( 24,643)	( 4,928)
Refunding Loss	( 83,585)	-	( 13,931)	( 69,654)	( 13,931)
 Total Governmental Funds	 <u>1,625,434</u>	 <u>318,671</u>	 <u>405,797</u>	 <u>1,538,308</u>	 <u>803,308</u>
 Internal Service Funds -					
Worker's Compensation Fund -					
Accrued Claims Liabilities	<u>69,000</u>	<u>54,300</u>	<u>73,300</u>	<u>50,000</u>	<u>9,500</u>
 Total Governmental Activities	 <u>1,694,434</u>	 <u>372,971</u>	 <u>479,097</u>	 <u>1,588,308</u>	 <u>812,808</u>
 <b><u>Business-type Activities:</u></b>					
Medical Care Facility -					
Accrued Claims Liabilities	\$ 186,915	\$ 217,734	\$ 325,852	\$ 78,797	\$ 20,000
Accrued Vacation and Sick	<u>236,023</u>	<u>830,733</u>	<u>820,328</u>	<u>246,428</u>	<u>115,821</u>
 Total Business-type Activities	 <u>422,938</u>	 <u>1,048,467</u>	 <u>1,146,180</u>	 <u>325,225</u>	 <u>135,821</u>
 Total Primary Government	 <u>\$ 2,117,372</u>	 <u>\$ 1,421,438</u>	 <u>\$ 1,625,277</u>	 <u>\$ 1,913,533</u>	 <u>\$ 948,629</u>

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

**Building Obligation Bonds -**

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

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

On February 18, 2004, building authority refunding bonds in the amount of \$1,535,000 was issued to defease the 1994 issue. The payments are due in annual installments on May 1 ranging from \$145,000 to \$185,000 through 2014, with an interest rate of 5.00% due on May 1 and November 1 of each year.

Issuance costs net of premium amounted to \$75,000. \$ 820,000

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, 2009, the defeased bonds outstanding amounts to \$845,000 for the 1994 issue.

**Accrued Claims Liability -**

The County has estimated accrued liability claims, including an estimate for claims incurred but not reported (IBNR), administered through Citizen Management Inc. The dollar amount of these estimated claims is \$110,000 at December 31, 2009.

The County has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2009. The dollar amount of these claims reported as a long-term liability on the balance sheet of the Worker's Compensation Fund is \$50,000 at December 31, 2009.

The Medical Care Facility has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2009. The dollar amount of these claims reported as a long-term liability on the balance sheet of the Medical Care Facility (Enterprise) Fund is \$78,797 at December 31, 2009.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Accrued Vacation and Sick** - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$246,428 has been recorded as a long-term liability of the respective funds. The governmental fund portion of \$645,808, as well as the enterprise fund portion, has been recorded in the government-wide financial statements as a long-term liability. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee is charged.

**Annual Debt Requirements** - The annual requirements to pay the debt outstanding at December 31, 2009, for the following bonds and notes (excluding accrued vacation and sick and accrued insurance claims) of the Primary Government are as follows:

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2010	\$ 155,000	\$ 37,125
2011	145,000	29,625
2012	170,000	21,750
2013	165,000	13,375
2014	185,000	4,625
	<u>\$ 820,000</u>	<u>\$ 106,500</u>

**COMPONENT UNITS -**

The following is a summary of changes in long-term liabilities (including current portions) of the Component Units of the Road Commission for the year ended September 30, 2009 and both Board of Public Works and Drainage Districts for the year ended December 31, 2009:

	Balance Jan/Oct. 1, 2008	Additions	Reductions	Balance Sept/Dec. 31, 2009	Due Within One Year
<b>Road Commission -</b>					
MTF Notes	\$ 1,050,000	\$ -	\$ 420,000	\$ 630,000	\$ 420,000
Installment purchase agreement	674,652	-	283,838	390,814	283,838
Accrued vacation	<u>140,085</u>	<u>172,750</u>	<u>167,007</u>	<u>145,828</u>	<u>-</u>
Total Road Commission	<u>1,864,737</u>	<u>172,750</u>	<u>870,845</u>	<u>1,166,642</u>	<u>703,838</u>
<b>Board of Public Works -</b>					
General Obligation Bonds	3,061,000	-	341,000	2,720,000	240,000
Michigan State Revolving Loan	3,233,761	75,308	160,000	3,149,069	165,000
Less Deferred amount for:					
Issuance Costs	( 13,059)	-	( 2,177)	( 10,882)	( 2,177)
Bond Discount	( 10,534)	-	( 1,756)	( 8,778)	( 1,756)
Refunding Loss	<u>( 10,155)</u>	<u>-</u>	<u>( 1,693)</u>	<u>( 8,462)</u>	<u>( 1,693)</u>
Total Board of Public Works	<u>6,261,013</u>	<u>75,308</u>	<u>495,374</u>	<u>5,840,947</u>	<u>399,374</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

	<u>Balance Jan/Oct. 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept/Dec. 31, 2009</u>	<u>Due Within One Year</u>
<b>Drainage District -</b>					
Drain Bonds	4,035,934	-	322,848	3,713,086	319,761
Less Deferred amount for:					
Bond Issuance Costs	( 171,708)	-	( 10,101)	( 161,607)	( 10,101)
Total Drainage District	<u>3,864,226</u>	<u>-</u>	<u>312,747</u>	<u>3,551,479</u>	<u>309,660</u>
 Total Component Units	 <u>\$11,989,976</u>	 <u>\$ -</u>	 <u>\$ 1,678,966</u>	 <u>\$10,559,068</u>	 <u>\$ 1,412,872</u>

**Road Commission**

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

**MTF Note - Series 2000**

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2000, dated May 11, 2000, in the original amounts of \$2,200,000. The final principal payment of \$220,000 is due on August 1, with interest of 5.0% due on February 1 and August 1. At September 30, 2009, the outstanding principal balance is \$220,000.

**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. The final principal payment of \$70,000 is due on August 1, with interest of 5.0% due on February 1 and August 1. At September 30, 2009, the outstanding balance is \$70,000.

**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 4.3% to 4.60% due on February 1 and August 1 of each year. At September 30, 2009, the outstanding principal balance is \$100,000.

**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 3.70% to 4.10% due on February 1 and August 1 of each year. At September 30, 2009, the outstanding balance is \$240,000.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

The annual requirements to amortize long-term liabilities outstanding at September 30, 2009, except compensated absences, are as follows:

<u>Year Ending September 30,</u>	<u>MTF Notes - Series 2000</u>		<u>MTF Notes - Series 2002</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 290,000	\$ 14,500	\$ 130,000	\$ 13,801
2011	-	-	130,000	8,562
2012	-	-	<u>80,000</u>	<u>3,169</u>
	<u>\$ 290,000</u>	<u>\$ 14,500</u>	<u>\$ 340,000</u>	<u>\$ 25,532</u>

**Installment Purchase Agreement**

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck cabs and chassis, dated May 5, 2005, in the original amount of \$884,314. The payments are due in annual installments on May 5 of \$176,862 through 2010, with interest of 3.3%, due May 5 of each year. At September 30, 2009, the outstanding principal balance is \$176,862.

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 17 of \$106,976 through 2010, with interest of 3.3%, due November of each year. At September 30, 2009, the outstanding principal balance is \$213,952.

The annual debt service requirements to maturity for the Installment Purchase Contracts outstanding at September 30, 2009 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 283,838	\$ 18,733
2010	<u>106,976</u>	<u>9,367</u>
	<u>\$ 390,814</u>	<u>\$ 28,100</u>

**Accrued Vacation -**

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements in the government-wide statements, amounts to approximately \$145,828 at September 30, 2009.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Board of Public Works**

**General Obligation Bonds**

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

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

Purpose	Interest Rate	
Governmental activities	4.40 - 6.10	\$ 2,090,000
Governmental activities - refunding	3.65 - 4.00	630,000
		\$ 2,720,000

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 by establishing an irrevocable trust with the U.S. Treasury Bills and Notes sufficient to meet the annual installment principal obligations of \$1,550,000. Accordingly, the trust account's assets and liabilities for the defeased bond issue is not included in the County's financial statements. At December 31, 2009, the bond outstanding of \$700,000 is considered defeased.

On February 28, 2006, the County through its Board of Public Works issued 2006 (tax exempt) refunding bonds to refund 1996 Waste Water Treatment System Refunding Bonds – Limited Tax General Obligation (Village of Dryden). The refunding resulted in issuance costs of \$17,413, Bond Discount \$14,046, and loss on the refunding in an amount of \$13,541. The 1996 Bonds were issued April 11, 1996 in the principal amount of \$1,500,000 and remaining outstanding principal at December 31, 2009 is \$630,000.

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

Year Ending December 31,	General Obligation Bonds		G.O. Bonds Refunded	
	Principal	Interest	Principal	Interest
2010	\$ 125,000	\$ 104,095	\$ 115,000	\$ 22,009
2011	135,000	98,175	120,000	17,660
2012	140,000	91,610	130,000	12,940
2013	145,000	84,785	130,000	7,935
2014	155,000	77,735	135,000	2,700
2015-2019	700,000	229,343	-	-
2020-2024	690,000	83,828	-	-
	\$ 2,090,000	\$ 769,571	\$ 630,000	\$ 63,244

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

**State of Michigan Revolving Loan**

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

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

**Governmental Activities -**

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

On September 29, 1998, the loan was issued in amount of \$1,021,207. Principal payments are due in annual installments on April 1, 2009 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, 2009, Lapeer County Board of Public Works has drawn \$2,032,694 from the authorized amount. The principal payments will be due in annual installments on October 1, 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, 2009, Lapeer County Board of Public Works has drawn \$694,868 from the authorized amount. The principal payments will be due in annual installments on October 1, 2009 through 2027, in amounts ranging from \$30,000 to \$40,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**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,	Michigan Revolving Loans	
	Principal	Interest
2010	\$ 165,000	\$ 68,410
2011	170,000	64,723
2012	170,000	60,923
2013	180,000	57,060
2014	180,000	53,030
2014-2018	986,507	201,354
2019-2023	745,000	107,053
2024-2028	552,562	26,464
	\$ 3,149,069	\$ 639,017
<b>Governmental Activities (G.O. Bonds) -</b>	<b>Interest Rate</b>	
Water System Improvements Bonds (Village of North Branch)	5.55 - 6.10 %	\$ 405,000
Sewage Disposal Systems Improvement Bonds - Series 2002 (Village of Almont)	4.40 - 4.90	1,685,000
		2,090,000
<b>Governmental Activities (G.O. Refunding) -</b>		
Wastewater Treatment System Refunding Bonds – Series 2006 (Village of Dryden)	3.65 - 4.00	630,000
		\$ 2,720,000
<b>Governmental Activities (Revolving Loans) -</b>		
1998 Water System (Village of Dryden)	2.50	\$ 566,507
2007 Water System (Village of Almont)	2.13	1,947,694
2007 Water System (Village of Dryden)	2.13	634,868
		\$ 3,149,069

**Drainage Districts -**

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

Principal on the bonds is due on June 1 through 2017 with interest due semi-annually at interest rates ranging from 4.0% to 6.0%. Lapeer County's balance at December 31, 2009 was \$998,086.

The balance at December 31, 2009 is as follows:

<b>Governmental Activities -</b>	<u>Interest Rate</u>	
Drain Bonds -		
Potter Lake/Elba Sewer	4.70 - 5.00	\$ 150,000
Winn Lake District	5.00 - 5.60	335,000
Imlay-Bigelow and Branches Drainage District	4.20 - 4.70	2,230,000
Mill Creek Intercounty Drain	4.00 - 6.00	998,086
		<u>\$ 3,713,086</u>

Annual debt service requirements to maturities are as follows:

<u>Year Ended December 31,</u>	<u>Drain Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 319,761	\$ 150,474
2011	319,761	138,965
2012	319,761	124,193
2013	319,761	110,987
2014	319,762	98,257
2015-2019	1,304,280	306,871
2020-2024	685,000	103,666
2025-2029	125,000	2,938
	<u>\$ 3,713,086</u>	<u>\$ 1,036,351</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

### 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 2009 was 10.76% for sheriff's department employees, 8.01% for union employees and 10.71% for non-union employees at the Medical Care Facility, 10.71% for Department of Senior Activities and Health Department employees, 9.25% for general non-union employees, 9.25% for general union employees, and 6.82% for elected commissioners. Also, the County is required to contribute 10.20% for union Community Mental Health employees and 8.83% for General Teamsters. The contribution requirements of plan members and the County is established and may be amended by the County, depending on the MERS contribution program adopted by the County.

#### **Annual Pension Costs -**

For the year ended December 31, 2009, the County's annual pension cost of \$1,693,950 for MERS was equal to the County's required and actual contributions. In addition, the County contributed an additional \$800,000. The required contribution was determined as part of the December 31, 2007 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 4.50% 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, 2007, was 28 years.

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Three-Year Trend Information**

Fiscal Year Ending <u>December 31,</u>	Annual Pension Costs (APC)	Percentage of APCNet Contribution	Pension Obligation
2007	\$ 1,659,493	100 %	-
2008	1,819,812	100	-
2009	1,693,950	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]
2006	\$ 55,548,007	\$ 62,191,494	\$ 6,643,487	89 %	\$ 23,105,837	29 %
2007	61,321,749	67,484,457	6,162,708	91	24,095,799	26
2008	64,884,220	72,924,490	8,040,270	89	24,246,001	33

**Component Unit - Road Commission -**

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

For the year ended September 30, 2009, employer contributions totaling \$363,540 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2007.

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

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:**

**Primary Government -**

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Component Unit - Road Commission -**

**Plan Description -**

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

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

**Funding Policy -**

The Road Commission funds the benefits on a pay-as-you-go method for current retirees. The plan requires no member contributions for Road Commission employees. During the year ended September 30, 2009, employer contributions of \$348,035 were made by the Road Commission.

**Annual OPEB Cost and Net OPEB Obligation –**

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

Annual required contribution	\$ 1,098,730
Interest on net OPEB obligation	47,191
Adjustment to annual required contribution	( 42,860)
Annual OPEB cost (expense)	1,103,061
Contributions made	( 348,035)
Increase in net OPEB obligation	755,026
NET OPEB obligation – beginning of year	<u>674,156</u>
NET OPEB obligation – end of year	<u>\$ 1,429,182</u>

Schedule of Employer Contributions -

Year Ended	Annual OPEB Cost	Percentage Contributed	Change in Net OPEB Obligation	Ending Net OPEB Obligation
2008	\$ 1,098,730	43.19 %	\$ 674,156	\$ 674,156
2009	1,103,061	31.55	755,026	1,429,182

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Funded Status and Funding Progress -**

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

The Schedule of Funding Progress is as follows:

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

**Methods and Assumptions -**

The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The benefit costs were developed using the entry age cost method. The assumptions included (a) 7.0% investment rate of return, (b) 4.8% discount rate, (c) projected health care premium increases of 6.8% to 7.0% per year, (d) life expectancies for males and females of 77 and 81 years, respectively, (e) assumed retirement age of 58, or at the first subsequent year in which the member would qualify for benefits. The plan unfunded actuarial accrued liability is being amortized by level percent of payroll contributions over 30 years on an open period.

**NOTE 11 - CONTINGENT LIABILITIES:**

**Primary Government -**

The County participates in a number of federal and state assisted grant programs, which are subject to compliance audits. The periodic program compliance monitoring of many of the federal and state programs have not yet been conducted or completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

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

**Component Unit - Road Commission -**

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

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

**NOTE 12 - RISK MANAGEMENT:**

**Primary Government -**

The County maintains separate internal service funds to account for the costs of providing worker's 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 worker's compensation, health care and the risk covered through participation with the Michigan Municipal Risk Management Authority.

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

In addition, the Primary Government, including the Board of Public Works and Drainage Districts, is a voluntary member of the Michigan Risk Management Authority established pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately.

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

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

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 75,000
Motor vehicle physical damage	15,000 per vehicle 30,000 per occurrence
Property and Crime	1,000 per occurrence, plus 10% of the next \$100,000 of loss

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2009, the Stop Loss Program limited the retention for Lapeer County to \$260,000 in aggregate claims paid during the year.

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

The Authority has established a reserved fund balance to pay losses incurred by members, which exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Lapeer County incurs a loss in excess of the resources available, the County is liable for the excess.

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

	<u>General Fund</u>		<u>Medical Care Facility</u>		<u>Worker's Compensation</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 50,000	\$ 15,000	\$ 186,915	\$ 103,115	\$ 69,000	\$ 37,000
Incurring claims (including IBNR's)	313,297	74,746	217,734	205,753	54,300	60,903
Claims Paid	( 253,297)	( 39,746)	( 325,852)	( 121,953)	( 73,300)	( 28,903)
Unpaid claims, end of year	110,000	50,000	78,797	186,915	50,000	69,000
Less current portion	( 10,000)	( 10,000)	( 20,000)	( 20,000)	( 9,500)	( 12,000)
Long-term Liabilities	<u>\$ 100,000</u>	<u>\$ 40,000</u>	<u>\$ 58,797</u>	<u>\$ 166,915</u>	<u>\$ 40,500</u>	<u>\$ 57,000</u>

**Component Unit - Road Commission -**

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

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

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

**NOTE 13 - CONSTRUCTION CONTRACT COMMITMENTS:**

The County has construction activities reported in the Medical Care Facility Fund. The construction is for building additions in order to provide more private rooms for residents. At December 31, 2009 the County had committed \$8,159,314 for construction contracts and had spent \$765,947 through the end of the year leaving \$7,393,367 remaining on the commitments.

**NOTE 14 - DEFERRED COMPENSATION:**

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

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

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 14 - DEFERRED COMPENSATION - (cont'd):**

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 15 - FUND EQUITY:**

**RESERVED FUND BALANCE/NET ASSETS -**

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, 2009:

Fund Type/Fund	Description	Amount
General Fund	Advance to Other Funds/Component Units	\$ <u>198,000</u>
Special Revenue Funds -		
Community Mental Health	Prepaid Expenditures	37,379
	Advance to Other Funds	7,500
	Accrued Vacation and Sick	110,953
	Risk Corridor Financing	<u>305,635</u>
		<u>461,467</u>
Law Library	Prepaid Expenditures	9,484
Health Department	Prepaid Expenditures	5,532
Personal Care Aide Program	Inventory	<u>1,502</u>
		<u>16,518</u>
Total Governmental Funds		<u>675,985</u>
Fiduciary Fund -		
Pension Trust Fund	Pension Benefit	343,571
Public Employee Health Care	Health Benefit	<u>483,597</u>
		<u>827,168</u>
Total Reserved Fund Balance		<u>\$ 1,503,153</u>

**NOTE 16 - PRIOR PERIOD ADJUSTMENT:**

A prior period adjustment for \$(640,434) has been made in the government-wide financial statements to record the long-term portion of accrued vacation and sick time considered vested at December 31, 2008.

A prior period adjustment for \$1,055,597 was made in the government-wide financial statements to recognize the receivable on the CDBG deferred loans since it is determined that all receivables are guaranteed to be collected due to a lien being placed on the property.

