

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**LAPEER COUNTY, MICHIGAN**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**BOARD OF COMMISSIONERS**

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Cheryl Clark, Vice Chairperson  
Dyle Henning  
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Dave Eady  
Linda M. Jarvis  
C. Ian Kempf**

**ISSUED BY:  
COUNTY ADMINISTRATION OFFICE**

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

# LAPEER COUNTY, MICHIGAN

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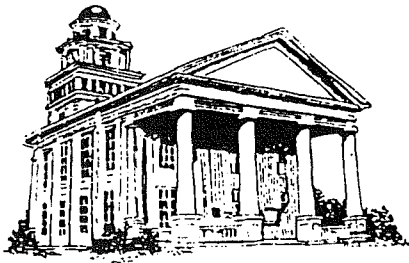
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MICHIGAN'S OLDEST COURTHOUSE

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June 12, 2013

*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, 2012, 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 Position and a Statement of Activities are 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, 2012, 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 unmodified opinion that Lapeer County's financial statements for the year ended December 31, 2012, 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, Talmer, Citizens First, PNC, Tri-County Bank, Independent Bank, Oxford Bank, and four credit unions also offer financial services to residents

The taxable value of property was \$2,603,370,271 compared to \$2,718,077,592 in 2011, a decrease of approximately 4.2%. During the same period, S.E.V. decreased from \$3,096,596,777 to \$2,910,657,961 down approximately 6.0%. The tax levy of 3.7886 remained the same from the prior year for general County operations. In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County.

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County population in 2010 was 88,319 compared to the 2000 Census total of 87,904. While the County experienced a slight increase over the decade, the estimated peak population of 92,240 occurred in 2005. The estimated 2012 population of 88,173 is still lower than 2010.

The real estate market throughout the County continued to reflect the effects of the economic downturn. The average residential selling price in 2012 was \$111,823, up from \$102,176 in 2011, based on data from Realcomp II Ltd., and continues to lag below the 2008 average of \$127,403.

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

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 2012, LDC assisted in the creation/retention of 151 jobs, and \$3.9 million of investment value occurring as a result of the efforts of the Corporation. Since its inception in 1981, the LDC has brought a private sector investment of \$592,071,596 into the County and has assisted with the creation/retention of 7,825 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.

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

In addition to private nursing home facilities throughout the County, the County Medical Care Facility provides another 202 beds with a staff of 3 doctors and approximately 300 employees.

The Lapeer Community Foundation continues to perform a vital role in the community. Since beginning as a fund of the Community Foundation of Flint in 1996, the Foundation's assets have grown to \$8,074,000 with approximately \$565,450 awarded in scholarships and grants to non-profit groups, educational and government institutions in 2012. The Foundation, which became independent in 2005, also manages 59 funds for various local 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 sixteenth year of operation in August. Located in the City of Lapeer, the school has an enrollment of 295 elementary students.

Mott Community College maintains a campus site in the City of Lapeer. Significant improvement has been made to accommodate additional parking at the facility and the College continues to modify classroom space and enhance the use of technology.

The Lapeer District Library with seven 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.



All 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 6 EMS organizations. The Emergency Operations Center located in the facility, is the hub for communication and coordination in the event of a natural or man made disaster, providing inter operative communications for all responding departments.

The Center functions as a single point of presence, connecting via fiber-optics lines for various state agencies (DHS, MSP, LEIN, DOC) and county departments, with one outgoing fiber-optic line to Lansing. This collaborative arrangement is cost effective for all participating agencies.

## **ORGANIZATION STRUCTURE**

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

The Judicial System within the County operates under the direction of the State Supreme Court. Two Judges are elected at large in the 71-A District Court for six-year terms, one Judge is elected at large for a six-year term in the Probate Court, and two Judges are elected at large for six-year terms in the 40th Judicial Circuit Court. The Supreme Court selects a Judge to serve as the Chief Judge of the Courts. 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 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, 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 Veterans Affairs Board, the Health Board, the 911 Authority, the Historical Courthouse Committee, the Community Mental Health Board, the Community Corrections Board, and the Local Emergency Planning Committee.

## **FINANCIAL PRACTICES**

### **Factors Affecting Financial Condition**

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

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

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

The transfer to the General Fund from the RSRF was indexed to the FY 2003/2004 state payment of \$1,432,407 with annual consumer price index adjustment as allowed by PA 356. In 2010, the balance of this fund (\$1,625,587) was transferred and \$534,104 of State Revenue Sharing was received. In 2012, State Revenue Sharing posted by the County was \$1,277,462, down from the 2011 amount of \$1,550,117, and \$497,209 lower than 2001.