**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, 2009**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 11,009,729	\$ 10,919,000	\$ 10,778,574	\$( 140,426)
Licenses and permits	15,205	15,205	31,132	15,927
Intergovernmental -				
Federal/State	1,339,526	1,348,648	1,308,866	( 39,782)
Charges for services	2,345,270	2,336,826	2,359,230	22,404
Fines and forfeits	340,500	340,500	355,790	15,290
Interest and rent	658,883	658,883	452,282	( 206,601)
Other	2,293,796	3,274,512	3,506,467	231,955
Total Revenues	<u>18,002,909</u>	<u>18,893,574</u>	<u>18,792,341</u>	<u>( 101,233)</u>
<b>Expenditures:</b>				
<b>Legislative:</b>				
Board of Commissioners	290,440	299,091	275,784	23,307
<b>Judicial:</b>				
Circuit Court	1,248,017	1,207,615	1,175,926	31,689
District Court	1,583,323	1,652,596	1,631,170	21,426
Jury Board	4,336	4,407	3,785	622
Indigent Counsel	424,800	475,566	466,459	9,107
Probate Court	551,780	620,801	537,324	83,477
Adult Probation	14,220	24,950	23,079	1,871
	<u>3,826,476</u>	<u>3,985,935</u>	<u>3,837,743</u>	<u>148,192</u>
<b>General Government:</b>				
Administrative	263,274	276,456	268,802	7,654
Elections	38,626	60,091	58,004	2,087
Professional Services	340,999	292,853	201,621	91,232
County Clerk	501,746	579,120	567,489	11,631
Tax Equalization	230,693	241,409	240,167	1,242
Prosecuting Attorney	1,268,240	1,292,372	1,249,760	42,612
Register of Deeds	320,513	329,705	314,734	14,971
County Treasurer	476,009	432,505	403,676	28,829
Computer Operations	261,585	221,716	175,312	46,404
Accounting	358,630	329,335	299,027	30,308
Building Operations	460,000	454,309	390,392	63,917
Building and Grounds	761,797	779,327	730,850	48,477
Drain Commissioner	431,813	436,455	374,403	62,052
Boundary Commission	593	664	-	664
	<u>5,714,518</u>	<u>5,726,317</u>	<u>5,274,237</u>	<u>452,080</u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL - GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Public Safety:</b>				
Sheriff	\$ 2,857,711	\$ 2,929,813	\$ 2,915,188	\$ 14,625
Criminal Justice Training	9,524	9,818	9,818	-
Marine Safety	10,366	10,673	8,472	2,201
Emergency Services	2,000	-	-	-
Jail/Feeding Prisoners	2,719,491	2,949,639	2,871,841	77,798
Livestock Claims	1,000	1,000	1,000	-
Planning Commission	49,951	48,527	37,573	10,954
PLAT Board	639	639	-	639
	<u>5,650,682</u>	<u>5,950,109</u>	<u>5,843,892</u>	<u>106,217</u>
<b>Public Works:</b>				
Road Commission	264,296	264,296	264,296	-
Drains - County at Large	115,025	120,025	103,520	16,505
	<u>379,321</u>	<u>384,321</u>	<u>367,816</u>	<u>16,505</u>
<b>Health and Welfare:</b>				
Medical Examiner	63,636	74,676	70,987	3,689
Veterans' Burial	37,500	37,500	8,120	29,380
Veterans' Affairs	104,853	111,680	111,343	337
Veterans' Relief	1,000	1,000	-	1,000
Economic Development Commission	7,000	7,000	7,000	-
	<u>213,989</u>	<u>231,856</u>	<u>197,450</u>	<u>34,406</u>
<b>Recreation and Cultural:</b>				
Conservation Activities	10,710	10,495	6,238	4,257
Cooperative Extension	257,464	274,510	269,072	5,438
	<u>268,174</u>	<u>285,005</u>	<u>275,310</u>	<u>9,695</u>
<b>Other:</b>				
Bonds and Insurance	650,000	650,000	481,072	168,928
Memberships and Dues	18,050	16,960	16,029	931
Contingencies	746,795	1,139,427	-	1,139,427
	<u>1,414,845</u>	<u>1,806,387</u>	<u>497,101</u>	<u>1,309,286</u>
Total Expenditures	<u>17,758,445</u>	<u>18,669,021</u>	<u>16,569,333</u>	<u>2,099,688</u>
Revenues over expenditures	<u>244,464</u>	<u>224,553</u>	<u>2,223,008</u>	<u>1,998,455</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,600,000	1,600,000	1,721,318	121,318
Transfers Out	( 3,094,464)	( 3,074,553)	( 2,976,964)	97,589
Total Transfers	<u>( 1,494,464)</u>	<u>( 1,474,553)</u>	<u>( 1,255,646)</u>	<u>218,907</u>
Net Change in Fund Balance	( 1,250,000)	( 1,250,000)	967,362	2,217,362
Fund Balance at beginning of year	<u>3,140,577</u>	<u>3,140,577</u>	<u>3,140,577</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 1,890,577</u>	<u>\$ 1,890,577</u>	<u>\$ 4,107,939</u>	<u>\$ 2,217,362</u>

Concluded

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF TRANSFERS OUT  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Transfers Out:</b>				
County Appropriations -				
Special Revenue Funds -				
Parks Department	\$ 260,000	\$ 289,443	\$ 320,443	\$( 31,000)
Friend of the Court	314,138	314,138	393,138	( 79,000)
Health Department	554,886	643,788	643,788	-
Mental Health	297,735	291,780	291,780	-
Animal Control	57,089	55,947	55,947	-
Environment/Recycling	15,000	13,700	12,060	1,640
County Surveyor	-	-	20,121	( 20,121)
Rental Property	-	40,000	42,455	( 2,455)
Emergency Management	52,939	53,089	53,089	-
Community Corrections	70,332	68,925	57,000	11,925
Police Service Contracts	295,166	296,166	296,380	( 214)
Law Enforcement - Marine Division	4,912	4,812	4,812	-
Law Enforcement	14,029	24,415	24,414	1
Law Library	4,500	14,500	4,500	10,000
Community Development	5,961	-	-	-
Cooperative Extension	3,888	3,888	3,888	-
Department of Social Service	49,819	52,307	-	52,307
Child Care	823,326	643,735	511,379	132,356
Multi Purpose Collaborative Body	33,081	32,419	32,419	-
	<u>2,856,801</u>	<u>2,843,052</u>	<u>2,767,613</u>	<u>75,439</u>
Capital Projects Funds -				
Old Courthouse	10,000	1,000	-	1,000
Internal Service Funds -				
Equipment Acquisition & Replacement	38,563	38,563	38,563	-
Total Primary Government Appropriations	<u>2,905,364</u>	<u>2,882,615</u>	<u>2,806,176</u>	<u>76,439</u>
Other -				
Special Revenue Funds -				
Health Department-				
Cigarette tax	36,600	36,600	15,450	21,150
Liquor tax	152,500	155,338	155,338	-
	<u>189,100</u>	<u>191,938</u>	<u>170,788</u>	<u>21,150</u>
Total Primary Government	<u>\$ 3,094,464</u>	<u>\$ 3,074,553</u>	<u>\$ 2,976,964</u>	<u>\$ 97,589</u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - COMMUNITY MENTAL HEALTH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental -				
Federal/State	\$ 2,901,682	\$ 2,078,366	\$ 1,817,734	\$( 260,632)
Charges for services	11,008,606	12,204,147	12,399,856	195,709
Interest	83,000	23,969	18,927	( 5,042)
Other	134,170	270,601	143,132	( 127,469)
Total Revenues	<u>14,127,458</u>	<u>14,577,083</u>	<u>14,379,649</u>	<u>( 197,434)</u>
<b>Expenditures:</b>				
Health and Welfare	<u>14,425,193</u>	<u>14,868,863</u>	<u>14,476,733</u>	<u>392,130</u>
Revenues under expenditures	( 297,735)	( 291,780)	( 97,084)	194,696
<b>Other Financing Sources:</b>				
Transfers in	<u>297,735</u>	<u>291,780</u>	<u>291,780</u>	<u>-</u>
Net change in Fund Balance	-	-	194,696	194,696
Fund Balance at beginning of year	<u>1,209,894</u>	<u>1,209,894</u>	<u>1,209,894</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,209,894</u></u>	<u><u>\$ 1,209,894</u></u>	<u><u>\$ 1,404,590</u></u>	<u><u>\$ 194,696</u></u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
License and permits	\$ 158,000	\$ 158,000	\$ 59,478	\$( 98,522)
Intergovernmental -				
Federal/State	150,000	150,000	191,835	41,835
Local	10,000	10,000	8,670	( 1,330)
Charges for services	42,225	42,225	28,250	( 13,975)
Fines and forfeitures	385	385	1,330	945
Total Revenues	<u>360,610</u>	<u>360,610</u>	<u>289,563</u>	<u>( 71,047)</u>
<b>Expenditures:</b>				
Public Safety	156,913	156,913	76,265	80,648
Health and Welfare	<u>209,658</u>	<u>209,658</u>	<u>201,541</u>	<u>8,117</u>
Total Expenditures	<u>366,571</u>	<u>366,571</u>	<u>277,806</u>	<u>88,765</u>
<b>Other Financing Uses:</b>				
Transfers in	<u>5,961</u>	<u>5,961</u>	<u>-</u>	<u>( 5,961)</u>
Net change in Fund Balance	-	-	11,757	11,757
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,757</u>	<u>\$ 11,757</u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LOCAL RESERVE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 550,000	\$ 550,000	\$ 550,000	\$ -
Interest	-	-	6,433	6,433
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>556,433</u>	<u>6,433</u>
Net change in Fund Balance	550,000	550,000	556,433	6,433
Fund Balance at beginning of year	<u>3,182,752</u>	<u>3,182,752</u>	<u>3,182,752</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,732,752</u></u>	<u><u>\$ 3,732,752</u></u>	<u><u>\$ 3,739,185</u></u>	<u><u>\$ 6,433</u></u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SENIOR MILLAGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 753,900	\$ 963,918	\$ 772,023	\$( 191,895)
<b>Expenditures:</b>				
Health and Welfare	14,900	21,240	17,027	4,213
Revenues over expenditures	739,000	942,678	754,996	( 187,682)
<b>Other Financing Uses:</b>				
Transfers Out	( 500,000)	( 704,878)	( 704,878)	-
Net change in Fund Balance	239,000	237,800	50,118	( 187,682)
Fund Balance at beginning of year	699,403	699,403	699,403	-
Fund Balance at end of year	<u>\$ 938,403</u>	<u>\$ 937,203</u>	<u>\$ 749,521</u>	<u>\$( 187,682)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

## **SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **DEBT SERVICE FUND**

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

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

#### **CAPITAL PROJECTS FUNDS**

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

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

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

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

**LAPEER COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

Special Revenue Funds

<b>ASSETS</b>	<u>Parks Department</u>	<u>Polly Ann Trail</u>	<u>E-911</u>	<u>Friend of the Court</u>	<u>Family Marriage Counseling</u>
Cash and cash equivalents	\$ 15,725	\$ -	\$ 258,601	\$ -	\$ 38,965
Investments	-	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	9,815	-	-
Accounts and interest	-	-	397,231	-	-
Due from other governmental units -					
Federal/State	-	-	-	355,896	-
Local	30,129	795	57,349	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 45,854</u></b>	<b><u>\$ 795</u></b>	<b><u>\$ 722,996</u></b>	<b><u>\$ 355,896</u></b>	<b><u>\$ 38,965</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,251	\$ -	\$ 4,288	\$ 13,192	\$ -
Accrued liabilities	926	-	17,191	12,800	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	84	-	2,966	1,616	-
Interfund payables	-	735	-	223,022	-
Advances from other funds	-	-	-	-	-
Deferred revenue	40,129	-	9,815	104,657	-
<b>Total Liabilities</b>	<b><u>43,390</u></b>	<b><u>735</u></b>	<b><u>34,260</u></b>	<b><u>355,287</u></b>	<b><u>-</u></b>
<b>Fund Balance:</b>					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	2,464	60	688,736	609	38,965
<b>Total Fund Balance</b>	<b><u>2,464</u></b>	<b><u>60</u></b>	<b><u>688,736</u></b>	<b><u>609</u></b>	<b><u>38,965</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 45,854</u></b>	<b><u>\$ 795</u></b>	<b><u>\$ 722,996</u></b>	<b><u>\$ 355,896</u></b>	<b><u>\$ 38,965</u></b>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
\$ -	\$ 24,755	\$ 38,406	\$ 1,500	\$ 34,100	\$ -	\$ 422,351
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,656	-	-	-	-	-	-
194,194	31,950	-	-	-	20,121	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,502	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 242,850</u>	<u>\$ 58,207</u>	<u>\$ 38,406</u>	<u>\$ 1,500</u>	<u>\$ 34,100</u>	<u>\$ 20,121</u>	<u>\$ 422,351</u>
\$ 21,153	\$ 32,467	\$ 550	\$ 1,500	\$ -	\$ -	\$ 3,661
58,856	15,494	2,057	-	-	-	-
68,546	-	-	-	-	-	-
5,507	1,249	256	-	-	-	-
83,806	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	20,731	-	-	20,121	-
<u>237,868</u>	<u>49,210</u>	<u>23,594</u>	<u>1,500</u>	<u>-</u>	<u>20,121</u>	<u>3,661</u>
-	1,502	-	-	-	-	-
-	-	-	-	-	-	-
4,982	7,495	14,812	-	34,100	-	418,690
<u>4,982</u>	<u>8,997</u>	<u>14,812</u>	<u>-</u>	<u>34,100</u>	<u>-</u>	<u>418,690</u>
<u>\$ 242,850</u>	<u>\$ 58,207</u>	<u>\$ 38,406</u>	<u>\$ 1,500</u>	<u>\$ 34,100</u>	<u>\$ 20,121</u>	<u>\$ 422,351</u>

Continued

**LAPEER COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
<b>ASSETS</b>					
Cash and cash equivalents	\$ 536,573	\$ 4,697	\$ 12,271	\$ -	\$ 44,914
Investments	1,854,241	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	9,253	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	8,089	28,085	9,002
Local	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
	<b>\$ 2,400,067</b>	<b>\$ 4,697</b>	<b>\$ 20,360</b>	<b>\$ 28,085</b>	<b>\$ 53,916</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 4,697	\$ 96	\$ 4,221	\$ 24,037
Accrued liabilities	-	-	748	4,653	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	79,706	-	77	457	-
Interfund payables	-	-	-	18,164	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	79,706	4,697	921	27,495	24,037
<b>Fund Balance:</b>					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	2,320,361	-	19,439	590	29,879
Total Fund Balance	2,320,361	-	19,439	590	29,879
Total Liabilities and Fund Balance	<b>\$ 2,400,067</b>	<b>\$ 4,697</b>	<b>\$ 20,360</b>	<b>\$ 28,085</b>	<b>\$ 53,916</b>

Special Revenue Funds

Police Service Contracts	Law Enforcement Program	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Revenue Sharing Reserve
\$ 131,338	\$ 160,635	\$ 9,518	\$ 66,102	\$ 116,246	\$ 14,630	\$ 125,587
-	-	-	-	-	-	1,500,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	16,147	-	52,791	-	-	-
8,181	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	9,484	-
<u>\$ 139,519</u>	<u>\$ 176,782</u>	<u>\$ 9,518</u>	<u>\$ 118,893</u>	<u>\$ 116,246</u>	<u>\$ 24,114</u>	<u>\$ 1,625,587</u>
\$ -	\$ 1,579	\$ -	\$ 20,200	\$ 15,343	\$ 596	\$ -
15,251	-	-	3,593	-	-	-
-	-	-	-	-	-	-
1,985	-	-	422	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,236</u>	<u>1,579</u>	<u>-</u>	<u>24,215</u>	<u>15,343</u>	<u>596</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	9,484	-
122,283	175,203	9,518	94,678	100,903	14,034	1,625,587
<u>122,283</u>	<u>175,203</u>	<u>9,518</u>	<u>94,678</u>	<u>100,903</u>	<u>23,518</u>	<u>1,625,587</u>
<u>\$ 139,519</u>	<u>\$ 176,782</u>	<u>\$ 9,518</u>	<u>\$ 118,893</u>	<u>\$ 116,246</u>	<u>\$ 24,114</u>	<u>\$ 1,625,587</u>

Continued

**LAPEER COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

	Special Revenue Funds				
	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services	Child Care	Veterans' Trust
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 28,225	\$ -	\$ 242
Investments	-	-	-	-	-
Receivables -					
Current and delinquent property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	784	2,130	2,996	140,325	206
Local	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 784</b>	<b>\$ 2,130</b>	<b>\$ 31,221</b>	<b>\$ 140,325</b>	<b>\$ 448</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 10,361	\$ 34,187	\$ -
Accrued liabilities	-	-	554	-	-
Due to other governmental units -					
Federal/State	-	-	15,000	22,216	-
Due to other funds	-	-	11	-	-
Interfund payables	613	759	-	83,469	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>613</b>	<b>759</b>	<b>25,926</b>	<b>139,872</b>	<b>-</b>
<b>Fund Balance:</b>					
Reserved for -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Unreserved	171	1,371	5,295	453	448
<b>Total Fund Balance</b>	<b>171</b>	<b>1,371</b>	<b>5,295</b>	<b>453</b>	<b>448</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 784</b>	<b>\$ 2,130</b>	<b>\$ 31,221</b>	<b>\$ 140,325</b>	<b>\$ 448</b>

Special Revenue Funds		Debt Service Fund	Capital Project Funds				
K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total	
\$ 77	\$ -	\$ 93,883	\$ 114,699	\$ 30,000	\$ 29,286	\$ 2,353,326	
-	-	-	-	-	-	3,354,241	
-	-	-	-	-	-	9,815	
-	-	-	-	-	-	455,140	
-	77,953	-	-	-	-	940,669	
-	-	-	-	-	-	96,454	
-	-	-	514,859	-	-	514,859	
-	-	-	-	-	-	1,502	
-	-	-	-	-	-	9,484	
<u>\$ 77</u>	<u>\$ 77,953</u>	<u>\$ 93,883</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 29,286</u>	<u>\$ 7,735,490</u>	
\$ -	\$ 1,933	\$ -	\$ -	\$ -	\$ 15	\$ 196,327	
-	7,943	-	-	-	-	140,066	
-	-	-	-	-	-	105,762	
-	852	-	-	-	-	95,188	
-	56,722	-	-	-	-	467,290	
-	7,500	-	-	-	-	7,500	
-	-	-	-	-	-	195,453	
-	74,950	-	-	-	15	1,207,586	
-	-	-	-	-	-	1,502	
-	-	-	-	-	-	9,484	
77	3,003	93,883	629,558	30,000	29,271	6,516,918	
77	3,003	93,883	629,558	30,000	29,271	6,527,904	
<u>\$ 77</u>	<u>\$ 77,953</u>	<u>\$ 93,883</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 29,286</u>	<u>\$ 7,735,490</u>	

Concluded

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Special Revenue Funds

	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ 1,843,744	\$ -	\$ -
Licenses and permits	-	-	-	-	7,710
Intergovernmental -					
Federal/State	-	7,309	-	881,839	-
Local	-	-	-	-	-
Charges for services	126,952	-	26,441	101,613	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	4,485	-	29,171	-	-
Interest	-	-	2,193	-	-
Other	5,015	-	-	26	-
Total Revenues	<u>136,452</u>	<u>7,309</u>	<u>1,901,549</u>	<u>983,478</u>	<u>7,710</u>
<b>Expenditures:</b>					
Current -					
Judicial	-	-	-	1,483,034	4,054
General Government	-	-	-	-	-
Public Safety	-	-	1,871,033	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	456,455	7,768	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>456,455</u>	<u>7,768</u>	<u>1,871,033</u>	<u>1,483,034</u>	<u>4,054</u>
Revenues over (under) expenditures	<u>( 320,003)</u>	<u>( 459)</u>	<u>30,516</u>	<u>( 499,556)</u>	<u>3,656</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	320,443	-	-	393,138	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>320,443</u>	<u>-</u>	<u>-</u>	<u>393,138</u>	<u>-</u>
Net change in Fund Balances	440	( 459)	30,516	( 106,418)	3,656
Fund Balances at beginning of year	<u>2,024</u>	<u>519</u>	<u>658,220</u>	<u>107,027</u>	<u>35,309</u>
Fund Balances at end of year	<u>\$ 2,464</u>	<u>\$ 60</u>	<u>\$ 688,736</u>	<u>\$ 609</u>	<u>\$ 38,965</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	Environmental/ Recycling	Emergency Disaster	County Surveyor	Register of Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
209,555	-	212,580	-	-	-	-
1,205,987	457,155	-	-	-	58,329	-
-	-	-	-	-	-	-
564,449	-	35,985	-	-	-	81,305
-	-	12,557	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,954
133,285	51,900	2,813	-	-	-	-
<u>2,113,276</u>	<u>509,055</u>	<u>263,935</u>	<u>-</u>	<u>-</u>	<u>58,329</u>	<u>83,259</u>
-	-	-	-	-	-	-
-	-	-	-	-	33,607	47,411
-	-	305,070	-	196	-	-
-	-	-	12,060	-	-	-
3,070,903	1,232,155	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,070,903</u>	<u>1,232,155</u>	<u>305,070</u>	<u>12,060</u>	<u>196</u>	<u>33,607</u>	<u>47,411</u>
( 957,627)	( 723,100)	( 41,135)	( 12,060)	( 196)	24,722	35,848
861,190	704,878	55,947	12,060	-	20,121	-
-	-	-	-	-	( 44,843)	-
<u>861,190</u>	<u>704,878</u>	<u>55,947</u>	<u>12,060</u>	<u>-</u>	<u>( 24,722)</u>	<u>-</u>
( 96,437)	( 18,222)	14,812	-	( 196)	-	35,848
101,419	27,219	-	-	34,296	-	382,842
<u>\$ 4,982</u>	<u>\$ 8,997</u>	<u>\$ 14,812</u>	<u>\$ -</u>	<u>\$ 34,100</u>	<u>\$ -</u>	<u>\$ 418,690</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Special Revenue Funds				
	Budget Stabilization	Rental Property	Emergency Management	Community Grants	Thumb Narcotics Unit
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	-	-	68,251	238,687	51,823
Local	-	-	-	-	-
Charges for services	-	-	611	84,298	-
Fines and forfeits	-	-	-	-	17,703
Rents and royalties	-	22,308	-	-	-
Interest	108,326	-	-	-	971
Other	-	-	7,839	-	20,244
Total Revenues	<u>108,326</u>	<u>22,308</u>	<u>76,701</u>	<u>322,985</u>	<u>90,741</u>
<b>Expenditures:</b>					
Current -					
Judicial	-	-	-	-	-
General Government	-	64,763	-	-	-
Public Safety	-	-	130,591	380,143	140,117
Public Works	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>64,763</u>	<u>130,591</u>	<u>380,143</u>	<u>140,117</u>
Revenues over (under) expenditures	<u>108,326</u>	<u>( 42,455)</u>	<u>( 53,890)</u>	<u>( 57,158)</u>	<u>( 49,376)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	42,455	53,089	57,000	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>42,455</u>	<u>53,089</u>	<u>57,000</u>	<u>-</u>
Net change in Fund Balances	108,326	-	( 801)	( 158)	( 49,376)
Fund Balances at beginning of year	<u>2,212,035</u>	<u>-</u>	<u>20,240</u>	<u>748</u>	<u>79,255</u>
Fund Balances at end of year	<u>\$ 2,320,361</u>	<u>\$ -</u>	<u>\$ 19,439</u>	<u>\$ 590</u>	<u>\$ 29,879</u>

Special Revenue Funds

Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement	Law Enforcement Other	Law Library	Revenue Sharing Reserve
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	37,677	-	196,436	1,991	-	-
-	-	-	-	-	-	-
953,966	27,188	-	20,500	-	-	-
-	-	-	-	34,440	6,500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,213	-	608	-	-	2,886
<u>953,966</u>	<u>68,078</u>	<u>-</u>	<u>217,544</u>	<u>36,431</u>	<u>6,500</u>	<u>2,886</u>
-	-	-	-	-	8,525	-
-	-	-	-	-	-	-
1,257,848	61,303	-	238,634	65,404	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,257,848</u>	<u>61,303</u>	<u>-</u>	<u>238,634</u>	<u>65,404</u>	<u>8,525</u>	<u>-</u>
<u>( 303,882)</u>	<u>6,775</u>	<u>-</u>	<u>( 21,090)</u>	<u>( 28,973)</u>	<u>( 2,025)</u>	<u>2,886</u>
296,380	4,812	-	24,414	-	4,500	-
-	-	-	-	-	-	( 1,676,475)
<u>296,380</u>	<u>4,812</u>	<u>-</u>	<u>24,414</u>	<u>-</u>	<u>4,500</u>	<u>( 1,676,475)</u>
( 7,502)	11,587	-	3,324	( 28,973)	2,475	( 1,673,589)
<u>129,785</u>	<u>163,616</u>	<u>9,518</u>	<u>91,354</u>	<u>129,876</u>	<u>21,043</u>	<u>3,299,176</u>
<u>\$ 122,283</u>	<u>\$ 175,203</u>	<u>\$ 9,518</u>	<u>\$ 94,678</u>	<u>\$ 100,903</u>	<u>\$ 23,518</u>	<u>\$ 1,625,587</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Special Revenue Funds				
	Lapeer Area Youth Coordinator	4-H Programs	Department Of Human Services	Child Care	Veterans' Trust
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	6,832	7,531	190,006	582,114	6,874
Local	-	-	-	-	-
Charges for services	-	-	-	174,537	-
Fines and forfeits	-	-	-	29,165	-
Rents and royalties	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	15,045	1,984	-	-
Total Revenues	<u>6,832</u>	<u>22,576</u>	<u>191,990</u>	<u>785,816</u>	<u>6,874</u>
<b>Expenditures:</b>					
Current -					
Judicial	-	-	-	-	-
General Government	10,549	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Welfare	-	-	188,481	1,297,392	6,426
Recreation and Cultural	-	21,205	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>10,549</u>	<u>21,205</u>	<u>188,481</u>	<u>1,297,392</u>	<u>6,426</u>
Revenues over (under) expenditures	<u>( 3,717)</u>	<u>1,371</u>	<u>3,509</u>	<u>( 511,576)</u>	<u>448</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	3,888	-	-	511,379	-
Transfers Out	-	-	-	-	-
Total Other Sources (Uses)	<u>3,888</u>	<u>-</u>	<u>-</u>	<u>511,379</u>	<u>-</u>
Net change in Fund Balances	171	1,371	3,509	( 197)	448
Fund Balances at beginning of year	-	-	1,786	650	-
Fund Balances at end of year	<u>\$ 171</u>	<u>\$ 1,371</u>	<u>\$ 5,295</u>	<u>\$ 453</u>	<u>\$ 448</u>

Special Revenue Funds		Debt Service Fund	Capital Project Funds				
K.I.N.D.	Multi Purpose Collaborative Body	Lapeer Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,843,744	
-	-	-	-	-	-	429,845	
-	267,159	-	-	-	-	4,266,000	
-	42,070	-	-	-	-	42,070	
-	420	-	-	-	-	2,198,265	
-	-	-	-	-	-	100,365	
-	-	161,503	-	-	-	217,467	
-	-	319	-	-	-	113,763	
-	47	-	-	-	4,875	249,780	
-	<u>309,696</u>	<u>161,822</u>	<u>-</u>	<u>-</u>	<u>4,875</u>	<u>9,461,299</u>	
-	-	-	-	-	-	1,495,613	
-	-	-	-	-	-	156,330	
-	-	-	-	-	-	4,450,339	
-	-	-	-	-	-	12,060	
-	351,514	-	-	-	-	6,146,871	
-	-	-	-	-	-	485,428	
-	-	-	-	-	8,612	8,612	
-	-	160,000	-	-	-	160,000	
-	-	45,000	-	-	-	45,000	
-	<u>351,514</u>	<u>205,000</u>	<u>-</u>	<u>-</u>	<u>8,612</u>	<u>12,960,253</u>	
-	( 41,818)	( 43,178)	-	-	( 3,737)	( 3,498,954)	
-	32,419	-	-	-	-	3,398,113	
-	-	-	-	-	-	( 1,721,318)	
-	<u>32,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676,795</u>	
-	( 9,399)	( 43,178)	-	-	( 3,737)	( 1,822,159)	
<u>77</u>	<u>12,402</u>	<u>137,061</u>	<u>629,558</u>	<u>30,000</u>	<u>33,008</u>	<u>8,350,063</u>	
<u>\$ 77</u>	<u>\$ 3,003</u>	<u>\$ 93,883</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 29,271</u>	<u>\$ 6,527,904</u>	

Concluded

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>PARKS DEPARTMENT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Local	\$ 38,500	\$ -	\$( 38,500)
Charges for services	213,101	126,952	( 86,149)
Rent and royalties	6,250	4,485	( 1,765)
Other	<u>16,552</u>	<u>5,015</u>	<u>( 11,537)</u>
Total Revenues	274,403	136,452	( 137,951)
<b>Expenditures:</b>			
Recreation and Cultural	<u>501,846</u>	<u>456,455</u>	<u>45,391</u>
Revenues under expenditures	( 227,443)	( 320,003)	( 92,560)
<b>Other Financing Sources:</b>			
Transfers in	<u>227,443</u>	<u>320,443</u>	<u>93,000</u>
Net change in fund balance	-	440	440
Fund Balance at beginning of year	<u>2,024</u>	<u>2,024</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,024</u></u>	<u><u>\$ 2,464</u></u>	<u><u>\$ 440</u></u>

**POLLY ANN TRAIL**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 40,000	\$ 7,309	\$( 32,691)
<b>Expenditures:</b>			
Recreation and Cultural	<u>40,000</u>	<u>7,768</u>	<u>32,232</u>
Revenues under expenditures	-	( 459)	( 459)
Fund Balance at beginning of year	<u>519</u>	<u>519</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 519</u></u>	<u><u>\$ 60</u></u>	<u><u>\$( 459)</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>E - 911</b>			
<b>Revenues:</b>			
Taxes	\$ 1,667,624	\$ 1,843,744	\$ 176,120
Charges for services	13,688	26,441	12,753
Interest	23,663	2,193	( 21,470)
Rent and royalties	21,238	29,171	7,933
Total Revenues	<u>1,726,213</u>	<u>1,901,549</u>	<u>175,336</u>
<b>Expenditures:</b>			
Public Safety	<u>1,796,166</u>	<u>1,871,033</u>	<u>( 74,867)</u>
Revenues over (under) expenditures	( 69,953)	30,516	100,469
Fund Balance at beginning of year	<u>658,220</u>	<u>658,220</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 588,267</u></u>	<u><u>\$ 688,736</u></u>	<u><u>\$ 100,469</u></u>

**FRIEND OF THE COURT**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 884,896	\$ 881,839	\$( 3,057)
Charges for services	100,220	101,613	1,393
Other	-	26	26
Total Revenues	<u>985,116</u>	<u>983,478</u>	<u>( 1,638)</u>
<b>Expenditures:</b>			
Judicial	<u>1,341,136</u>	<u>1,483,034</u>	<u>( 141,898)</u>
Revenues under expenditures	( 356,020)	( 499,556)	( 143,536)
<b>Other Financing Sources:</b>			
Transfers in	<u>356,020</u>	<u>393,138</u>	<u>37,118</u>
Net change in Fund Balance	-	( 106,418)	( 106,418)
Fund Balance at beginning of year	<u>107,027</u>	<u>107,027</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 107,027</u></u>	<u><u>\$ 609</u></u>	<u><u>\$( 106,418)</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>FAMILY MARRIAGE COUNSELING</b>			
<b>Revenues:</b>			
Licenses and permits	\$ 9,049	\$ 7,710	\$( 1,339)
<b>Expenditures:</b>			
Judicial	<u>9,049</u>	<u>4,054</u>	<u>4,995</u>
Revenues over expenditures	-	3,656	3,656
Fund Balance at beginning of year	<u>35,309</u>	<u>35,309</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 35,309</u></u>	<u><u>\$ 38,965</u></u>	<u><u>\$ 3,656</u></u>

**HEALTH DEPARTMENT**

<b>Revenues:</b>			
Licenses and permits	\$ 215,100	\$ 209,555	\$( 5,545)
Intergovernmental - Federal/State	1,179,802	1,205,987	26,185
Charges for services	1,008,441	564,449	( 443,992)
Other	<u>182,919</u>	<u>133,285</u>	<u>( 49,634)</u>
Total Revenues	<u>2,586,262</u>	<u>2,113,276</u>	<u>( 472,986)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>3,265,995</u>	<u>3,070,903</u>	<u>195,092</u>
Revenues under expenditures	( 679,733)	( 957,627)	( 277,894)
<b>Other Financing Sources:</b>			
Transfers in	<u>679,733</u>	<u>861,190</u>	<u>181,457</u>
Net change in Fund Balance	-	( 96,437)	( 96,437)
Fund Balance at beginning of year	<u>101,419</u>	<u>101,419</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 101,419</u></u>	<u><u>\$ 4,982</u></u>	<u><u>\$( 96,437)</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>PERSONAL CARE AIDE PROGRAM</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 459,954	\$ 457,155	\$( 2,799)
Other	<u>57,000</u>	<u>51,900</u>	<u>( 5,100)</u>
Total Revenues	516,954	509,055	( 7,899)
<b>Expenditures:</b>			
Health and Welfare	<u>1,221,832</u>	<u>1,232,155</u>	<u>( 10,323)</u>
Revenues under expenditures	( 704,878)	( 723,100)	( 18,222)
<b>Other Financing Sources:</b>			
Transfers in	<u>704,878</u>	<u>704,878</u>	<u>-</u>
Net change in Fund Balance	-	( 18,222)	( 18,222)
Fund Balance at beginning of year	<u>27,219</u>	<u>27,219</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 27,219</u>	<u>\$ 8,997</u>	<u>\$( 18,222)</u>

**ANIMAL CONTROL**

<b>Revenues:</b>			
Licenses and permits	\$ 230,710	\$ 212,580	\$( 18,130)
Charges for services	46,670	35,985	( 10,685)
Fines and forfeits	7,000	12,557	5,557
Other	<u>3,000</u>	<u>2,813</u>	<u>( 187)</u>
Total Revenues	287,380	263,935	( 23,445)
<b>Expenditures:</b>			
Public Safety	<u>343,327</u>	<u>305,070</u>	<u>38,257</u>
Revenues under expenditures	( 55,947)	( 41,135)	14,812
<b>Other Financing Sources:</b>			
Transfers in	<u>55,947</u>	<u>55,947</u>	<u>-</u>
Net change in Fund Balance	-	14,812	14,812
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 14,812</u>	<u>\$ 14,812</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Final Budget	Actual	Variance Positive (Negative)
<b>ENVIRONMENTAL/RECYCLING</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 7,500	\$ -	\$( 7,500)
<b>Expenditures:</b>			
Public Works	22,200	12,060	10,140
Revenues under expenditures	( 14,700)	( 12,060)	2,640
<b>Other Financing Sources:</b>			
Transfers in	14,700	12,060	( 2,640)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -
<b>EMERGENCY DISASTER</b>			
<b>Expenditures:</b>			
Public Safety	\$ 296	\$ 196	\$ 100
Net change in Fund Balance	( 296)	( 196)	100
Fund Balance at beginning of year	34,296	34,296	-
Fund Balance at end of year	\$ 34,000	\$ 34,100	\$ 100
<b>COUNTY SURVEYOR</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 33,715	\$ 58,329	\$ 24,614
<b>Expenditures:</b>			
General Government	33,715	33,607	108
Revenues over expenditures	-	24,722	24,722
<b>Other Financing Sources:</b>			
Transfers in	-	20,121	20,121
Transfers out	-	( 44,843)	( 44,843)
	-	( 24,722)	( 24,722)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REGISTER OF DEEDS AUTOMATION</b>			
<b>Revenues:</b>			
Charges for services	\$ 95,000	\$ 81,305	\$( 13,695)
Interest	7,000	1,954	( 5,046)
Total Revenues	<u>102,000</u>	<u>83,259</u>	<u>( 18,741)</u>
<b>Expenditures:</b>			
General Government	<u>102,000</u>	<u>47,411</u>	<u>54,589</u>
Revenues over expenditures	-	35,848	35,848
Fund Balance at beginning of year	<u>382,842</u>	<u>382,842</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 382,842</u></u>	<u><u>\$ 418,690</u></u>	<u><u>\$ 35,848</u></u>

**BUDGET STABILIZATION**

<b>Revenues:</b>			
Interest	\$ -	\$ 108,326	\$ 108,326
<b>Expenditures:</b>			
General Government	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Revenues over (under) expenditures	( 10,000)	108,326	118,326
<b>Other Financing Sources:</b>			
Transfers in	<u>10,000</u>	<u>-</u>	<u>( 10,000)</u>
Net change in Fund Balance	-	108,326	108,326
Fund Balance at beginning of year	<u>2,212,035</u>	<u>2,212,035</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,212,035</u></u>	<u><u>\$ 2,320,361</u></u>	<u><u>\$ 108,326</u></u>

**RENTAL PROPERTY**

<b>Revenues:</b>			
Rent and royalties	\$ 37,786	\$ 22,308	\$( 15,478)
<b>Expenditures:</b>			
General Government	<u>74,628</u>	<u>64,763</u>	<u>9,865</u>
Revenues under expenditures	( 36,842)	( 42,455)	( 5,613)
<b>Other Financing Sources:</b>			
Transfers in	<u>36,842</u>	<u>42,455</u>	<u>5,613</u>
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EMERGENCY MANAGEMENT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 22,531	\$ 68,251	\$ 45,720
Charges for services	-	611	611
Other	8,603	7,839	( 764)
	<u>31,134</u>	<u>76,701</u>	<u>45,567</u>
<b>Expenditures:</b>			
Public Safety	<u>84,223</u>	<u>130,591</u>	<u>( 46,368)</u>
Revenues under expenditures	( 53,089)	( 53,890)	( 801)
<b>Other Financing Sources:</b>			
Transfers in	<u>53,089</u>	<u>53,089</u>	<u>-</u>
Net change in Fund Balance	-	( 801)	( 801)
Fund Balance at beginning of year	<u>20,240</u>	<u>20,240</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 20,240</u></u>	<u><u>\$ 19,439</u></u>	<u><u>\$( 801)</u></u>

**COMMUNITY GRANTS**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 274,483	\$ 238,687	\$( 35,796)
Charges for services	108,600	84,298	( 24,302)
Total Revenues	<u>383,083</u>	<u>322,985</u>	<u>( 60,098)</u>
<b>Expenditures:</b>			
Public Safety	<u>452,008</u>	<u>380,143</u>	<u>71,865</u>
Revenues under expenditures	( 68,925)	( 57,158)	11,767
<b>Other Financing Sources:</b>			
Transfers in	<u>68,925</u>	<u>57,000</u>	<u>( 11,925)</u>
Net change in Fund Balance	-	( 158)	( 158)
Fund Balance at beginning of year	<u>748</u>	<u>748</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 748</u></u>	<u><u>\$ 590</u></u>	<u><u>\$( 158)</u></u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>THUMB NARCOTICS UNIT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 148,870	\$ 51,823	\$( 97,047)
Fines and forfeitures	50,000	17,703	( 32,297)
Interest	3,735	971	( 2,764)
Other	35,000	20,244	( 14,756)
Total Revenues	<u>237,605</u>	<u>90,741</u>	<u>( 146,864)</u>
<b>Expenditures:</b>			
Public Safety	<u>237,605</u>	<u>140,117</u>	<u>97,488</u>
Revenues under expenditures	-	( 49,376)	( 49,376)
Fund Balance at beginning of year	<u>79,255</u>	<u>79,255</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 79,255</u>	<u>\$ 29,879</u>	<u>\$( 49,376)</u>
<b>POLICE SERVICE CONTRACTS</b>			
<b>Revenues:</b>			
Charges for services	\$ 965,349	\$ 953,966	\$( 11,383)
<b>Expenditures:</b>			
Public Safety	<u>1,260,515</u>	<u>1,257,848</u>	<u>2,667</u>
Revenues under expenditures	( 295,166)	( 303,882)	( 8,716)
<b>Other Financing Sources:</b>			
Transfers in	<u>295,166</u>	<u>296,380</u>	<u>1,214</u>
Net change in Fund Balance	-	( 7,502)	( 7,502)
Fund Balance at beginning of year	<u>129,785</u>	<u>129,785</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 129,785</u>	<u>\$ 122,283</u>	<u>\$( 7,502)</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>LAW ENFORCEMENT PROGRAMS</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 16,137	\$ 37,677	\$ 21,540
Charges for services	25,000	27,188	2,188
Other	11,700	3,213	( 8,487)
Total Revenues	<u>52,837</u>	<u>68,078</u>	<u>15,241</u>
<b>Expenditures:</b>			
Public safety	<u>80,124</u>	<u>61,303</u>	<u>18,821</u>
Revenues over (under) expenditures	( 27,287)	6,775	34,062
<b>Other Financing Sources:</b>			
Transfers in	<u>4,812</u>	<u>4,812</u>	<u>-</u>
Net change in Fund Balance	( 22,475)	11,587	34,062
Fund Balance at beginning of year	<u>163,616</u>	<u>163,616</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 141,141</u></u>	<u><u>\$ 175,203</u></u>	<u><u>\$ 34,062</u></u>
<b>POLICING CONTRACTS</b>			
Fund Balance at beginning of year	<u>\$ 9,518</u>	<u>\$ 9,518</u>	<u>\$ -</u>
Fund Balance at end of year	<u><u>\$ 9,518</u></u>	<u><u>\$ 9,518</u></u>	<u><u>\$ -</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>LAW ENFORCEMENT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 245,685	\$ 196,436	\$( 49,249)
Local	3,000	-	( 3,000)
Charges for services	20,000	20,500	500
Other	13,668	608	( 13,060)
Total Revenues	<u>282,353</u>	<u>217,544</u>	<u>( 64,809)</u>
<b>Expenditures:</b>			
Public Safety	<u>296,382</u>	<u>238,634</u>	<u>57,748</u>
Revenues under expenditures	( 14,029)	( 21,090)	( 7,061)
<b>Other Financing Sources:</b>			
Transfers in	<u>14,029</u>	<u>24,414</u>	<u>10,385</u>
Net change in Fund Balance	-	3,324	3,324
Fund Balance at beginning of year	<u>91,354</u>	<u>91,354</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 91,354</u></u>	<u><u>\$ 94,678</u></u>	<u><u>\$ 3,324</u></u>

**LAW ENFORCEMENT - OTHER**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ -	\$ 1,991	\$ 1,991
Fines and forfeitures	<u>42,940</u>	<u>34,440</u>	<u>( 8,500)</u>
Total Revenues	42,940	36,431	( 6,509)
<b>Expenditures:</b>			
Public Safety	<u>63,417</u>	<u>65,404</u>	<u>( 1,987)</u>
Revenues under expenditures	( 20,477)	( 28,973)	( 8,496)
Fund Balance at beginning of year	<u>129,876</u>	<u>129,876</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 109,399</u></u>	<u><u>\$ 100,903</u></u>	<u><u>\$( 8,496)</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>LAW LIBRARY</b>			
<b>Revenues:</b>			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
<b>Expenditures:</b>			
Judicial	<u>21,080</u>	<u>8,525</u>	<u>12,555</u>
Revenues under expenditures	( 14,580)	( 2,025)	12,555
<b>Other Financing Sources:</b>			
Transfers in	<u>14,500</u>	<u>4,500</u>	<u>( 10,000)</u>
Net change in Fund Balance	( 80)	2,475	2,555
Fund Balance at beginning of year	<u>21,043</u>	<u>21,043</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 20,963</u></u>	<u><u>\$ 23,518</u></u>	<u><u>\$ 2,555</u></u>

**REVENUE SHARING RESERVE**

<b>Revenues:</b>			
Interest	\$ -	\$ 2,886	\$ 2,886
<b>Other Financing Uses:</b>			
Transfers out	<u>( 1,676,475)</u>	<u>( 1,676,475)</u>	<u>-</u>
Net change in Fund Balance	( 1,676,475)	( 1,673,589)	2,886
Fund Balance at beginning of year	<u>3,299,176</u>	<u>3,299,176</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,622,701</u></u>	<u><u>\$ 1,625,587</u></u>	<u><u>\$ 2,886</u></u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Final Budget	Actual	Variance Positive (Negative)
<b>LAPEER AREA YOUTH COORDINATOR</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 32,560	\$ 6,832	\$( 25,728)
<b>Expenditures:</b>			
General Government	36,448	10,549	25,899
Revenues under expenditures	( 3,888)	( 3,717)	171
<b>Other Financing Sources:</b>			
Transfers in	3,888	3,888	-
Net change in Fund Balance	-	171	171
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ 171	\$ 171

**4-H PROGRAMS**

<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 7,044	\$ 7,531	\$ 487
Other	14,166	15,045	879
Total Revenues	21,210	22,576	1,366
<b>Expenditures:</b>			
Recreation and Cultural	21,210	21,205	5
Revenues over expenditures	-	1,371	1,371
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ 1,371	\$ 1,371

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, 2009**

	Final Budget	Actual	Variance Positive (Negative)
<b>DEPARTMENT OF HUMAN SERVICES</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 52,307	\$ 190,006	\$ 137,699
Other	-	1,984	1,984
Total Revenues	52,307	191,990	139,683
<b>Expenditures:</b>			
Health and Welfare	52,307	188,481	( 136,174)
Net change in Fund Balance	-	3,509	3,509
Fund Balance at beginning of year	1,786	1,786	-
Fund Balance at end of year	\$ 1,786	\$ 5,295	\$ 3,509

**CHILD CARE**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 684,138	\$ 582,114	\$( 102,024)
Charges for services	259,539	174,537	( 85,002)
Fines and forfeitures	9,000	29,165	20,165
Total Revenues	952,677	785,816	( 166,861)
<b>Expenditures:</b>			
Health and Welfare	1,776,002	1,297,392	478,610
Revenues under expenditures	( 823,325)	( 511,576)	311,749
<b>Other Financing Sources:</b>			
Transfers in	823,325	511,379	( 311,946)
Net change in Fund Balance	-	( 197)	( 197)
Fund Balance at beginning of year	650	650	-
Fund Balance at end of year	\$ 650	\$ 453	\$( 197)

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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>VETERANS' TRUST</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 6,426	\$ 6,874	\$ 448
<b>Expenditures:</b>			
Health and Welfare	<u>6,426</u>	<u>6,426</u>	<u>-</u>
Revenues over expenditures	-	448	448
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 448</u></u>	<u><u>\$ 448</u></u>
<b>K.I.N.D.</b>			
Fund Balance at beginning of year	<u>\$ 77</u>	<u>\$ 77</u>	<u>\$ -</u>
Fund Balance at end of year	<u><u>\$ 77</u></u>	<u><u>\$ 77</u></u>	<u><u>\$ -</u></u>
<b>MULTI PURPOSE COLLABORATIVE BODY</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 301,382	\$ 267,159	\$( 34,223)
Local	65,427	42,070	( 23,357)
Charges for services	-	420	420
Other	<u>-</u>	<u>47</u>	<u>47</u>
Total Revenues	<u>366,809</u>	<u>309,696</u>	<u>( 57,113)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>366,809</u>	<u>351,514</u>	<u>15,295</u>
Revenues under expenditures	-	( 41,818)	( 41,818)
<b>Other Financing Sources:</b>			
Transfers in	<u>32,419</u>	<u>32,419</u>	<u>-</u>
Net change in Fund Balance	32,419	( 9,399)	( 41,818)
Fund Balance at beginning of year	<u>12,402</u>	<u>12,402</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 44,821</u></u>	<u><u>\$ 3,003</u></u>	<u><u>\$( 41,818)</u></u>
			Concluded

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the County, for unemployment, worker's compensation, equipment acquisition and replacement 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, 2009**

<b>ASSETS</b>	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 588,718	\$ 184,617	\$ 1,071,583	\$ 10,009
Deposits with agent	-	-	28,000	-
Receivables -				
Accrued interest and other	-	6	-	-
Due from other funds	-	160	3,049	-
Prepaid expenses	260,141	-	-	-
Total Current Assets	848,859	184,783	1,102,632	10,009
<b>Noncurrent Assets:</b>				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	848,859	184,783	1,102,632	10,009
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts payable	-	-	4,868	-
Current portion of claims liabilities	-	-	9,500	-
Total Current Liabilities	-	-	14,368	-
<b>Long-Term Liabilities:</b>				
Accrued claims liabilities	-	-	40,500	-
Advances from other funds	-	-	-	4,000
Total Long-Term Liabilities	-	-	40,500	4,000
Total Liabilities	-	-	54,868	4,000
<b>Net Assets</b>				
Invested in capital assets, net of related liabilities	-	-	-	-
Unrestricted	848,859	184,783	1,047,764	6,009
Total Net Assets	848,859	184,783	1,047,764	6,009
Total Liabilities and Net Assets	\$ 848,859	\$ 184,783	\$ 1,102,632	\$ 10,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
\$ 109,534	\$ 540,908	\$ 2,505,369
-	-	28,000
-	-	6
-	-	3,209
-	-	260,141
<u>109,534</u>	<u>540,908</u>	<u>2,796,725</u>
<u>439,783</u>	<u>2,408,768</u>	<u>2,848,551</u>
<u>549,317</u>	<u>2,949,676</u>	<u>5,645,276</u>
-	9,146	14,014
-	-	9,500
<u>-</u>	<u>9,146</u>	<u>23,514</u>
-	-	40,500
-	104,000	108,000
<u>-</u>	<u>104,000</u>	<u>148,500</u>
<u>-</u>	<u>113,146</u>	<u>172,014</u>
439,783	2,408,768	2,848,551
109,534	427,762	2,624,711
<u>549,317</u>	<u>2,836,530</u>	<u>5,473,262</u>
<u>\$ 549,317</u>	<u>\$ 2,949,676</u>	<u>\$ 5,645,276</u>

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
<b>Operating Revenues:</b>				
Charges for services	\$ 3,638,636	\$ 15,659	\$ 332,059	\$ -
<b>Operating Expenses:</b>				
Administrative and operating	10,394	73	296	-
Insurance and claims	3,707,672	31,923	116,375	-
Depreciation	-	-	-	-
Total Operating Expenses	3,718,066	31,996	116,671	-
Operating Income (Loss)	( 79,430)	( 16,337)	215,388	-
<b>Non-Operating Revenues:</b>				
Interest	300	333	3,582	-
Gain on sale of assets	-	-	-	-
Total Non-Operating Revenues	300	333	3,582	-
Net Income (Loss) before Transfers	( 79,130)	( 16,004)	218,970	-
<b>Transfers:</b>				
Transfers In	-	-	-	-
Change in net assets	( 79,130)	( 16,004)	218,970	-
Net Assets at beginning of year	927,989	200,787	828,794	6,009
Net Assets at end of year	\$ 848,859	\$ 184,783	\$ 1,047,764	\$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Total
\$ 39,569	\$ 690,180	\$ 4,716,103
118	328,961	339,842
-	-	3,855,970
39,617	371,698	411,315
<u>39,735</u>	<u>700,659</u>	<u>4,607,127</u>
( 166)	( 10,479)	108,976
-	-	4,215
-	10,386	10,386
<u>-</u>	<u>10,386</u>	<u>14,601</u>
( 166)	( 93)	123,577
-	38,563	38,563
( 166)	38,470	162,140
549,483	2,798,060	5,311,122
<u>\$ 549,317</u>	<u>\$ 2,836,530</u>	<u>\$ 5,473,262</u>

**LAPEER COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
<b>Cash Flows From Operating Activities:</b>				
Receipts for services	\$ 3,638,636	\$ 15,993	\$ 338,920	\$ -
Payments to suppliers	( 3,585,096)	( 31,996)	( 114,291)	-
Net Cash Provided (Used) By Operating Activities	<u>53,540</u>	<u>( 16,003)</u>	<u>224,629</u>	<u>-</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers in	-	-	-	-
Net Cash Provided By Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and disposal of fixed assets	-	-	-	-
Gain on sale of assets	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>				
Interest earned	300	333	3,582	-
Net Cash Provided by Investing Activities	<u>300</u>	<u>333</u>	<u>3,582</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	53,840	( 15,670)	228,211	-
Cash and Cash Equivalents at beginning of year	<u>534,878</u>	<u>200,287</u>	<u>871,372</u>	<u>10,009</u>
Cash and Cash Equivalents at end of year	<u>\$ 588,718</u>	<u>\$ 184,617</u>	<u>\$ 1,099,583</u>	<u>\$ 10,009</u>
<b>Statement of Net Assets -</b>				
Cash and Cash Equivalents	\$ 588,718	\$ 184,617	\$ 1,071,583	\$ 10,009
Deposits with agent	-	-	28,000	-
Cash and Cash Equivalents at end of year	<u>\$ 588,718</u>	<u>\$ 184,617</u>	<u>\$ 1,099,583</u>	<u>\$ 10,009</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$( 79,430)	\$( 16,337)	\$ 215,388	\$ -
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	-	334	6,861	-
Prepaid expenses/deposits	132,970	-	16,794	-
Accounts payable	-	-	4,586	-
Accrued claims	-	-	( 19,000)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 53,540</u>	<u>\$( 16,003)</u>	<u>\$ 224,629</u>	<u>\$ -</u>

<u>CMH Equipment Acquisition &amp; Replacement</u>	<u>Equipment Acquisition &amp; Replacement</u>	<u>Total</u>
\$ 39,569	\$ 690,180	\$ 4,723,298
( 118)	( 358,204)	( 4,089,705)
<u>39,451</u>	<u>331,976</u>	<u>633,593</u>
-	38,563	38,563
<u>-</u>	<u>38,563</u>	<u>38,563</u>
( 25,448)	( 225,537)	( 250,985)
-	10,386	10,386
<u>( 25,448)</u>	<u>( 215,151)</u>	<u>( 240,599)</u>
-	-	4,215
<u>-</u>	<u>-</u>	<u>4,215</u>
14,003	155,388	435,772
<u>95,531</u>	<u>385,520</u>	<u>2,097,597</u>
<u>\$ 109,534</u>	<u>\$ 540,908</u>	<u>\$ 2,533,369</u>
\$ 109,534	\$ 540,908	\$ 2,505,369
-	-	28,000
<u>\$ 109,534</u>	<u>\$ 540,908</u>	<u>\$ 2,533,369</u>
\$( 166)	\$( 10,479)	\$ 108,976
39,617	371,698	411,315
-	-	7,195
-	-	149,764
-	( 29,243)	( 24,657)
<u>-</u>	<u>-</u>	<u>( 19,000)</u>
<u>\$ 39,451</u>	<u>\$ 331,976</u>	<u>\$ 633,593</u>

## **FIDUCIARY FUNDS**

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

**Pension 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 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, 2009**

	<u>Pension Trust Fund</u>	<u>Public Employee Health Care</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 540,622	\$ 483,597	\$ 1,024,219
Due from other funds	<u>17,768</u>	<u>-</u>	<u>17,768</u>
Total Assets	<u>558,390</u>	<u>483,597</u>	<u>1,041,987</u>
<b>Liabilities:</b>			
Accounts payable	<u>214,819</u>	<u>-</u>	<u>214,819</u>
<b>Net Assets held in trust for pension and health care benefits</b>	<u><u>\$ 343,571</u></u>	<u><u>\$ 483,597</u></u>	<u><u>\$ 827,168</u></u>

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Pension Trust Fund</u>	<u>Public Employee Health Care</u>	<u>Total</u>
<b>Additions:</b>			
Contributions	\$ 1,827,760	\$ 125,010	\$ 1,952,770
<b>Deductions:</b>			
Transfer to administrative agent	<u>2,618,022</u>	<u>902,884</u>	<u>3,520,906</u>
Net deletions to net assets held in trust	( 790,262)	( 777,874)	( 1,568,136)
Net assets held in trust at beginning of year	<u>1,133,833</u>	<u>1,261,471</u>	<u>2,395,304</u>
<b>Net assets held in trust at end of year</b>	<u><u>\$ 343,571</u></u>	<u><u>\$ 483,597</u></u>	<u><u>\$ 827,168</u></u>

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
DECEMBER 31, 2009**

	Agency Funds				Total
	General Agency	Library Penal Fines	District Court	Common Banking	
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,346,572	\$ 32,457	\$ 118,148	\$ 40,734	\$ 2,537,911
<b>Liabilities:</b>					
Due to other governmental units	1,686,833	-	-	40,777	1,727,610
Due to individuals and agencies	659,739	32,457	118,148	( 43)	810,301
Total Liabilities	\$ 2,346,572	\$ 32,457	\$ 118,148	\$ 40,734	\$ 2,537,911

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,034,988	\$ 91,999,538	\$ 90,496,615	\$ 2,537,911
<b>Liabilities:</b>				
Due to other governmental units	\$ 401,963	\$ 65,105,599	\$ 63,779,952	\$ 1,727,610
Due to individuals and agencies	633,025	7,804,560	7,627,284	810,301
Total Liabilities	<u>\$ 1,034,988</u>	<u>\$ 72,910,159</u>	<u>\$ 71,407,236</u>	<u>\$ 2,537,911</u>
<b>GENERAL AGENCY FUND</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 897,526	\$ 59,013,279	\$ 57,564,233	\$ 2,346,572
<b>Liabilities:</b>				
Due to other governmental units	\$ 384,925	\$ 60,221,737	\$ 58,919,829	\$ 1,686,833
Due to individuals and agencies	512,601	618,551	471,413	659,739
Total Liabilities	<u>\$ 897,526</u>	<u>\$ 60,840,288</u>	<u>\$ 59,391,242</u>	<u>\$ 2,346,572</u>
<b>LIBRARY PENAL FINES</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 27,782	\$ 432,106	\$ 427,431	\$ 32,457
<b>Liabilities:</b>				
Due to individuals and agencies	\$ 27,782	\$ 853,036	\$ 848,361	\$ 32,457
<b>DISTRICT COURT</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 92,642	\$ 2,687,142	\$ 2,661,636	\$ 118,148
<b>Liabilities:</b>				
Due to individuals and agencies	\$ 92,642	\$ 4,043,102	\$ 4,017,596	\$ 118,148

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
<b>COMMON BANKING</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 17,038	\$ 29,867,011	\$ 29,843,315	\$ 40,734
<b>Liabilities:</b>				
Due to other governmental units	17,038	4,883,862	4,860,123	40,777
Due to individuals and agencies	-	2,289,871	2,289,914	( 43)
Total Liabilities	\$ 17,038	\$ 7,173,733	\$ 7,150,037	\$ 40,734

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, 2009**

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2009</u>
<b>General County:</b>				
Land	\$ 698,833	\$ -	\$ -	\$ 698,833
Land improvements	1,684,159	23,340	90,320	1,617,179
Buildings	22,476,135	14,057	101,606	22,388,586
Equipment	6,453,867	55,227	193,957	6,315,137
Vehicles	236,954	14,712	-	251,666
	<u>31,549,948</u>	<u>107,336</u>	<u>385,883</u>	<u>31,271,401</u>
Less - accumulated depreciation	<u>( 16,205,198)</u>	<u>( 863,430)</u>	<u>( 385,883)</u>	<u>( 16,682,745)</u>
Net Total Investment in General Fixed Assets	<u>\$ 15,344,750</u>	<u>\$( 756,094)</u>	<u>\$ -</u>	<u>\$ 14,588,656</u>

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

**LAPEER COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2009**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>
<b>General Government:</b>					
Legislative	\$ 678,772	\$ 225,000	\$ 453,772	\$ -	\$ -
Judicial	3,368,189	85,861	3,193,214	59,169	29,945
General Services	6,132,543	212,129	5,702,051	212,816	5,547
	<u>10,179,504</u>	<u>522,990</u>	<u>9,349,037</u>	<u>271,985</u>	<u>35,492</u>
<b>Public Works:</b>					
Environmental/Recycling	30,000	-	30,000	-	-
Drain Commission	194,674	-	-	-	194,674
	<u>224,674</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>194,674</u>
<b>Public Safety:</b>					
Animal Shelter	274,324	25,302	221,800	27,222	-
Emergency Preparedness	18,621	-	-	18,621	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	6,350,229	75,926	990,939	5,283,364	-
Sheriff	6,115,450	498,389	5,486,924	130,137	-
	<u>12,780,124</u>	<u>599,617</u>	<u>6,699,663</u>	<u>5,459,344</u>	<u>21,500</u>
<b>Health and Welfare:</b>					
Health Department	628,519	37,221	238,782	352,516	-
Mental Health	2,997,026	129,692	2,709,808	157,526	-
D.O.S.A.	25,665	-	-	25,665	-
Cooperative Extension	7,021	-	-	7,021	-
Family Independence Agency	1,913,734	143,480	1,758,724	11,530	-
	<u>5,571,965</u>	<u>310,393</u>	<u>4,707,314</u>	<u>554,258</u>	<u>-</u>
<b>Recreation and Cultural:</b>					
Parks and Recreation	2,375,337	841,415	1,504,372	29,550	-
Libraries	139,797	41,597	98,200	-	-
	<u>2,515,134</u>	<u>883,012</u>	<u>1,602,572</u>	<u>29,550</u>	<u>-</u>
Total Capital Assets	31,271,401	2,316,012	22,388,586	6,315,137	251,666
Less: accumulated depreciation	( 16,682,745)	( 1,192,243)	( 9,352,560)	( 5,915,786)	( 222,156)
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 14,588,656</u>	<u>\$ 1,123,769</u>	<u>\$ 13,036,026</u>	<u>\$ 399,351</u>	<u>\$ 29,510</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**LAPEER COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009
<b>General Government:</b>				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,433,816	14,712	80,339	3,368,189
General Services	6,300,158	8,565	176,180	6,132,543
Total General Government	<u>10,412,746</u>	<u>23,277</u>	<u>256,519</u>	<u>10,179,504</u>
<b>Public Works:</b>				
Environmental/Recycling	30,000	-	-	30,000
Drain Commission	194,674	-	-	194,674
Total Public Works	<u>224,674</u>	<u>-</u>	<u>-</u>	<u>224,674</u>
<b>Public Safety:</b>				
Animal Shelter	274,324	-	-	274,324
Emergency Preparedness	-	18,621	-	18,621
Marine Safety	21,500	-	-	21,500
911 Center	6,372,096	-	21,867	6,350,229
Sheriff	6,121,877	35,098	41,525	6,115,450
Total Public Safety	<u>12,789,797</u>	<u>53,719</u>	<u>63,392</u>	<u>12,780,124</u>
<b>Health and Welfare:</b>				
Health Department	628,619	7,000	7,100	628,519
Mental Health	3,048,877	-	51,851	2,997,026
D.O.S.A.	39,707	-	7,021	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,630,937</u>	<u>7,000</u>	<u>65,972</u>	<u>5,571,965</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	2,351,997	23,340	-	2,375,337
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,491,794</u>	<u>23,340</u>	<u>-</u>	<u>2,515,134</u>
Total Capital Assets	<u>\$ 31,549,948</u>	<u>\$ 107,336</u>	<u>\$ 385,883</u>	<u>\$ 31,271,401</u>

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

## **DISCRETELY PRESENTED COMPONENT UNITS**

### **LAPEER COUNTY ROAD COMMISSION -**

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

### **LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW) -**

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

### **LAPEER COUNTY DRAINAGE DISTRICTS -**

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

**BOARD OF PUBLIC WORKS FUNDS**

**LAPEER COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
GOVERNMENTAL FUND TYPES  
BOARD OF PUBLIC WORKS  
DECEMBER 31, 2009**

Major Funds

Debt Service

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

Cash and cash equivalents	\$ 3,509	\$ 8,759	\$ 870	\$ -	\$ 365,566	\$ -
Due from other governmental units - Federal/State	-	-	-	-	-	-
Contracts receivable	630,000	-	566,507	1,947,694	1,685,000	634,868
Total Assets	\$ 633,509	\$ 8,759	\$ 567,377	\$ 1,947,694	\$ 2,050,566	\$ 634,868

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	630,000	-	566,507	1,947,694	1,685,000	634,868
Total Liabilities	630,000	-	566,507	1,947,694	1,685,000	634,868

**Fund Balance:**

Unreserved Undesignated	3,509	8,759	870	-	365,566	-
Total Liabilities and Fund Balance	\$ 633,509	\$ 8,759	\$ 567,377	\$ 1,947,694	\$ 2,050,566	\$ 634,868

Major Funds		Nonmajor Funds						
Capital Projects		Debt Service			Capital Project			
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total	
\$ 17,810	\$ 636	\$ 6,694	\$ 1,057	\$ 759	\$ 61,031	\$ 69,541	\$ 466,691	
1,287	-	-	-	-	-	-	1,287	
-	-	-	-	405,000	-	405,000	5,869,069	
<u>\$ 19,097</u>	<u>\$ 636</u>	<u>\$ 6,694</u>	<u>\$ 1,057</u>	<u>\$ 405,759</u>	<u>\$ 61,031</u>	<u>\$ 474,541</u>	<u>\$ 6,337,047</u>	
\$ 16,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,095	
-	-	-	-	405,000	-	405,000	5,869,069	
<u>16,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,000</u>	<u>-</u>	<u>405,000</u>	<u>5,885,164</u>	
<u>3,002</u>	<u>636</u>	<u>6,694</u>	<u>1,057</u>	<u>759</u>	<u>61,031</u>	<u>69,541</u>	<u>451,883</u>	
<u>\$ 19,097</u>	<u>\$ 636</u>	<u>\$ 6,694</u>	<u>\$ 1,057</u>	<u>\$ 405,759</u>	<u>\$ 61,031</u>	<u>\$ 474,541</u>	<u>\$ 6,337,047</u>	

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
BOARD OF PUBLIC WORKS  
DECEMBER 31, 2009**

Fund Balance - Total Governmental Funds	\$	451,883
Amounts available in the Capital Projects Funds that reduce the contract receivable on the government wide statements	(	439,372)
Liabilities that are not payable in the current period and therefore not reported in the governmental fund statements		
Bonds/Notes Payable	(	5,869,069)
Accrued interest on bonds/notes payable	(	40,633)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized for net assets (netted against bonds payables)		10,882
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		8,778
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets (netted against bonds payables)		28,122
		8,462
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		5,869,069
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, 2009**

Major Funds

Debt Service

	Dryden Wastewater Treatment	Elba Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002	Dryden WSSI 2007
<b>Revenues:</b>						
Intergovernmental -						
Local	\$ 136,538	\$ 111,178	\$ 59,725	\$ 126,810	\$ 149,828	\$ 44,097
Interest	371	844	16	-	1,950	-
Total Revenues	<u>136,909</u>	<u>112,022</u>	<u>59,741</u>	<u>126,810</u>	<u>151,778</u>	<u>44,097</u>
<b>Expenditures:</b>						
Capital Outlay	-	-	-	-	-	-
Debt Service -						
Principal retirement	110,000	105,000	45,000	85,000	90,000	30,000
Interest and fiscal charges	26,313	6,178	14,725	41,810	83,803	14,097
Total Expenditures	<u>136,313</u>	<u>111,178</u>	<u>59,725</u>	<u>126,810</u>	<u>173,803</u>	<u>44,097</u>
Revenues over (under) expenditures	596	844	16	-	( 22,025)	-
<b>Other Financing Sources:</b>						
Issued Bonds/Notes	-	-	-	-	-	-
Net change in Fund Balances	596	844	16	-	( 22,025)	-
Fund Balances at beginning of year	2,913	7,915	854	-	387,591	-
Fund Balances at end of year	<u>\$ 3,509</u>	<u>\$ 8,759</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 365,566</u>	<u>\$ -</u>

Major Funds		Nonmajor Funds					
Capital Projects		Debt Service			Capital Project		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	North Branch Wastewater Treatment	Almont Sewage Disposal 2002	Total Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 11,861	\$ 51,218	\$ -	\$ 63,079	\$ 691,255
1,228	12	122	97	12	4,055	4,286	8,707
<u>1,228</u>	<u>12</u>	<u>122</u>	<u>11,958</u>	<u>51,230</u>	<u>4,055</u>	<u>67,365</u>	<u>699,962</u>
89,465	-	-	-	-	-	-	89,465
-	-	-	11,000	25,000	-	36,000	501,000
-	-	-	711	26,218	-	26,929	213,855
<u>89,465</u>	<u>-</u>	<u>-</u>	<u>11,711</u>	<u>51,218</u>	<u>-</u>	<u>62,929</u>	<u>804,320</u>
( 88,237)	12	122	247	12	4,055	4,436	( 104,358)
<u>75,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,308</u>
( 12,929)	12	122	247	12	4,055	4,436	( 29,050)
<u>15,931</u>	<u>624</u>	<u>6,572</u>	<u>810</u>	<u>747</u>	<u>56,976</u>	<u>65,105</u>	<u>480,933</u>
<u>\$ 3,002</u>	<u>\$ 636</u>	<u>\$ 6,694</u>	<u>\$ 1,057</u>	<u>\$ 759</u>	<u>\$ 61,031</u>	<u>\$ 69,541</u>	<u>\$ 451,883</u>

**LAPEER COUNTY, MICHIGAN**

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

**FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - total governmental funds	\$(	29,050)
<p>Amounts reported for governmental activities in the statement activities are different because:</p>		
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long-term liabilities		501,000
Issued Bonds/Notes	(	75,308)
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purpose of net assets:</p>		
Increase in accrued interest payable	(	3,171)
Amortization of bond issuance costs	(	2,177)
Amortization of discount on bonds	(	1,693)
Amortization of deferred loss on refunding	(	1,756)
Revenues reported in the governmental funds when received, however, in the statement of activities when earned	(	<u>387,845)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>-</u>

## **DRAINAGE DISTRICT FUNDS**

**LAPEER COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
GOVERNMENTAL FUND TYPES  
DRAINAGE DISTRICTS  
DECEMBER 31, 2009**

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
<b>ASSETS</b>					
Cash and cash equivalents	\$ 126,326	\$ 111,024	\$ 400,571	\$ -	\$ 1,286,588
Investments	-	-	-	-	1,122,570
Receivables -					
Special assessments	370,084	960,801	2,316,618	-	61,587
Due from other funds	54,354	21,709	174,060	-	112,340
Deposits	-	128,887	-	41,730	-
Total Assets	<u>\$ 550,764</u>	<u>\$ 1,222,421</u>	<u>\$ 2,891,249</u>	<u>\$ 41,730</u>	<u>\$ 2,583,085</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 150	\$ -	\$ 113	\$ -	\$ 19,929
Due to other governmental units -					
Local	-	5,344	-	-	110,000
Due to other funds	-	39,185	-	-	533,552
Advances from primary government	-	-	-	-	-
Deferred revenue	337,854	824,832	2,106,361	-	-
Total Liabilities	<u>338,004</u>	<u>869,361</u>	<u>2,106,474</u>	<u>-</u>	<u>663,481</u>
<b>Fund Balances -</b>					
Reserved -					
Debt service	212,760	353,060	784,775	-	-
Capital projects	-	-	-	41,730	-
Unreserved - undesignated	-	-	-	-	1,919,604
Total Fund Balance	<u>212,760</u>	<u>353,060</u>	<u>784,775</u>	<u>41,730</u>	<u>1,919,604</u>
Total Liabilities and Fund Balance	<u>\$ 550,764</u>	<u>\$ 1,222,421</u>	<u>\$ 2,891,249</u>	<u>\$ 41,730</u>	<u>\$ 2,583,085</u>

Nonmajor Funds

Debt Service			Capital Projects		Total Nonmajor Funds	Total
Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving		
\$ -	\$ 136,584	\$ 483	\$ 160,020	\$ 145,560	\$ 442,647	\$ 2,367,156
-	-	-	-	-	-	1,122,570
-	230,663	-	-	-	230,663	3,939,753
-	-	-	-	-	-	362,463
-	-	-	-	-	-	170,617
<u>\$ -</u>	<u>\$ 367,247</u>	<u>\$ 483</u>	<u>\$ 160,020</u>	<u>\$ 145,560</u>	<u>\$ 673,310</u>	<u>\$ 7,962,559</u>
\$ -	\$ -	\$ -	\$ -	\$ 175	\$ 175	\$ 20,367
-	-	-	-	-	-	115,344
-	7,531	-	4,530	-	12,061	584,798
-	-	-	-	90,000	90,000	90,000
-	205,551	-	-	-	205,551	3,474,598
-	213,082	-	4,530	90,175	307,787	4,285,107
-	154,165	483	-	-	154,648	1,505,243
-	-	-	155,490	55,385	210,875	252,605
-	-	-	-	-	-	1,919,604
-	154,165	483	155,490	55,385	365,523	3,677,452
<u>\$ -</u>	<u>\$ 367,247</u>	<u>\$ 483</u>	<u>\$ 160,020</u>	<u>\$ 145,560</u>	<u>\$ 673,310</u>	<u>\$ 7,962,559</u>

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS  
DECEMBER 31, 2009**

Fund Balances - Total Governmental Funds	\$ 3,677,452
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets	29,405,949
Accumulated depreciation	( 12,948,901)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Special Assessments	3,474,598
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.	
	1,049,522
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds/Notes payable	( 3,713,086)
Bond issuance cost (netted against bonds payables)	161,607
Accrued interest on Bonds/Notes payable	( 15,895)
Net Assets of governmental activities	<u>\$ 21,091,246</u>

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Major Funds				
	Debt Service			Capital Projects	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
<b>Revenues:</b>					
Interest	\$ 336	\$ 302	\$ 1,451	\$ -	\$ 21,269
Other -					
Special assessments	64,502	166,232	261,499	-	199,769
Total Revenues	<u>64,838</u>	<u>166,534</u>	<u>262,950</u>	<u>-</u>	<u>221,038</u>
<b>Expenditures:</b>					
Maintenance	-	-	-	-	246,823
Debt Service -					
Principal retirement	25,000	122,848	150,000	-	-
Interest and fiscal charges	8,328	( 93,111)	100,330	-	-
Total Expenditures	<u>33,328</u>	<u>29,737</u>	<u>250,330</u>	<u>-</u>	<u>246,823</u>
Revenues over (under) expenditures	<u>31,510</u>	<u>136,797</u>	<u>12,620</u>	<u>-</u>	<u>( 25,785)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	3,266	129,831	5,141	-	-
Transfers Out	-	-	-	( 128,887)	( 65,023)
Total Other Sources (Uses)	<u>3,266</u>	<u>129,831</u>	<u>5,141</u>	<u>( 128,887)</u>	<u>( 65,023)</u>
Net change in Fund Balances	34,776	266,628	17,761	( 128,887)	( 90,808)
Fund Balances at beginning of year	<u>177,984</u>	<u>86,432</u>	<u>767,014</u>	<u>170,617</u>	<u>2,010,412</u>
Fund Balances at end of year	<u>\$ 212,760</u>	<u>\$ 353,060</u>	<u>\$ 784,775</u>	<u>\$ 41,730</u>	<u>\$ 1,919,604</u>

Nonmajor Funds

Debt Service			Capital Projects		Total Nonmajor Funds	Total
Drain	Winn Lake	Lake Lapeer Lake Level	Imlay Bigelow	Drain Revolving		
\$ -	\$ 469	\$ 2	\$ 587	\$ 190	\$ 1,248	\$ 24,606
-	31,019	-	-	-	31,019	723,021
-	31,488	2	587	190	32,267	747,627
-	-	-	-	12,817	12,817	259,640
-	25,000	-	-	-	25,000	322,848
3,245	18,497	-	-	-	21,742	37,289
3,245	43,497	-	-	12,817	59,559	619,777
( 3,245)	( 12,009)	2	587	( 12,627)	( 27,292)	127,850
-	1,764	481	2,322	65,020	69,587	207,825
( 13,915)	-	-	-	-	( 13,915)	( 207,825)
( 13,915)	1,764	481	2,322	65,020	55,672	-
( 17,160)	( 10,245)	483	2,909	52,393	28,380	127,850
17,160	164,410	-	152,581	2,992	337,143	3,549,602
\$ -	\$ 154,165	\$ 483	\$ 155,490	\$ 55,385	\$ 365,523	\$ 3,677,452

## 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, 2009

Net change in fund balances - total governmental funds	\$ 127,850
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	( 520,288)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	( 303,869)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>	
Principal payments on long-term liabilities	322,848
Amortization of bond issuance costs	( 10,101)
<p>An Internal Service Fund is used by management to charge costs of maintenance. The net revenues attributable to this fund are reported with governmental activities</p>	
	( 19,246)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Decrease in accrued interest payable	<u>1,241</u>
Change in net assets of governmental activities	<u><u>\$ ( 401,565)</u></u>

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND - DRAINAGE DISTRICTS  
INTERNAL SERVICE FUND  
DECEMBER 31,2009**

**Assets:**

Current Assets -	
Cash and cash equivalents	\$ 843,899
Due from other funds	222,335
Total Assets	<u>\$ 1,066,234</u>

**Liabilities:**

Accounts payable	<u>\$ 16,712</u>
------------------	------------------

**Net Assets:**

Unrestricted	1,049,522
Total Net Assets	<u><u>\$ 1,049,522</u></u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND - DRAINAGE DISTRICTS  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Operating Revenue:**

Charges for services	\$ 162,659
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**Operating Expenses:**

Administrative and Operating - Drain Maintenance	<u>185,867</u>
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Operating loss	( 23,208)
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**Non-Operating Revenue:**

Interest	<u>3,962</u>
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Change in net assets	( 19,246)
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Net Assets at beginning of year	<u>1,068,768</u>
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Net Assets at end of year	<u><u>\$ 1,049,522</u></u>
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**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Cash Flows From Operating Activities:**

Receipts for services	\$ 314,015
Payments to suppliers	<u>( 169,413)</u>
Net Cash Provided by Operating Activities	<u>144,602</u>

**Cash Flows From Investing Activities:**

Interest earned on investments	<u>3,962</u>
Net Cash Provided by Investing Activities	<u>3,962</u>

Net increase in cash and cash equivalents 148,564

Cash and cash equivalents at beginning of year 695,335

Cash and Cash Equivalents at end of year \$ 843,899

**Reconciliation of Operating Loss to Net Cash Provided  
by Operating Activities:**

Operating loss	\$( 23,208)
Changes in assets and liabilities:	
Accrued Liabilities	16,454
Due from Other Funds	<u>151,356</u>
Net Cash Provided by Operating Activities	<u><u>\$ 144,602</u></u>

## SECTION THREE: STATISTICAL SECTION

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

<b>Contents</b>	<u>Page Number</u>
<u>Financial Trends</u>	S-1 to S-6
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
<u>Revenue Capacity</u>	S-7 to S-13
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.</i>	
<u>Debt Capacity</u>	S-14 to S-16
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
<u>Demographic and Economic Information</u>	S-17 to S-21
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
<u>Operating Information</u>	S-22 to S-28
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and activities it performs.</i>	
<u>Miscellaneous Statistics</u>	S-29 to S-30
<i>These schedules contain miscellaneous information to help the reader assess the County Government.</i>	

**LAPEER COUNTY, MICHIGAN**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 19,997,437	\$ 19,575,975	\$ 19,165,973	\$ 18,342,068	\$ 17,818,625	\$ 17,396,631	\$ 16,654,707
Restricted	-	6,562,611	11,296,788	13,948,783	14,073,426	12,860,615	8,221,319
Unrestricted	12,714,648	7,508,523	4,516,543	5,070,872	5,631,585	5,942,806	11,426,758
Total Government activities net assets	<u>\$ 32,712,085</u>	<u>\$ 33,647,109</u>	<u>\$ 34,979,304</u>	<u>\$ 37,361,723</u>	<u>\$ 37,523,636</u>	<u>\$ 36,200,052</u>	<u>\$ 36,302,784</u>
<b>Business type activities</b>							
Invested in capital assets, net of related debt	\$ 6,893,437	\$ 7,145,228	\$ 7,433,275	\$ 7,007,742	\$ 7,464,355	\$ 8,831,167	\$ 9,276,606
Restricted	399,139	498,836	615,632	773,255	926,562	1,049,307	1,308,557
Unrestricted	13,287,507	13,168,742	13,942,229	17,519,560	19,600,864	20,158,728	21,211,382
Total business-type activities net assets	<u>\$ 20,580,083</u>	<u>\$ 20,812,806</u>	<u>\$ 21,991,136</u>	<u>\$ 25,300,557</u>	<u>\$ 27,991,781</u>	<u>\$ 30,039,202</u>	<u>\$ 31,796,545</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 26,890,874	\$ 26,721,203	\$ 26,599,248	\$ 25,349,810	\$ 25,282,980	\$ 26,227,798	\$ 25,931,313
Restricted	399,139	7,061,447	11,912,420	14,722,038	14,999,988	13,909,922	9,529,876
Unrestricted	26,002,155	20,677,265	18,458,772	22,590,432	25,232,449	26,101,534	32,638,140
Total primary government net assets	<u>\$ 53,292,168</u>	<u>\$ 54,459,915</u>	<u>\$ 56,970,440</u>	<u>\$ 62,662,280</u>	<u>\$ 65,515,417</u>	<u>\$ 66,239,254</u>	<u>\$ 68,099,329</u>

(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.

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

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

Continued

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

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

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

Source: Lapeer County Finance Department

Concluded

**LAPEER COUNTY, MICHIGAN**

**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN YEARS**

**MODIFIED ACCRUAL BASIS OF ACCOUNTING**

**(UNAUDITED)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Fund</b>										
Reserved	\$ 327,575	\$ 327,575	\$ 327,575	\$ 208,000	\$ 198,596	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000
Unreserved	<u>2,762,217</u>	<u>1,545,098</u>	<u>1,532,529</u>	<u>1,725,292</u>	<u>1,943,248</u>	<u>2,217,908</u>	<u>2,285,684</u>	<u>2,197,160</u>	<u>2,942,577</u>	<u>3,909,939</u>
Total general fund	<u>\$ 3,089,792</u>	<u>\$ 1,872,673</u>	<u>\$ 1,860,104</u>	<u>\$ 1,933,292</u>	<u>\$ 2,141,844</u>	<u>\$ 2,415,908</u>	<u>\$ 2,483,684</u>	<u>\$ 2,395,160</u>	<u>\$ 3,140,577</u>	<u>\$ 4,107,939</u>
<b>All other Governmental Funds</b>										
Reserved	\$ 1,141,128	\$ 980,349	\$ 1,326,378	\$ 569,624	\$ 378,004	\$ 308,045	\$ 444,784	\$ 485,734	\$ 581,497	\$ 472,453
Unreserved, reported in:										
Special revenue funds	5,482,594	6,641,024	6,227,882	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209	11,177,792
Debt service funds	229,090	77,974	85,703	87,198	138,128	180,756	208,701	162,346	137,061	93,883
Capital project funds	<u>1,166,834</u>	<u>992,832</u>	<u>843,372</u>	<u>1,364,928</u>	<u>1,276,701</u>	<u>938,570</u>	<u>903,985</u>	<u>969,575</u>	<u>692,566</u>	<u>688,829</u>
Total all other Governmental Funds	<u>\$ 8,019,646</u>	<u>\$ 8,692,179</u>	<u>\$ 8,483,335</u>	<u>\$ 7,676,390</u>	<u>\$ 9,942,215</u>	<u>\$ 11,604,833</u>	<u>\$ 14,393,567</u>	<u>\$ 14,559,160</u>	<u>\$ 13,434,333</u>	<u>\$ 12,432,957</u>

Source: Lapeer County Finance Department

**LAPEER COUNTY, MICHIGAN**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>										
Taxes	\$ 10,203,971	\$ 10,519,340	\$ 10,569,557	\$ 10,272,241	\$ 13,827,448	\$ 15,215,837	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341
Licenses and permits	572,510	569,475	583,292	665,679	673,888	744,802	604,566	636,952	540,707	520,455
Intergovernmental	18,876,382	19,043,961	19,484,696	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993	8,337,676	7,635,175
Charges for services	6,127,686	6,147,365	6,431,061	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614	17,115,895	16,985,601
Fines and forfeits	654,474	656,205	766,103	662,086	441,379	567,729	470,635	494,446	493,068	457,485
Rents and royalties	1,402,327	1,384,982	1,391,408	284,049	455,079	454,466	498,268	424,512	410,797	378,183
Interest	1,514,771	1,237,287	636,197	405,047	537,174	567,529	1,156,276	1,289,965	931,362	430,689
Other	1,106,685	1,534,138	2,292,784	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732	2,933,850	3,899,379
Total Revenues	<u>40,458,806</u>	<u>41,092,753</u>	<u>42,155,098</u>	<u>41,135,109</u>	<u>43,702,980</u>	<u>45,169,600</u>	<u>45,917,530</u>	<u>45,383,279</u>	<u>44,905,351</u>	<u>44,251,308</u>
<b>Expenditures</b>										
Current-										
Legislative	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784
Judicial	3,439,243	3,801,117	4,074,305	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981	4,984,112	5,333,356
General Government	3,481,487	3,941,682	4,517,676	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954	5,728,076	5,430,567
Public Safety	6,337,890	7,207,059	7,847,720	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522	10,051,004	10,370,496
Public Works	255,057	294,796	277,651	219,521	368,071	485,781	451,126	465,602	383,702	379,876
Health and Welfare	17,057,474	18,322,730	18,815,657	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120	21,469,941	21,039,622
Recreation and Culture	2,099,346	2,200,602	2,281,305	1,165,073	726,496	743,898	746,350	754,773	788,519	760,738
Other Activities	306,112	403,074	499,260	666,630	1,403,536	1,461,013	1,586,008	1,130,590	1,152,124	497,101
Capital outlay	8,083,491	3,526,148	1,723,173	1,166,824	929,230	841,275	312,739	387,887	26,141	8,612
Debt Service-										
Principal	1,747,509	700,000	755,000	100,000	115,000	110,000	155,000	150,000	140,000	160,000
Interest and Charges	495,928	416,799	383,130	107,107	92,284	59,350	56,700	53,650	50,575	45,000
Total Expenditures	<u>43,453,597</u>	<u>40,996,851</u>	<u>41,393,008</u>	<u>41,593,505</u>	<u>41,930,787</u>	<u>43,298,444</u>	<u>43,413,845</u>	<u>45,162,412</u>	<u>45,033,495</u>	<u>44,301,152</u>
Revenues over (under) expenditures	<u>( 2,994,791)</u>	<u>95,902</u>	<u>762,090</u>	<u>( 458,396)</u>	<u>1,772,193</u>	<u>1,871,156</u>	<u>2,503,685</u>	<u>220,867</u>	<u>( 128,144)</u>	<u>( 49,844)</u>
<b>Other financing sources (uses)</b>										
Issuance of bonds	-	-	-	-	1,535,000	-	-	-	-	-
Premium of refunding bonds	-	-	-	-	113,593	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	( 1,599,309)	-	-	-	-	-
Transfers in	4,647,510	5,413,908	4,104,897	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699	5,075,455	5,411,211
Transfers out	( 4,320,604)	( 6,002,996)	( 4,677,156)	( 4,484,171)	( 3,969,064)	( 4,702,707)	( 5,167,418)	( 5,187,497)	( 5,318,942)	( 5,403,160)
Transfers to component units	( 179,469)	( 190,813)	( 182,074)	( 220,711)	-	-	-	-	-	-
Total other financing sources (uses)	<u>147,437</u>	<u>( 779,901)</u>	<u>( 754,333)</u>	<u>( 232,870)</u>	<u>702,184</u>	<u>65,526</u>	<u>352,825</u>	<u>( 143,798)</u>	<u>( 243,487)</u>	<u>8,051</u>
Net change in fund balance	<u><u>\$ ( 2,847,354)</u></u>	<u><u>\$ ( 683,999)</u></u>	<u><u>\$ 7,757</u></u>	<u><u>\$ ( 691,266)</u></u>	<u><u>\$ 2,474,377</u></u>	<u><u>\$ 1,936,682</u></u>	<u><u>\$ 2,856,510</u></u>	<u><u>\$ 77,069</u></u>	<u><u>\$ ( 371,631)</u></u>	<u><u>\$ ( 41,793)</u></u>
Debt service as a percentage of noncapital expenditures	<u>6.3%</u>	<u>3.0%</u>	<u>2.9%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.5%</u>

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

Source: Lapeer County Finance Department

**LAPEER COUNTY, MICHIGAN**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>										
Taxes	\$ 7,510,583	\$ 7,682,964	\$ 8,269,037	\$ 8,841,375	\$ 9,253,271	\$ 9,723,100	\$ 10,318,105	\$ 10,282,079	\$ 11,127,623	\$ 10,778,574
Licenses and permits	15,980	27,524	37,035	12,300	22,817	18,818	13,065	14,850	16,938	31,132
Intergovernmental	3,273,923	3,428,275	3,353,851	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177	1,580,159	1,308,866
Charges for services	2,744,739	2,807,435	3,143,010	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527	2,350,982	2,359,230
Fines and forfeits	306,672	282,897	321,948	405,245	367,628	445,362	350,626	388,865	368,619	355,790
Rents and royalties	297,018	183,865	168,337	-	167,314	167,920	167,953	164,344	160,712	160,716
Interest on long term debt	949,500	847,494	520,945	347,269	490,240	437,402	750,799	677,447	659,910	291,566
Other	735,623	877,357	1,870,795	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004	2,294,978	3,506,467
Total Revenues	<u>15,834,038</u>	<u>16,137,811</u>	<u>17,684,958</u>	<u>17,677,683</u>	<u>17,551,003</u>	<u>17,412,914</u>	<u>18,007,496</u>	<u>18,034,293</u>	<u>18,559,921</u>	<u>18,792,341</u>
<b>Expenditures</b>										
Current-										
Legislative	150,060	182,844	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784
Judicial	2,381,350	2,649,341	2,945,132	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549	3,677,076	3,837,743
General Government	3,481,487	3,873,954	4,420,123	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540	5,479,372	5,274,237
Public Safety	4,002,965	4,165,025	4,561,536	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975	5,444,513	5,843,892
Public Works	171,456	162,651	136,344	129,736	351,792	458,180	422,514	443,428	359,718	367,816
Health and Welfare	154,112	158,160	168,947	189,358	181,367	171,403	166,274	174,991	169,203	197,450
Recreation and Culture	190,300	211,577	218,642	242,232	243,037	230,892	242,019	248,237	246,416	275,310
Other Activities	242,615	270,773	343,802	425,239	1,147,127	1,402,842	1,586,008	1,130,590	1,152,124	497,101
Capital outlay	28,454	21,457	76,527	-	-	-	-	-	-	-
Total Expenditures	<u>10,802,799</u>	<u>11,695,782</u>	<u>13,089,184</u>	<u>13,748,595</u>	<u>15,107,890</u>	<u>15,934,842</u>	<u>16,343,207</u>	<u>16,606,643</u>	<u>16,787,723</u>	<u>16,569,333</u>
Revenues over expenditures	<u>5,031,239</u>	<u>4,442,029</u>	<u>4,595,774</u>	<u>3,929,088</u>	<u>2,443,113</u>	<u>1,478,072</u>	<u>1,664,289</u>	<u>1,427,650</u>	<u>1,772,198</u>	<u>2,223,008</u>
<b>Other financing sources (uses)</b>										
Bond note and proceeds	50,000	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,063	-	663,154	1,480,197	1,513,709	1,569,716	1,605,819	1,721,318
Transfers out	( 3,799,252)	( 5,468,335)	( 4,427,332)	( 3,635,189)	( 2,897,715)	( 2,684,205)	( 3,110,222)	( 3,085,890)	( 2,632,600)	( 2,976,964)
Transfers to component units	( 179,469)	( 190,813)	( 182,074)	( 220,711)	-	-	-	-	-	-
Total other financing uses	<u>( 3,928,721)</u>	<u>( 5,659,148)</u>	<u>( 4,608,343)</u>	<u>( 3,855,900)</u>	<u>( 2,234,561)</u>	<u>( 1,204,008)</u>	<u>( 1,596,513)</u>	<u>( 1,516,174)</u>	<u>( 1,026,781)</u>	<u>( 1,255,646)</u>
Net change in fund balance	<u>\$ 1,102,518</u>	<u>\$( 1,217,119)</u>	<u>\$( 12,569)</u>	<u>\$ 73,188</u>	<u>\$ 208,552</u>	<u>\$ 274,064</u>	<u>\$ 67,776</u>	<u>\$( 88,524)</u>	<u>\$ 745,417</u>	<u>\$ 967,362</u>

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

Source: Lapeer County Finance Department

**LAPEER COUNTY, MICHIGAN**

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

Fiscal Year Ended December 31,	Tax Year	Assessed Value of Real Property				Assessed Value of Personal Property	Total Assessed Value	Total Assessed Value Captured	Total Direct Tax Rate	Total Estimated Actual Value
		Residential Property	Agricultural Property	Commercial Property	Other Property					
2000	1999	\$ 1,945,941,039	\$ 284,194,478	\$ 153,504,578	\$ 53,259,490	\$ 157,656,879	\$ 2,594,556,464	\$ 77,265,527	4.0977	\$ 5,189,112,928
2001	2000	\$ 2,156,154,421	\$ 361,950,894	\$ 203,175,808	\$ 57,213,986	\$ 167,488,640	\$ 2,945,983,749	\$ 98,261,356	3.9901	\$ 5,891,967,498
2002	2001	\$ 2,376,858,559	\$ 414,968,942	\$ 213,162,109	\$ 65,336,304	\$ 174,233,809	\$ 3,244,559,723	\$ 103,433,247	3.9454	\$ 6,489,119,446
2003	2002	\$ 2,556,306,399	\$ 448,224,584	\$ 246,079,606	\$ 82,489,628	\$ 173,032,010	\$ 3,506,132,227	\$ 114,269,022	3.8941	\$ 7,012,264,454
2004	2003	\$ 2,719,638,942	\$ 452,467,363	\$ 273,278,745	\$ 86,901,323	\$ 169,103,295	\$ 3,701,389,668	\$ 119,857,158	3.8539	\$ 7,402,779,336
2005	2004	\$ 2,907,988,203	\$ 513,809,132	\$ 308,289,264	\$ 97,695,138	\$ 177,164,475	\$ 4,004,946,212	\$ 126,686,310	3.8165	\$ 8,009,892,424
2006	2005	\$ 3,089,983,948	\$ 496,143,179	\$ 328,283,473	\$ 122,033,651	\$ 184,700,861	\$ 4,221,145,112	\$ 138,691,363	3.7886	\$ 8,442,290,224
2007	2006	\$ 3,171,262,397	\$ 511,502,613	\$ 344,229,658	\$ 120,089,567	\$ 180,491,191	\$ 4,327,575,426	\$ 155,457,319	3.7886	\$ 8,655,150,852
2008	2007	\$ 3,109,529,326	\$ 517,647,550	\$ 354,253,141	\$ 120,857,634	\$ 190,091,879	\$ 4,292,379,530	\$ 174,647,548	3.7886	\$ 8,584,759,060
2009	2008	\$ 2,748,579,863	\$ 441,042,819	\$ 339,512,895	\$ 102,915,747	\$ 189,867,996	\$ 3,821,919,300	\$ 177,868,981	3.7886	\$ 7,643,838,600

Notes:

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

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

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

**LAPEER COUNTY, MICHIGAN**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
County-										
Operating	4.0977	3.9901	3.9454	3.8941	3.8539	3.8165	3.7886	3.7886	3.7886	3.7886
Extra Voted	<u>2.4942</u>	<u>1.7459</u>	<u>1.7325</u>	<u>1.7098</u>	<u>1.8200</u>	<u>1.8021</u>	<u>1.7888</u>	<u>0.9757</u>	<u>0.5756</u>	<u>0.5756</u>
Total County	<u>6.5919</u>	<u>5.7360</u>	<u>5.6779</u>	<u>5.6039</u>	<u>5.6739</u>	<u>5.6186</u>	<u>5.5774</u>	<u>4.7643</u>	<u>4.3642</u>	<u>4.3642</u>
Townships-										
Almont	2.341	2.8951	3.8704	3.6763	3.8195	3.7556	3.7556	5.0056	4.5616	4.5616
Arcadia	1.5468	1.5140	1.5085	1.4757	1.4509	1.4305	1.4149	2.3149	2.3096	2.3096
Attica	2.6205	4.2470	4.1806	4.0997	4.0413	3.9624	3.3695	4.3695	4.3695	4.3695
Burlington	1.7428	1.7063	1.6769	1.6626	1.6463	1.6188	1.6003	2.4969	2.4969	2.4969
Burnside	1.6772	1.6585	1.6462	1.6172	1.5966	1.5966	1.5966	2.4788	2.4535	2.4514
Deerfield	1.4755	1.4744	1.4107	1.3586	1.3185	1.4012	1.6349	2.5267	2.5122	2.5122
Dryden	4.8820	4.7392	4.6911	4.6537	4.5652	4.6975	4.6252	4.6252	4.6252	4.6675
Elba	3.0329	2.9752	2.9212	2.8717	2.9389	2.9006	3.1285	4.0285	4.0285	4.0285
Goodland	1.5625	1.5215	1.5209	1.5012	1.4915	1.4625	1.4332	2.3332	2.3217	2.3217
Hadley	2.4416	2.3431	2.2440	2.1803	2.1003	2.0237	1.9367	2.7812	2.7699	2.7699
Imlay	1.6401	2.6501	2.5634	2.5017	2.4629	2.4535	1.9790	2.9702	2.9702	2.9702
Lapeer	1.6743	1.6510	1.6570	1.6402	1.6287	1.6148	1.8572	2.7572	2.7572	2.7572
Marathon	1.5408	1.5221	1.7461	1.4424	1.4206	1.4071	1.3927	2.2927	2.2927	2.2927
Mayfield	1.6452	1.6216	1.6066	1.5948	1.5823	1.5720	1.8091	2.7053	2.7053	2.7053
Metamora	5.3822	4.6892	4.5718	4.5667	4.6333	4.5845	4.4955	5.3965	5.3955	5.3955
North Branch	3.1151	3.0854	3.0480	3.0144	2.9595	2.9458	2.9207	3.9174	4.8965	3.8665
Oregon	1.6074	1.5786	1.5554	1.5298	1.5030	1.4807	1.7238	2.6238	2.6238	2.6238
Rich	1.7164	1.6904	4.5568	4.5128	4.4256	4.5856	4.5035	5.4035	5.4035	5.4577
Cities-										
Imlay City	17.7500	16.7500	17.7500	17.7500	17.7500	19.7627	20.2061	20.5000	18.4500	17.3860
City of Lapeer	8.7911	8.7911	8.7911	8.7911	8.7911	9.8000	10.0500	10.9500	10.9500	10.9500
Brown City	18.0289	18.0206	18.0094	17.9962	17.9633	17.9716	18.1233	18.1233	18.1233	18.1233

Continued

**LAPEER COUNTY, MICHIGAN**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Villages-										
Almont	15.9486	15.4714	14.9314	14.6769	14.5044	14.6711	14.1004	13.0070	13.6177	13.6031
Clifford	21.7608	21.6534	21.3587	21.1034	21.1034	16.1034	19.6034	19.1700	19.1700	19.1700
Columbiaville	14.6607	14.5404	14.3150	14.0616	13.7480	13.5184	13.2101	13.1241	13.1241	13.1241
Dryden	10.5765	10.3734	10.1182	10.0433	10.0021	9.8110	9.8110	9.8110	9.8110	9.8110
Metamora	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711
North Branch	15.2902	15.2871	15.2703	14.9831	14.8991	14.8215	14.7918	14.6483	14.6483	14.6483
Otter Lake	12.0000	14.0000	14.3672	13.8586	13.3638	12.6688	13.2483	12.8932	12.7720	12.7720
Local School Districts-										
Almont	14.4500	14.4500	17.8613	13.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	14.2400	14.2400	15.9718	13.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	6.0000	11.9980	17.7948	10.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980
Capac	9.9000	9.9000	17.9748	8.9000	9.9000	9.9000	9.9000	9.9000	9.9000	10.2000
Davison	9.3774	9.2390	17.8525	8.4428	9.4191	9.4016	9.3325	9.3316	9.2616	9.1916
Dryden	7.7000	7.7000	18.0000	7.2400	8.2400	8.2400	8.2400	8.2400	8.2400	8.3000
Goodrich	13.7500	13.7500	17.9973	12.7500	13.7500	13.7498	13.7500	13.7500	13.7500	13.7500
Imlay	14.4500	12.2000	18.0000	11.0635	11.0000	11.7500	11.7500	11.7500	11.7500	11.7500
Kingston	12.3000	12.3000	0.0000	11.6400	12.6400	12.5000	12.2500	12.1500	12.0500	11.8500
Lakeville	11.9500	11.9500	18.0000	10.9500	10.7500	10.7000	10.3400	10.1000	9.9000	9.6500
Lapeer	6.6000	6.3750	18.0000	7.2500	8.2320	8.2194	8.2038	8.2038	8.2000	8.3500
Marlette	6.6000	6.0000	17.8293	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Mayville	6.6000	6.0000	17.8578	5.0000	12.0000	12.0000	12.0000	12.0000	10.5000	11.0000
North Branch	13.3000	13.3000	17.7750	12.3000	13.3000	13.0000	13.0000	13.0000	13.0000	13.0000
Oxford	13.3000	13.0000	16.3326	12.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.1189	3.0773	3.0467	3.0084	2.9794	2.9509	2.9295	2.9295	2.9295	2.9295

Concluded

Notes:

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

Source: County Equalization Department

**LAPEER COUNTY, MICHIGAN**

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

<u><b>Taxpayer</b></u>	<u><b>Current Year (2009)</b></u>			<u><b>Historical Year (1999)</b></u>		
	<u><b>Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>	<u><b>Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>
DTE Energy	53,821,977	1	1.41%	46,827,393	1	2.56%
International Transmission Co.	18,842,143	2	0.49%	13,761,545	2	0.73%
Pinnacle Foods	12,460,905	3	0.33%	N/A	N/A	N/A
Lemforder ZF Corporation	12,029,429	4	0.31%	7,282,900	4	0.39%
Toyo Seat USA Corp.	7,501,100	5	0.20%	N/A	N/A	N/A
Lapeer Metal Products	6,908,527	6	0.18%	5,389,200	6	0.29%
Durakon Industries, Inc.	6,642,254	7	0.17%	8,290,993	3	0.44%
Meijer, Inc.	5,985,601	8	0.16%	N/A	N/A	N/A
Consumers Energy	5,398,017	9	0.14%	3,880,169	9	0.21%
Rubber Enterprises	4,979,984	10	0.13%	3,290,993	N/A	N/A
<b>Total</b>	<u><u>\$ 134,569,937</u></u>		<u><u>3.52%</u></u>	<u><u>\$ 88,723,193</u></u>		<u><u>4.62%</u></u>

Source: Lapeer County Treasurer's Office

**LAPEER COUNTY, MICHIGAN**

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

Fiscal Year	Levy Year	Original Levy for Year	Adjustments to Original Levy	Total Adjusted Levy	Total collections Current Year		Collections in Subsequent Years	Total collections to Date	
					Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected		Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
2000	1999	\$ 53,838,490	(451,766)	\$ 53,405,052	\$ 47,304,472	88.58	\$ 6,100,580	\$ 53,405,052	100%
2001	2000	\$ 57,816,914	(455,356)	\$ 57,192,846	\$ 50,967,164	89.11	\$ 6,225,682	\$ 57,192,846	100%
2002	2001	\$ 60,652,832	(598,160)	\$ 60,054,672	\$ 54,165,151	90.19	\$ 5,889,063	\$ 60,054,214	100%
2003	2002	\$ 63,756,492	(1,272,037)	\$ 62,484,455	\$ 56,708,306	90.76	\$ 5,773,490	\$ 62,481,796	100%
2004	2003	\$ 67,302,042	(381,562)	\$ 66,920,480	\$ 61,037,274	91.21	\$ 5,877,490	\$ 66,914,532	100%
2005	2004	\$ 74,528,140	(562,368)	\$ 73,965,772	\$ 67,342,098	91.04	\$ 6,614,998	\$ 73,957,096	100%
2006	2005	\$ 79,929,310	(488,237)	\$ 79,441,073	\$ 72,500,633	91.26	\$ 6,830,738	\$ 79,331,371	100%
2007	2006	\$ 84,997,424	(343,361)	\$ 84,654,063	\$ 76,964,520	90.92	\$ 6,130,923	\$ 83,095,443	100%
2008	2007	\$ 88,981,038	(426,757)	\$ 88,554,280	\$ 80,629,430	91.05	\$ 6,422,866	\$ 87,052,296	100%
2009	2008	\$ 85,088,787	(320,205)	\$ 84,768,541	\$ 75,241,951	88.76	\$ 9,526,590	\$ 84,768,541	100%

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

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

Source: County Treasurer's Office

**LAPEER COUNTY, MICHIGAN**

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

Fiscal Year	Levy Year	Original Levy for Year	Adjustments to Original Levy	Total Adjusted Levy	Total collections Current Year		Collections in Subsequent Years	Total collections to Date	
					Current Amt. of Collections Thru 'March 1	Percentage of Adjusted Levy Collected		Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
2000	1999	\$ 7,680,288	( 9,610)	\$ 7,670,678	\$ 6,915,652	90.16	\$ 755,026	\$ 7,670,678	100%
2001	2000	\$ 8,127,949	( 10,089)	\$ 8,117,860	\$ 7,295,980	89.88	\$ 821,880	\$ 8,117,860	100%
2002	2001	\$ 8,693,372	( 85)	\$ 8,693,592	\$ 7,904,912	90.93	\$ 788,055	\$ 8,692,967	100%
2003	2002	\$ 9,265,797	( 8,383)	\$ 9,257,414	\$ 8,437,468	91.14	\$ 819,530	\$ 9,256,998	100%
2004	2003	\$ 9,272,473	( 14,058)	\$ 9,658,415	\$ 8,776,707	90.87	\$ 880,571	\$ 9,657,278	100%
2005	2004	\$ 10,146,331	( 18,260)	\$ 10,128,070	\$ 9,176,986	90.61	\$ 948,237	\$ 10,125,223	100%
2006	2005	\$ 10,705,364	( 15,437)	\$ 10,689,927	\$ 9,826,649	91.92	\$ 849,418	\$ 10,676,067	100%
2007	2006	\$ 11,326,328	( 1,106)	\$ 11,325,222	\$ 9,934,719	87.72	\$ 1,286,291	\$ 11,221,010	100%
2008	2007	\$ 11,854,843	( 21,991)	\$ 11,832,852	\$ 10,472,228	88.50	\$ 1,360,624	\$ 11,832,852	100%
2009	2008	\$ 11,849,851	( 23,211)	\$ 11,826,640	\$ 11,147,868	94.26	\$ 661,104	\$ 11,808,972	100%

Notes:

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

**LAPEER COUNTY, MICHIGAN**

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

Fiscal Year	Levy Year	Total Adjusted Levy	Total collections Current Year	
			Current Amt. of Collections Thru March 1	Percentage of Adjusted Levy Collected
2000	1999	\$ 889,768	\$ 889,768	100%
2001	2000	\$ 534,463	\$ 534,463	100%
2002	2001	\$ 413,300	\$ 413,300	100%
2003	2002	\$ 543,486	\$ 543,486	100%
2004	2003	\$ 487,705	\$ 487,705	100%
2005	2004	\$ 420,383	\$ 420,383	100%
2006	2005	\$ 432,740	\$ 432,740	100%
2007	2006	\$ 836,022	\$ 836,022	100%
2008	2007	\$ 557,007	\$ 557,007	100%
2009	2008	\$ 554,498	\$ 554,498	100%

Notes:

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

Source: County Treasurer's Office

**LAPEER COUNTY, MICHIGAN**

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

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>County Population</u>	<u>Average Per Capita Income</u>	<u>Assessed Value of Taxable Property</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Personal Income</u>	<u>Percentage of Actual Value of Taxable Property</u>	<u>Per Capita</u>
2000	1999	88,329	\$ 28,087	\$ 2,307,495,097	\$ 12,339,000	0.53%	0.48%	139.69
2001	2000	89,530	\$ 27,685	\$ 2,594,556,464	\$ 11,351,000	0.46%	0.39%	126.78
2002	2001	90,720	\$ 27,290	\$ 2,945,983,749	\$ 12,553,000	0.51%	0.39%	138.37
2003	2002	91,454	\$ 28,240	\$ 3,244,559,723	\$ 11,315,000	4.60%	0.32%	123.72
2004	2003	92,317	\$ 28,060	\$ 3,506,132,227	\$ 10,081,000	0.39%	0.27%	109.20
2005	2004	93,220	\$ 28,686	\$ 3,701,389,668	\$ 8,677,000	0.33%	0.22%	93.08
2006	2005	93,761	\$ 28,729	\$ 4,004,946,212	\$ 7,197,000	0.27%	0.17%	76.76
2007	2006	95,682	\$ 28,989	\$ 4,221,145,112	\$ 5,572,000	0.20%	0.13%	58.23
2008	2007	95,262	\$ 29,101	\$ 4,327,575,426	\$ 4,041,000	0.15%	0.09%	42.42
2009	2008	87,904	\$ 21,462	\$ 3,203,594,051	\$ 2,215,000.00	0.12%	0.06%	25.20

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, 2009  
(UNAUDITED)**

	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
<b>Direct Debt:</b>			
Building Authority	\$ 850,000	\$ -	\$ 850,000
Water	3,060,000	3,060,000	-
Drain	3,738,000	2,373,000	1,365,000
Wastewater	630,000	630,000	-
Sewer	1,685,000	1,685,000	-
MTF Notes	1,264,000	634,000	630,000
Total Direct Debt	\$ 11,227,000	\$ 8,382,000	\$ 2,845,000
<b>Overlapping Debt of County:</b>			
Villages			8,173,970
Cities			16,339,091
Townships			3,810,144
School Districts			198,379,266
Intermediate School Districts			3,803,795
Community College			1,394,951
Total Overlapping Debt			231,901,217
Total County Net Direct and Overlapping Debt			\$ 234,746,217

**Legal Debt Margin Calculation for 2009**

Assessed Value	\$ 3,821,919,300
Debt limit (10% of assessed value)	382,191,930
Debt applicable to limit - general obligation bonds	4,041,000
Legal debt margin	\$ 378,150,930

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

**LAPEER COUNTY, MICHIGAN**

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

Fiscal Year	Levy Year	State Equalized Value of Property	10% Legal Debt Limit	General Bonded Debt	Legal Debt Margin	Percentage of Adjusted Levy Collected
2000	1999	\$ 2,307,495,097	\$ 230,749,510	\$ 15,424,325	\$215,325,185	0.07
2001	2000	\$ 2,596,452,794	\$ 259,645,279	\$ 12,705,079	\$246,940,200	0.05
2002	2001	\$ 2,945,993,749	\$ 294,599,375	\$ 15,668,162	\$278,931,213	0.05
2003	2002	\$ 3,244,559,723	\$ 324,455,972	\$ 14,838,099	\$309,617,873	0.05
2004	2003	\$ 3,510,193,880	\$ 351,019,388	\$ 13,339,507	\$337,679,881	0.04
2005	2004	\$ 3,701,389,668	\$ 370,138,967	\$ 14,326,507	\$355,812,460	0.04
2006	2005	\$ 4,004,172,237	\$ 400,417,224	\$ 13,717,605	\$386,699,619	0.03
2007	2006	\$ 4,221,145,112	\$ 422,114,511	\$ 12,742,822	\$409,371,689	0.03
2008	2007	\$ 4,327,575,426	\$ 432,757,543	\$ 11,310,695	\$421,446,848	0.03
2009	2008	\$ 3,821,919,300	\$ 382,191,930	\$ 10,597,000	\$371,594,930	0.03

Notes:

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

Source: County Treasurer's Office

**LAPEER COUNTY, MICHIGAN**

**DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

Fiscal Year	Population I	Personal Income II	Per Capita Personal Income III	K - 12 School Enrollment IV	Unemployment Rate V
2000	88,329	\$ 2,480,897,000	\$ 28,087	15,121	4.33%
2001	89,530	\$ 2,478,625,000	\$ 27,685	15,255	6.51%
2002	90,720	\$ 2,475,760,000	\$ 27,290	15,392	7.58%
2003	91,454	\$ 2,582,646,000	\$ 28,240	15,433	8.08%
2004	92,317	\$ 2,590,374,000	\$ 28,060	15,462	7.79%
2005	93,220	\$ 2,674,133,000	\$ 28,686	15,376	7.84%
2006	97,761	\$ 2,743,000,000	\$ 29,697	15,257	7.83%
2007	92012	\$ 2,786,000,000	\$ 30,279	14,916	8.48%
2008	95,262	\$ 2,772,000,000	\$ 29,099	16,116	12.70%
2009	87,904	\$ 1,886,596,000	\$ 21,462	14,082	0.00%

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 2009 AND TEN YEARS AGO**  
**(UNAUDITED)**

**Current Year (2009)**

<b><u>Employer</u></b>	<b><u>Product/Service</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>
Lapeer Regional Medical Center	Health Care	792	1
Lapeer Community Schools	Education	700	2
Lapeer County	Government	450	3
Walmart	Retail	370	4
Meijer	Retail	340	5
Mold Plastics	Manufacturing	286	6
Pinnacle Foods	Food Processing	289	7
Lapeer Industries	Manufacturing	283	8
Champion Bus, Inc.	Manufacturing	264	9
North Branch Area Schools	Education	261	10
Imlay City Schools	Education	253	11

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

continued

**LAPEER COUNTY, MICHIGAN**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR 2009 AND TEN YEARS AGO**  
**(UNAUDITED)**

**Historical Fiscal Year (1999)**

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

**LAPEER COUNTY, MICHIGAN**

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

<u>Year</u>	<u>State Equalized Value (S.E.V.)</u>	<u>Taxable Value</u>	<u>Estimated Property Value (S.E.V. x 2)</u>
2000	2,596,452,794	2,009,003,207	5,192,905,588
2001	2,945,993,749	2,179,025,395	5,891,987,498
2002	3,244,559,723	2,348,559,163	6,489,119,446
2003	3,510,193,880	2,483,938,539	7,020,387,760
2004	3,701,389,668	2,632,809,751	7,402,779,336
2005	4,004,172,237	2,805,165,220	8,008,344,474
2006	4,221,145,112	2,989,701,382	8,442,290,224
2007	4,327,575,426	3,129,128,779	8,655,150,852
2008	4,292,379,530	3,195,751,102	8,584,759,060
2009	3,821,919,300	3,127,825,150	7,643,838,600

Notes:

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

Source: County Treasurer's Office

# LAPEER COUNTY, MICHIGAN

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

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

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

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

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

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

**LAPEER COUNTY, MICHIGAN**

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

(UNAUDITED)

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Legislative</b>										
Board of Commissioners	5.0	5.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Administrative	3.0	2.2	2.9	3.0	3.0	2.9	3.0	3.0	3.0	3.1
<b>Judicial</b>										
Circuit Court	7.1	6.9	7.0	7.0	6.9	7.0	7.0	7.0	14.9	19.1
District Court	22.6	22.6	22.5	22.1	22.3	22.7	22.7	23.0	22.4	23.7
Friend of the Court	21.1	20.6	20.3	18.9	18.9	18.9	18.9	18.9	19.0	19.7
Probate Court	12.7	12.8	12.9	12.5	12.9	12.8	12.5	12.8	4.0	3.6
Community Corrections	2.7	2.5	2.5	3.5	3.6	3.6	3.7	3.7	3.6	3.7
Child Care	0.2	2.0	2.0	2.3	3.5	3.0	2.3	3.3	3.8	3.8
<b>General Government</b>										
County Clerk	7.0	7.5	7.3	7.8	7.8	7.8	8.0	8.0	8.0	8.3
Equalization	3.9	3.4	3.9	3.1	1.4	1.0	1.0	1.0	1.0	1.0
Prosecuting Attorney	12.8	13.8	14.4	15.9	16.0	15.9	15.9	16.0	16.0	16.1
Register of Deeds	5.4	5.4	5.3	5.9	6.0	5.8	5.5	4.9	5.0	5.0
County Treasurer	4.6	4.5	4.6	4.4	5.7	6.1	6.2	6.1	6.4	6.2
G.I.S.	1.0	1.0	1.0	1.0	0.3	0.0	0.0	0.0	0.0	0.0
Data Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	3.9	4.6	4.4	4.0	4.0	3.9	4.0	4.0	4.0	4.1
Building and Grounds	9.1	8.4	8.0	6.9	6.7	7.0	7.0	7.0	6.0	6.2
Drain Office	6.6	6.6	6.9	6.9	6.8	6.0	6.0	6.0	6.0	6.1
MSU Extension	5.9	0.0	4.8	4.9	4.7	4.7	4.6	4.8	4.4	4.2
County Surveyor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Public Safety</b>										
Sheriffs Department	53.0	51.9	50.5	52.1	51.2	50.4	50.7	51.2	51.7	51.7
County Jail	29.1	29.5	29.9	29.1	29.4	29.2	29.3	29.9	29.8	31.0
Central Dispatch	17.2	18.6	18.5	19.0	19.5	18.8	18.4	19.0	18.7	19.4
Animal Control	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.2
Emergency Operations	0.5	1.0	1.0	1.2	1.4	1.0	1.4	1.1	1.0	1.0
<b>Health and Welfare</b>										
Parks Department	10.5	10.9	12.6	11.4	10.9	11.8	11.0	10.8	11.6	8.5
Community Health										
Public Health	71.4	69.7	67.8	64.6	65.1	64.5	68.1	67.0	61.5	54.8
Senior Services	9.1	9.1	8.5	7.9	7.5	7.2	5.9			
Community Mental Health	76.5	79.8	77.3	75.6	75.8	70.1	70.8	69.7	68.6	68.7
Multi-Purpose	5.4	6.1	6.8	6.7	6.2	6.8	6.4	6.0	5.5	6.0
Veterans	2.0	2.0	2.0	2.0	2.0	1.6	1.0	1.0	1.0	1.0
Community Development	1.3	1.6	1.0	1.8	2.4	3.0	3.8	3.9	3.7	2.2
	407.2	406.1	418.6	415.5	415.9	407.5	409.1	403.1	394.6	391.4

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

**LAPEER COUNTY, MICHIGAN**

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

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>LEGISLATIVE</b>					
<b><u>Board of Commissioners</u></b>					
Full Board Meetings	26	26	26	24	25
Committee of the Whole Meetings	N/A	25	25	24	23
Other Special Meeting/Hearings Held	3	3	4	0	0
Board Motions Acted Upon	481	450	412	446	436
<b>JUDICIAL</b>					
<b><u>40th Circuit Court</u></b>					
PPO's Issued	380	348	302	279	279
Appeals	70	48	50	65	65
Domestic Cases	692	684	711	669	669
Civil Cases	324	334	318	313	313
Adoption	43	37	32	51	51
Child Protection	20	33	34	32	32
Juvenile	359	411	359	311	311
Criminal	315	391	392	376	376
Misc. Family Filings	37	50	54	35	36
<b><u>71-A District Court</u></b>					
<b><u>Criminal</u></b>					
Felonies	640	701	653	646	700
Drunk Driving	975	884	815	769	682
Traffic Offenses	8,692	8,387	8,841	9,193	9,374
Misdemeanors	1,706	1,569	1,568	1,387	1,156
Non-Traffic Offenses	1193	885	1020	813	980
<b><u>Civil</u></b>					
General Civil	1,850	2,009	2,676	3,004	2,789
Landlord/Tenant	654	700	663	813	748
Small Claims	593	746	738	657	486
<b><u>Probate/Family Court</u></b>					
<b><u>Civil</u></b>					
Conservatorship/Protective Orders	37	48	39	28	30
Estates	191	163	174	173	171
Guardianships	98	84	95	97	84
Judicial Admin/Mental Commitments	56	69	67	54	47
Trusts	6	5	4	7	10
Wills for Safe Keeping	77	74	94	78	71
<b><u>Friend of the Court</u></b>					
Caseload	5,991	5,942	5,922	5,951	5,916
Children IV-D Cases	8,659	7,982	7,821	8,025	8,010
Bench Warrants Issued	463	509	574	635	295
Referee Hearings Conducted	2,280	N/A	4,257	4,707	6,167
Cases Mediated	195	N/A	25	29	21
<b>PUBLIC SAFETY</b>					
<b><u>Community Corrections</u></b>					
Clients - Community Service	N/A	N/A	51	28	37
Clients - Jail Crew	N/A	N/A	66	64	51
Clients - Day Reporting	N/A	N/A	64	80	57
Drunk Driver Jail Reduction Program	N/A	N/A	33	43	35
Jail Beds Saved	N/A	N/A	5737	7638	6700

Continued

**LAPEER COUNTY, MICHIGAN**

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

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><u>Prosecuting Attorney</u></b>					
Felony Cases Authorized	713	763	730	732	677
Domestic Violence - Felony	20	26	24	23	27
Misdemeanor Cases Filed	2,442	2,463	2,379	3,014	2,660
Misdemeanor Domestic Violence	140	196	182	184	155
Juvenile Petitions Filed	311	359	312	405	358
Juvenile Domestic Violence Authorized	6	19	13	19	20
Victims Rights - Eligible Victims	844	939	866	821	773
Victims Rights Domestic Fel/Misd/Juv	166	241	219		202
Drug - Misdemeanor/Felony Authorized	407	433	412	415	N/A
Drunk Driving Misd/Felony	915	872	836	730	696
Non-Support	85	109	186	120	134
Paternity	41	84	82	76	57
URESAs	10	15	13	10	19
<b><u>Sheriff's Department</u></b>					
Jail Bookings	3454	3477	3531	3525	3092
Calls Answered	23,958	23,918	24,878	25,076	23,883
Fatal Crashes	20	7	11	9	N/A
Personal Injury Crashes	553	530	480	443	N/A
Property Damage Crashes	2832	2652	2780	2804	N/A
Private Property Crashes	132	114	132	N/A	N/A
Detective Bureau Arrests	320	365	216	218	498
Secondary Road Patrol Tickets Issued	647	615	355	208	208
Purchase Permits Issued	1,814	1,762	1,839	1,798	1,130
Marine Division Patrol Hours	376	857	1017	819	819
Township Complaints Responded To	17,693	17,071	N/A	N/A	N/A
<b><u>E-911 Central Dispatch</u></b>					
Hardware/Landline Calls	13,168	14,435	10,486	11,201	8,596
Wireless Calls	17,331	14,816	18,411	18,697	18,628
VOIP	UNK	298	394	387	373
Non-Emergency Calls	87,175	84,508	80,147	82,075	76,637
CAD Reports/Dispatch	70,950	71,351	72,915	74,951	72,307
<b><u>Emergency Management</u></b>					
EMAC Meetings Held	6	4	4	4	5
Local Meetings Attended	43	46	44	42	35
Regional Homeland Security Meetings	0	3	48	43	38
Disaster Exercise Planning Meetings	4	5	4	6	7
District Meetings Attended	6	6	6	6	6
EAG Plan Updates/Policies Written	3	5	7	4	6
Quarterly Reports Completed	10	8	9	9	4
Trainings Hosted	4	6	4	3	2
Tier II Plans Filed	50	47	51	49	53
Special Events Planned	6	8	10	4	3
Identification Badges Created	200	100	50	75	111
<b>HEALTH AND WELFARE</b>					
<b><u>Parks Department</u></b>					
Water Park Attendance	30,425	23,307	20,969	24,634	17,757
Reservation Attendance	11,180	11,000	8,915	11,740	5,902
Winter Park Attendance	1,530	200	830	1,265	1,135
Special Events Attendance	0	1500	2500	3300	2500
<b><u>Health Department</u></b>					
<b><u>Medical Examiner</u></b>					
Medical Examiner Cases	66	59	52	56	66
Cremation Permits	177	164	200	216	224
Hospice	14	15	38	54	115

Continued

**LAPEER COUNTY, MICHIGAN**

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

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><u>Health Department (Cont'd)</u></b>					
<b><u>Animal Control</u></b>					
Animal Control Complaints	2582	2836	2485	2573	2262
Animals Held at Shelter	2256	2275	2718	2275	1988
Animals Picked Up	508	686	466	443	342
Animal Bites - Cases	314	300	262	220	273
Animals Tested for Rabies	N/A	99	85	157	144
Animal Rabies Cases	N/A	4	3	8	4
<b><u>Environmental Health Division</u></b>					
EH - Sewage Applications	811	343	215	24	120
EH - Sewage Permits	652	364	199	136	131
EH - Well Permits	794	472	353	232	236
Food Service Inspections	728	678	576	605	602
<b><u>Home Health Division</u></b>					
Home Health Clients	349	316	298	209	N/A
<b><u>Public Health Nursing</u></b>					
Maternal Infant Health Visits	2,173	2,578	3,250	3,152	2,640
<b><u>Immunizations</u></b>					
Childhood Immunizations Given	N/A	5,233	4,074	3,654	3,910
Adult Immunizations Given	N/A	747	1,121	1,423	2,103
Total Immunizations Given	4,280	5,980	5,195	5,080	6,013
<b><u>WIC Program</u></b>					
Individuals Participating in WIC	1,597	1,548	1,713	1,855	1,905
<b><u>Hearing &amp; Vision Screening</u></b>					
Hearing & Vision Screening Cases	12,878	10,251	10,358	11,094	11,504
<b><u>AICC Program</u></b>					
AICC Clients	321	343	396	437	474
<b><u>Senior Programs</u></b>					
Home-Delivered Meals	N/A	100,593	100,920	109,168	116,454
Congregate Meals	N/A	5,469	7,411	9,935	9,524
Medication Management Clients	N/A	7	13	5	8
Personal Care/Homemaker Clients	N/A	230	241	170	152
Case Coordination Clients	N/A	73	99	43	57
Care Management Clients	N/A	32	32	32	33
Health Screening Clients	N/A	23	23	22	26
Chore Maintenance Clients	N/A	148	145	142	174
Respite Care Clients	N/A	79	100	74	73
<b><u>Mental Health</u></b>					
Adults with Psychiatric Disorders	966	873	788	864	946
Persons with Developmental Disabilities	334	321	324	305	315
Children with Emotional Disturbances	191	194	153	200	239
<b>GENERAL GOVERNMENT</b>					
<b><u>County Clerk</u></b>					
<b><u>Circuit Court Divison</u></b>					
Criminal Cases Filed	321	392	398	383	391
All Other Cases Filed	1,476	1,453	1,411	1,338	1,292
Adult Probation Receipts	1,119	1,093	1,271	1,344	1,804
<b><u>Vital Records Divison</u></b>					
Marriage License Applications	576	563	568	514	513
Assumed Names	1,124	1,014	899	817	891
Notary Bonds	232	240	222	195	70
Death Certificates Filed	488	470	500	522	543
Birth Certificates Filed	812	632	603	564	599
Voter Registrations	6,239	5,993	5,569	6,810	5,046
Concealed Pistol Permits	603	375	285	538	1,075

Continued

**LAPEER COUNTY, MICHIGAN**

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

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>GENERAL GOVERNMENT (Cont'd)</b>					
<b><u>Payroll Dept.</u></b>					
Payroll Checks Processed	2940	3040	2650	2128	1915
Payroll Direct Deposits Processed	9452	9512	9603	9693	9761
W-2's Forms Prepared	555	580	549	551	477
<b><u>Accounts Payable Dept.</u></b>					
Accounts Payable Invoices Processed	16,365	16,582	17,487	17,089	15,381
Accounts Payable Checks Processed	12,432	12,873	12,589	12,778	11,339
1099 Forms Prepared	105	130	142	149	165
<b><u>Computer Dept.</u></b>					
General Ledger Reports Distributed	3,100	3,000	3,150	3,500	3,550
Journal Entries Entered	2,475	2,223	2,064	2,199	2,323
Budget Amendments Processed	145	106	93	128	160
Budgets Entered	101	100	142	142	150
Computers Countywide	430	427	428	430	432
<b><u>Accounting Dept.</u></b>					
Bank Accounts Reconciled	456	468	456	432	396
Grants Reviewed & Processed	54	55	47	49	52
General Ledger Funds Maintained	83	79	79	79	79
<b><u>Budget Dept.</u></b>					
Total Amount of Gen Fund Budget	\$20,533,730	\$20,399,371	\$20,542,500	\$20,901,523	\$20,852,909
Total Amt of Spec Rev Funds Budgeted	28,142,343	\$28,571,860	\$28,640,518	\$29,940,907	\$29,590,028
Total Amt of Debt Svs Funds Budgeted	2,802,032	\$3,074,890	\$3,074,354	\$3,338,309	\$3,338,309
<b><u>Register of Deeds</u></b>					
Warranty Deeds	2318	1593	1209	912	858
Quit Claim Deeds	1526	1382	1340	1211	1308
Death Certificates	220	218	224	211	220
Land Contracts	34	18	20	7	27
Memo Land Contracts	121	81	69	70	78
Misc. Recordings	3342	3052	3586	4626	4743
Mortgages	8488	6597	4543	2840	2849
Discharges	7112	5704	4472	3048	2980
Assignment of Mortgages	990	1003	1233	669	895
Misc. Mortgage Recordings	2689	2628	2370	2427	2303
UCC Financing Filings	120	137	170	274	341
<b><u>Community Development</u></b>					
<b><u>Housing Divison</u></b>					
CDBG Homes Improved	14	15	14	9	16
CDBG - Senior Clients	3	5	2	2	5
CDBG - Handicapped Clients	6	4	7	2	5
<b><u>Soil &amp; Sedimentation</u></b>					
SESC Permits Issued	174	158	215	298	345
<b><u>Drain Commissioner</u></b>					
Drains (&Other) Maintained	77	86	71	79	85
Drains Sprayed	17	18	11	18	17
Drains Assessed	41	45	59	57	53
Plan Reviews	10	8	6	6	4
Act 40 Permits Issued	13	13	11	14	10
<b><u>Treasurer</u></b>					
Total Number of Parcels	47,180	47,057	47,395	50,077	51,012
Number of Delinquent Parcels	4,885	4,937	5,060	5,510	5,266
Parcels Forfeited	416	495	666	932	977
Taxable Value	2,805,164,853	2,989,701,382	3,129,128,779	3,195,751,102	3,129,825,150
C.E.V.	4,004,172,237	4,221,145,112	4,327,575,426	4,292,379,530	3,822,452,922

Continued

**LAPEER COUNTY, MICHIGAN**

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

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><u>Collaborative Planning Commission</u></b>					
Rezoning/Text Amendment Reviews	24	36	23	13	12
Annual Conference Attendance	125	170	95	136	176
<b><u>Building &amp; Grounds</u></b>					
Work Orders Completed	N/A	1037	969	903	1104
<b><u>Veterans Affairs</u></b>					
# Scheduled Appointments	N/A	N/A	N/A	N/A	552
Walk-in Clients (Est)					1000-1500
<b><u>MSUE</u></b>					
Educational Workshops/Events	178	258	201	181	115
4-H Club Members	936	1043	1043	686	591
Non-Club Youth Involved (Short-Term)	3,886	4,119	4,145	3,331	1,088
Active Master Gardeners	148	156	155	145	173
Food Safety Participants Trained	1027	1678	1773	1039	1572
Number of Grants Administered	9	10	9	5	5
Leadership Training Participants	170	343	346	422	417

*N/A - Information is Not Available at this Time*

Concluded

**LAPEER COUNTY, MICHIGAN**

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

**(UNAUDITED)**

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

Source: Lapeer County Finance Department

\* In 2009 Printers was changed to Network Printers and Copiers

## **LAPEER COUNTY, MICHIGAN**

### **DESCRIPTION OF INSURANCE COVERAGE IN FORCE DECEMBER 31, 2009 (UNAUDITED)**

Lapeer County became a member of the Michigan Municipal Risk Management Authority in 1985. The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations. This program covers the Public Officials Surety Bond and Faithful Performance as well as General Liability, Law Enforcement Officers, Business Auto, Building and Contents, Boiler and Machinery, Errors and Omissions, and Umbrella Coverage. The total amount of liability coverage for the County amounts to \$15,000,000. The County's total contribution for 2009 is approximately \$ 448,687 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 2009 is \$116,375. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2009 is \$1,047,764.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2009 is \$31,923. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2009 is \$184,783.

# **LAPEER COUNTY, MICHIGAN**

## **OTHER STATISTICS DECEMBER 31, 2009 (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 and the Interstate.

**LAPEER COUNTY, MICHIGAN**

**SUPPLEMENTARY INFORMATION TO  
BASIC FINANCIAL STATEMENTS**

**(FEDERAL AWARDS)**

**FOR THE YEAR ENDED DECEMBER 31, 2009**



# LAPEER COUNTY, MICHIGAN

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**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Commissioners  
of Lapeer County  
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan, as of and for the year ended December 31, 2009, 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Lapeer County, Michigan's basic financial statements. The Schedule of Expenditures of Federal Awards presented on Pages 6 through 9 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations and is not a required part of the basic financial statements. The information in this schedule has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stewart, Beauvais & Whipple*

Certified Public Accountants

June 25, 2010

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
of Lapeer County  
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon, dated June 25, 2010. 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.

**Internal Control over Financing Reporting**

In planning and performing our audit, we considered the County of Lapeer, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, which are referenced as 09-01 through 09-04.

## Compliance and Other Matters

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

We noted certain matters that we reported to management and those in charge of governance of Lapeer County, Michigan in the Audit Communication Letter dated June 25, 2010.

Lapeer County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Lapeer County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County of Lapeer, Michigan, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

June 25, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners  
of Lapeer County  
Lapeer, Michigan

**Compliance**

We have audited the compliance of the County of Lapeer, Michigan, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The County of Lapeer, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Lapeer, Michigan's management. Our responsibility is to express an opinion on the County of Lapeer, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Lapeer, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Lapeer, Michigan's compliance with those requirements.

In our opinion, the County of Lapeer, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

**Internal Control Over Compliance**

The management of the County of Lapeer, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Lapeer, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lapeer County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County of Lapeer, Michigan, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

June 25, 2010

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
<u>Passed Through the Michigan Department of Community Health:</u>			
Special Supplemental Food Program for Women, Infants, and Children - WIC	10.557	XX4W1006	\$ 263,013
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>263,013</b>
<b><u>U.S. DEPARTMENT OF COMMERCE:</u></b>			
<u>Passed Through the Michigan Department of State Police</u>			
Public Safety Interoperable Communications Grant	11.555	N/A	8,789
<b>Total U.S. DEPARTMENT OF COMMERCE</b>			<b>8,789</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>			
<u>Passed Through Michigan Jobs Commission:</u>			
Community Development Block Grant/ Small Cities Program - Housing Rehabilitation	14.228	MSC 07-0751-HOA	191,971
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>191,971</b>
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>			
<u>Direct Programs</u>			
State Criminal Alien Assistance Program- Jail Feeding Prisoners	16.606	N/A	6,510
Bulletproof Vest Partnership Program	16.607	N/A	7,373
Total Direct Program			13,883
<u>Passed Through The Michigan Department of State Police:</u>			
Edward Byrne Memorial Justice Assistance Grant Program- Thumb Narcotics Unit	16.738	70898-8-08-B	51,823
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>65,706</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<u>Passed Through The Michigan Department of State Police :</u>			
Youth Alcohol Enforcement Grant	20.301	N/A	17,212
State and Community Highway Safety - Drive Michigan Safely Task Force	20.600	N/A	42,970
Electronic Crash Capture Grant	20.610	N/A	29,907
Electronic Crash Capture Grant	20.703	N/A	3,303
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>93,392</b>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY:</u></b>			
<u>Passed Through The Michigan Department of Environmental Quality:</u>			
Capitalization Grant for Drinking Water State Revolving Fund - Arsenic Grant	66.468	N/A	\$ 750
Safe Drinking Water State Revolving Fund (a)		7191-01/7192-01	74,021
			<hr/> 74,771
Operators Certification	66.471	N/A	<hr/> 2,443
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<hr/> <b>77,214</b> <hr/>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>			
<u>Passed Through Lapeer County Intermediate School District:</u>			
Infants and Toddlers with Disabilities - Early on Program	84.181	N/A	<hr/> 141,021
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<hr/> <b>141,021</b> <hr/>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
<u>Passed Through - Valley Area Agency on Aging:</u>			
Special Programs for the Aging-Title III, Part D- Disease Prevention and Health Promotion Service	93.043	N/A	<hr/> 5,544
Special Programs for the Aging Cluster -			
Title III - Part B Grants for supportive services and senior centers-	93.044	LCHD-1-09	29,966
Title III - Part C - Nutrition Services Congregate/Home delivered -	93.045	N/A	97,626
Title III - Part B - Nutrition Services Incentive Program -	93.053	LCHD-1-09	80,372
ARRA - Special Programs for the Aging - Title III - Part C Nutrition Services			
Home Based -	93.705	N/A	6,313
Congregate -	93.707	N/A	<hr/> 12,823
Total for Special Program for Aging Cluster			<hr/> 227,100
Total Passed Through Valley Area Agency on Aging			<hr/> 232,644
<u>Passed Through the Michigan Department of Human Services:</u>			
Title IV B Subpart 2 -			
Family Preservation and Support Services			
Strong Families/Safe Children -	93.556		
Lapeer Family/Children's Coordinating Council		SFSC-09-44002	<hr/> 1,785

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Passed Through the Michigan Department of Human Services (cont'd):</u>			
Temporary Assistance to Needy Families -	93.558		
Family Focus		CAN-09-44001	\$ 24,052
Medical Incentive Payments		N/A	148,876
Lift Program		N/A	10,000
			<u>182,928</u>
Child Support Enforcement			
Title IV D -	93.563		
Cooperative Reimbursement (a)		CS/COMB-08&09	889,135
			<u>1,073,848</u>
<u>Passed Through Lapeer County Intermediate School District:</u>			
Temporary Assistance to Needy Families -	93.558		
Michigan Works		N/A	29,555
<u>Passed Through Michigan Department of Community Health:</u>			
Childhood Immunization Grants -	93.268		
Immunization IAP		H23 CCH522556	32,482
VFC Provider Site Visits		N/A	2,150
Vaccine Doses		N/A	223,217
Immunization Vaccine Handling		CPBC FY09	25,979
Medicaid Immunization IAP		N/A	43,934
VFC Nurse Education		N/A	1,500
			<u>329,262</u>
Centers for Disease Control - Investigations and Technical Assistance			
Public Health Emergency Preparedness -	93.069		
Bioterrorism Grant		N/A	10,848
Centers for Disease Control - Investigations and Technical Assistance			
Public Health Emergency Preparedness -	93.283		
Chronic Disease-Obesity		CPBC FY09	3,647
Bioterrorism Grant		CPBC FY09	167,841
			<u>171,488</u>
MI - Child	93.767	N/A	41,041
Medical Assistance Program Title XIX-	93.778		
Screening and Annual Project Review		N/A	12,057
CSHCS Outreach & Advocacy		N/A	10,022
			<u>22,079</u>

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Passed Through Michigan Department of Community Health (cont'd):</u>			
Block Grants for Community Mental Health Services -	93.958		
Integrating Health Care		09B1MICMHS	\$ 72,776
Infant/Young Child		09B1MICMHS	23,602
Drop-In Center Enhancements		09B1MICMHS	6,854
Long-term Housing Assistance		09B1MICMHS	28,421
Consumer Leadership Institute		09B1MICMHS	12,750
Older Adult Services		09B1MICMHS	19,416
Wraparound Services		09B1MICMHS	77,889
Homeless Services for People with COD		09B1MICMHS	27,202
System of Care Planning		09B1MICMHS	13,268
			<u>282,178</u>
 Maternal and Child Health Services			
Block Grant -	93.994		
Maternal and Child Health Service Block GRT STS		B1MIMCHS	37,913
Maternal and Child Health Services		B1MIMCHS	10,701
			<u>48,614</u>
 Total Passed Through Michigan Department of Community Health			<u>905,510</u>
 Block Grants for Prevention and Treatment of Substance Abuse -	93.959		
Treatment, Prevention and Women's Treatment		N/A	145,140
 <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><b>2,386,697</b></u>
 <b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<u>Passed Through The Michigan 3rd District Regional - Homeland Security Planning Board:</u>			
Emergency Management Performance Grant	97.042	N/A	18,873
Homeland Security Grants	97.067	N/A	37,287
 <u>Passed Through The Michigan Department of State Police:</u>			
State Homeland Security Grant- Marine Safety	97.067	N/A	16,147
 <b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u><b>72,307</b></u>
 <b>Total Federal Awards</b>			<u><b>\$ 3,300,110</b></u>

See Notes to Schedule of Expenditures of Federal Awards

**LAPEER COUNTY, MICHIGAN**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Lapeer and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE:**

Reimbursements of these contracts are not funded 100% by the Federal Government. The expenditures reported on the Schedule of Expenditures of Federal Awards represent the federal portion of the respective reimbursements and are a percentage of total contract expenditures as summarized below:

Program	CFDA Number	Percent
Coop. Reimbursement	93.563	66.00
MiChild	93.767	72.19
Medical Assistance Program Title XIX		
Screening and Annual Project Review	93.778	75.70
Block Grants for Prevention & Treatment of Substance Abuse - Prevention and Treatment	93.959	80.00

**NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

The following schedule reconciles the intergovernmental revenues reported in the December 31, 2009 basic financial statements for the primary government and the intergovernmental revenues reported in the various component units 2009 financial statements to the expenditures of the County administered federal programs reported on the Schedule of Expenditures of Federal Awards.

	Major Funds	Non-major Funds	Discretely Presented Component Units	Total
Balance per Financial Statements - Governmental Funds -				
Intergovernmental revenue	\$ 3,327,105	\$ 4,308,070	\$ -	\$ 7,635,175
Grants and Contributions	-	-	8,161,623	8,161,623
Less:				
State and Local -				
Intergovernmental revenue	( 2,795,157)	( 1,613,929)	-	( 4,409,086)
Grants and Contributions	-	-	( 8,161,623)	( 8,161,623)
Add:				
Federal portion of Note proceeds	-	-	74,021	74,021
Federal Award Expenditures	\$ 531,948	\$ 2,694,141	\$ 74,021	\$ 3,300,110

**LAPEER COUNTY, MICHIGAN**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) AWARD  
EXPENDITURES:**

The following is a summary of ARRA Award Expenditures as reported in the Statement of Expenditures of Federal Awards:

CFDA #93.705	Aging Home Delivery Nutrition Services	\$	6,313
CFDA # 93.707	Aging Congregate Nutrition Services		<u>12,823</u>
			<u>\$ 19,136</u>

**NOTE 5 - DRINKING WATER REVOLVING FUND:**

The Michigan Municipal Bond Authority provides loan proceeds through the Federal Program – Capitalization Grants for Drinking Water State Revolving Funds. As a result, bond proceeds received by the Lapeer County Board of Public Works have been partially funded by federal dollars. Information (both federal and state portions) for projects that have outstanding loan balances at December 31, 2009 is as follows:

	Project		
	# 7042-01	# 7191-01	# 7192-01
Authorized	<u>\$ 1,021,207</u>	<u>\$ 694,868</u>	<u>\$ 2,090,000</u>
Balance 12/31/09	<u>\$ 566,507</u>	<u>\$ 634,868</u>	<u>\$ 1,947,694</u>
2009 Activity			
Proceeds	\$ -	\$ -	\$ 75,308
Expenditures			
Capital Outlay	-	-	-
Debt Service			
Principal	45,000	30,000	85,000
Interest and Fiscal			
Charges	14,725	14,097	41,810

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Section I – Summary Of Auditor’s Results:**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal controls over financial reporting:  
 Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:  
 Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified not considered to be material weaknesses?  yes  none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A – 133, Section 510(a)?  yes  no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA #10.557	Supplemental Nutrition Program for Women, Infant and Children
CFDA #93.044, 93.045, 93.053, ARRA 93.705 and 93.707	Special Programs for the Aging Cluster (Including ARRA)
CFDA #93.283	Bioterrorism
CFDA #93.558	Temporary Assistance for Needy Families (T.A.N.F.)
CFDA #93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**LAPEER COUNTY, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Section II – Financial Statement Findings:**

The following findings are considered to be significant deficiencies in internal control over financial reporting that are also considered to be material weaknesses. Except for 09-03, the findings were also reported in the prior year.

**09-01**

**Program – This Financial Statement Finding did not have an effect on Federal Awards**

**Condition:** The recording of material journal entries prior to year end closing and preparation of the Comprehensive Annual Financial Report.

**Criteria:** Statement on Auditing Standards No. 115, “Communicating Internal Control Related Matters Identified in the Audit,” superseded statement No. 112, which implementation was first effective for your year ended December 31, 2006. However, both SAS 115 and 112 specify that if material audit adjustments are required to be proposed, the entity has a material deficiency in internal control over financial reporting.

**Cause:** The County having limited personnel due to budget cuts has placed time restraints on the accounting office along with departments not taking responsibility for initiating journal entries has resulted in material audit adjustments being proposed.

**Effect:** There is more than a remote likelihood that a misstatement in the Comprehensive Annual Financial Report that is material would not be prevented or detected by Lapeer County’s internal control.

**Recommendation:** Departments should be held more responsible for initiating required journal entries through preparing the entry or, at a minimum, providing the finance department with required information. This communication process should be coordinated to also provide the entry on a timelier basis throughout the year.

**View of responsible officials and planned corrective action:** Departments have been becoming more involved with initiating required journal entries and particularly now that the drain and treasurer’s department are becoming more involved will reduce the risk of adjusting entries not being recorded.

**09-02**

**Program – This Financial Statement Finding did not have an effect on Federal Awards**

**Condition:** Lapeer County did not have an individual to review the Comprehensive Annual Financial Report to determine if it was presented in accordance with generally accepted accounting principles and presentation requirements of the Government Finance Association.

**Criteria:** Statement on Auditing Standard No. 115 “Communicating Internal Control Related Matters Identified in an Audit” superseded statement No. 112, which implementation was first effective for your year ended December 31, 2006. However, both SAS 115 and 112 specifies that if an entity does not have individuals on staff that can draft or review the financial statements to assure that they are accurate and reported in accordance with Generally Accepted Accounting Principles, than the entity has a significant deficiency in internal control over reporting.

**Cause:** Lapeer County not having the time or resources has the auditor draft the basic financial statement of the CAFR along with the notes and supplementary information. The County has someone on staff to review the CAFR for financial accuracy; however, does not have someone on staff currently prepared to review the CAFR and determine that it is a complete presentation in accordance with Generally Accepted Accounting Principles.

**Effect:** There is more than a remote likelihood that a misstatement in the Comprehensive Annual Financial Report that is material would not be prevented or detected by Lapeer County’s internal control.

**Recommendation:** Even though the financial statements are reviewed by Lapeer County personnel and the transmittal letter and analysis is completed by management, Lapeer County should increase responsibility for the review of the total comprehensive financial statement.

**View of responsible officials and corrective action:** It has been evaluated and determined that it is more efficient and cost effective to have the auditor draft the financial statements. However, we recognize that Lapeer County Management is responsible for the Comprehensive Annual Financial Report and will increase our involvement and review process.

#### **09-03**

**Program – This Financial Statement Finding could have an effect of the reporting of major federal programs and other federal programs reporting in the Schedule of Expenditures of Federal Awards.**

**Condition:** The County has implemented procedures to accumulate the required information to be reported in the Schedule of Expenditures of Federal Awards. However, for the year ended December 31, 2009, several of the required information components were not available at the time of audit.

**Criteria:** The Schedule of Expenditures of Federal Awards is considered an element of external financial reporting that under SAS 115 requirements an also is used by granting and/or flow through grantors to monitor federal awards. As a result correct reporting is a substantial requirement of federal awards.

**Cause:** The County, having limited personnel due to budget cuts, has placed time restraints on the accounting office to be able to monitor the various departments receiving federal funds. This has even become more difficult in 2009 with the granting of American Recover and Reinvestment Act (ARRA) funds having additional reporting requirements.

**Effect:** There is more than a remote likelihood that a federal award could be reported incorrectly and possibly even omitted from the Schedule of Expenditures of Federal Awards.

**Recommendation:** Departments should become more responsible for documenting grant activity for the year to be reported on the SEFA. We recommend that each department provide the information required for the SEFA (Federal Agency, pass through entity, federal program name and CFDA number, state name for program and pass through number, grant award and actual grant expenditures) in a summary form for the entire year.

**View of responsible officials and planned corrective action:** As an extension of our current monitoring, the County accounting office will provide all departments with a form presenting the required information to be provided for the year. The accounting department will request supporting documentation for grant monies and identification numbers, along with general ledger revenue and expenditure account numbers.

**09-04**

**Program – This Financial Statement Finding did not have an effect on all Federal Programs**

**Condition:** Checking (common) has not been reconciled to the general ledger on a timely basis.

**Criteria:** The State of Michigan Department of Treasury emphasizes that timely bank reconciliations are a part of good internal control and requires that auditors answer on the audit procedures report that accompanies the annual financial report to the Michigan Department of Treasury, whether bank reconciliations are completed on a timely basis. The audit procedures report form instructions provide guidance that timely bank reconciliations are those completed within six weeks from the end of a particular month.

**Cause:** Due to limited staff and related time restraints, bank reconciliations were performed; however, noted differences were not followed up on in a timely manner.

**Effect:** Cash errors, intentional or otherwise, cannot be detected in a timely manner. This could result in more than a remote likelihood that an error could exist and not be prevented or detected by Lapeer County's internal control.

**Recommendation:** The County is aware of the condition with the cash checking reconciliations not being on time and should place priority on follow-up on differences noted each month so that timely adjustments may be recorded. To accomplish these recommendations we suggest the implementation of the following:

- Expand interdepartmental communication with Medical Care Facility.
- Designate an individual different from preparer to periodically review and approve bank reconciliations.
- Report periodically any discrepancies to responsible officials and assign an independent individual to investigate such discrepancies.
- Follow-up on old outstanding checks and determine if escheating to the State of Michigan is required.
- Include a summary of bank reconciliations for finance committee meetings to assure that bank reconciliations are timely reconciled to General Ledger.

**View of responsible officials and planned corrective actions:** Management recognizes that timely bank reconciliations along with recording of corrections for 2010 have placed an emphasis on timeliness.

**To: Federal Grantors and Flow-Through Agencies**

**From: John Biscoe, Administrator/Controller**

**Response: Single Audit Findings for 2008 Follow-up**

**Date: June 25, 2010**

The following responses are similar to those provided for the 2007 findings since they were not fully implemented in 2009. However, our intent is to implement in 2010 those which we believe are cost effective to the County.

**08-01**

The recording of material journal entries prior to year-end closing and the preparation of the Comprehensive Annual Financial Report.

We are coordinating with our department heads to better communicate required journal entries in a timelier manner throughout the year. This directly coincided with more timely reconciliation and correction of accounts in each department. In 2009 we worked on improving in this area and now are being provided more support, particularly by two key departments to reduce material journal entries at year-end. We believe there was a reduction in required journal entries at the December 31, 2009 year end. We anticipate this comment being eliminated in 2010.

**08-02**

Review of Comprehensive Annual Financial Report

We have always reviewed the financial information; however, as a result of Statement of Auditing Standards No. 115, will expand our review to GAAP presentation. Due to limited staff and current knowledge of GAAP, we do not foresee this comment being omitted for 2010. However, we do anticipate increased controls over reporting based on an increased effort of the review policies and improvement in the recording of year-end adjusting entries.

**08-03**

Bank Reconciliations for Common Checking Account

Reconciliations were performed in 2009 for the various checking accounts; however, due to limited personnel and time restraints, appropriate follow-up to required adjustments was not performed and thus the adjustments were not made throughout the year. We improve on 2008 in 2009 and in 2010 with assistance from the treasurer's department we intend to have timely reconciliation of the common checking accounts.

## AUDIT COMMUNICATION LETTER

June 25, 2010

To the Board of Commissioners  
of Lapeer County  
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County for the year ended December 31, 2009, which collectively comprise Lapeer County, Michigan's basic financial statements, and have issued our report thereon dated June 25, 2010. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 11, 2009. Professional standards also require that we communicate to you the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Lapeer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Lapeer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Lapeer County's compliance with those requirements.

## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lapeer County are described in Note 1 to the financial statements. We noted no transaction entered into by Lapeer County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the taxes receivable at December 31, which is based on the taxable value received from the equalization department.

Management's estimate for depreciation, which is based on historical data and estimated useful lives.

Management's estimate of uncollectible accounts receivable. Uncollectible accounts receivable is based on prior years' experience and management's analysis of possible bad debts.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

The disclosure of the custodial credit risk of deposits in Note 3 of the financial statements indicates the County holds \$32,350,137 of total deposits of which \$23,380,602 is insured, with the remaining \$9,757,887 uninsured/uncollateralized, is particularly sensitive to the financial statement users given the risk of a bank failure, the County's deposit may not be returned.

The disclosure of prior period adjustments to the government-wide financial statements record the long-term portion of accrued vacation time vested at December 31, 2008 of \$640,434 and to recognize the receivable for \$1,055,597 on deferred CDBG loans.

### *Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial both individually and in the aggregate to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management (we also proposed and management corrected a number of immaterial and closing entries):

- To balance drain funds for special assessments and payables.
- To reclassify revenue to deferred.
- To adjust cash to actual.
- To record Homeland Security federal grants.
- To record Accrued Claims Liability.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 25, 2010.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Finding or Issues*

In addition to the Report on Internal Control we noted a few other items that, although are not considered material weaknesses/significant deficiencies, could improve controls, the operational efficiency and/or compliance with laws and regulations. These items are discussed in Attachment A.

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

This information is intended solely for the use of the County Board of Commissioners and management of Lapeer County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Stewart, Beauvais & Whipple*

## ATTACHMENT A

The following items that we discussed with management are not considered significant deficiencies; however, are items that could improve controls, the operational efficiency of the accounting department and/or compliance with laws and regulations:

### **Cash Receipting**

The County has a decentralized cash receipting function where each major department of the County has its own cash receipting procedures. We noted during our audit procedures that deposits with treasurer's department could improve the controls over cash collection as follows:

Certain deposits lacked supporting documents for verification of cash received by other departments such as register tapes or tally total receipts.

Sheriff's department does not have proper procedures to reconcile inmate funds to the bank statement.

As a result of conditions described in regards to the departments' receipting procedures, the County is at risk that errors and misstatements could occur that would not be prevented or detected.

We recommend that you continue your process of increasing controls over receipting by the various departments at the County.

### **Time Sheets and Documentation**

During our tests of payroll function, we noted that not all time sheets are signed by employees, particularly for Sheriff Department and E-911 employees. Signatures are considered a significant control for time verification. In absence of such verification, the County is at risk.

We recommend that all time sheets need to be signed by employees and their supervisor.

### **Formal Accounting Policies and Procedures**

To help eliminate misunderstanding and to increase internal accounting controls, certain accounting policies should be written and/or updated and be formally approved by the Board. We believe these policies and procedures are important.

We recommend that the following policies be documented in writing or updated:

- Electronic Fund Transfer (EFT)
- Investment Policy
- Personnel Use of County owned vehicles

### **Drain Commissioner:**

#### **General Ledger Account Balance for Drainage District's Funds**

During the audit of the special assessments receivables for the Drainage Districts we noted an inconsistency in the recording of collections in the appropriate funds. In most instances even if the receivable was recorded in a Debt Service Fund the collection was reported in the 801 Fund.

This made it difficult to determine the correct special assessment receivable balance per the general ledger to compare to detail special assessment listings.

We recommend that the special assessment receivable balances per the general ledger be reconciled monthly to the detail. This will be facilitated by recording collections in the appropriate fund.

## COMPLIANCE ISSUES

### **Budget Amendments**

As indicated in the Notes to Financial Statements, the County of Lapeer has not complied with certain provisions of Public Act 621 of 1978, as amended. 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. The Act requires the Board of Commissioners to make budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year ended December 31, 2009 the County (primary government) incurred expenditures in excess of appropriations for five (5) activities of the General Fund and had excess expenditures over appropriations in the six (6) budgeted special revenue funds.

We recommend that the current monitoring process of comparing actual expenditures to the budget be enhanced.

### **Negative Cash**

The use of a common checking account allows for the County to issue checks on a fund when the amount is not available in the funds portion of the common checking account. This occurs because the cash of the fund is in another cash or investment account.

The transaction results in negative cash, which is not a bank overdraft because cash in total is positive. However, the Michigan Department of Treasury considers this to be interfund borrowing, which may or may not be legal based on the fund type.

In order to not report negative cash on the various funds' balance sheets in the CAFR, we propose an entry to report interfund receivable/payables that we believe meet the Michigan Department of Treasury legal requirements. The entry for December 31, 2009 totaled \$3,014,839.

We recommend that the County monitor these negative balances more closely so that large entries are not required to be recorded at year-end.

To assist in the monitoring, Lapeer County should implement procedures at the department level to provide a periodic report with explanations of variances with support data.

### **Medical Care Facility Expenditures**

As noted during the audit there were several instances that the Medical Care Facility purchased Christmas gift cards and provided an Employee Recognition party for its employees. It is our understanding that the Michigan Compiled Laws do not allow these types of expenditures for governmental units.

### **Bank accounts listed under County employer identification number should be evaluated.**

During the audit it was noted that four bank accounts are not recorded on the general ledger of the County totaling \$21,086. We recommend that these accounts be taken out of the County EIN number.