Fiscal year 2012 also resulted in new requirements from the State in order to receive full revenue sharing payments. With the adoptions of the "County Incentive Program," each County was required to implement: 1) Accountability and Transparency Requirements; 2) Consolidation of Services Requirement; and 3) Employee Compensation Requirements. Pursuant to PA 200 of 2012, the County submitted each compliance document to the Michigan Department of Treasury and posted each document as required on the County's publicly accessible website.

Growth in the tax base through 2008 produced an incremental annual increase in property tax revenue. While not offsetting other lost or reduced revenue, the expansion of taxable value, even with the required rollback in the tax rate, had provided some restrained capacity to meet the growing demands on the general fund budget. As originally noted in the 2008 CAFR, trends indicating that this growth had leveled along with the slowing of the State economy, and in fact may be declining were evident. The data from 2012 confirms the continued reduction in the growth of the property tax base and consequently, tax revenue. Furthermore, the continuing decrease in population, accelerated foreclosures and tax delinquencies, and a high level of unemployment are evidence of a changing economic base. Consequently, the declining revenue forecasts necessitate the need for corresponding expenditure reductions to maintain fiscal stability into the future. In 2012, \$9,488,760 was received in property tax for general fund operations as compared to \$9,729,526 the prior year.

Local Tax Increment Finance Authorities (TIFA's) and Downtown Development Authorities (DDA's) created by local units of governments capture revenues that otherwise would be available for use in the county general fund. The apparent revenue produced for the general fund by multiplying the taxable value of property by the adopted tax rate was reduced by approximately \$600,000 that was "captured" by local government TIFA's and DDA's in 2012. It should be noted that \$214,622 that was considered "excess revenue" was returned to the County in FY 2012 from the City of Lapeer. These funds were directed to the multi-year capital budget.

While progress is being made in the overall stability of the State budget, Michigan continues to face cyclical and structural budget problems that create a perplexing dilemma at the County level of government. With uncertainty of funding for court equity, diverted felon, community corrections, revenue sharing, public health programs, and other functions supported by restricted State revenue, and the timing of 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 personnel management.

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

### **Capital Improvement/Acquisitions**

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

The multi-year technology plan approved by the Board of Commissioners continued into 2012. 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

Work was completed installing an underground pipe from the County Administration Building to provide HVAC service to the Historical Court House. This cost effective approach will provide air conditioning to the historical site for the first time and will encourage increased use of the facility.

911 began the system improvements resulting from the successfully Bond initiative in 2012. 650 radios for fire, ems, and police personnel were purchased, with two additional tower sites constructed. The radio room at the Center was renovated and a Next Generation 911 telephone was installed for enhanced public service. Work will continue into 2013 to complete this major project.

### **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 on-going 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.

The City of Lapeer and the County initiated a trial snow plowing project around the downtown court complex area with City staff and equipment extending their plowing to include county sidewalks. With reduced grounds personal, this cost effective accommodation allowed County staff to concentrate on other County facilities.

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

## **Bond Rating**

The County of Lapeer is cognizant of the value of Bond ratings for the present and future development of infrastructure throughout the County. Standard and Poor's affirmed the AA/Stable rating for the county's existing GO debt in March of 2011. 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. The retention of an extremely low debt load remains a significant factor in the rating. Without a focused financial planning perspective, the cost to the citizens of the County to construct and/or improve public facilities and infrastructure may be significantly higher for any future debt issues.

## **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 funds 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 2012. 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. An expanded and enhanced capacity for digital record retention has been given increased importance as the system evolves.

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. A continued review of energy containment methods for all County facilities remains in effect.

The County in a major step for economic development, joined with St Clair, Genesee and Shiawassee County to form the I-69 International Trade Corridor Next Michigan Development Corporation. This initiative, in cooperation with the State was created to benefit from the commercial link I-69 provides from Canada to the Mid-West.

#### **AWARDS AND ACKNOWLEDGEMENTS:**

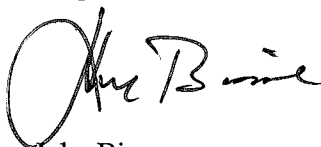
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lapeer County for its CAFR for the fiscal year ending December 31, 2011. The Certificate of Achievement is a prestigious national award that 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.

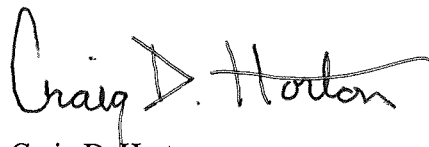
The Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to Certificate of Achievement Program requirements, and are submitting it to the GFOA to determine eligibility for recognition for FY 2012.

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

Respectfully submitted,



John Biscoe  
County Controller/Administrator



Craig D. Horton  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lapeer County  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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.



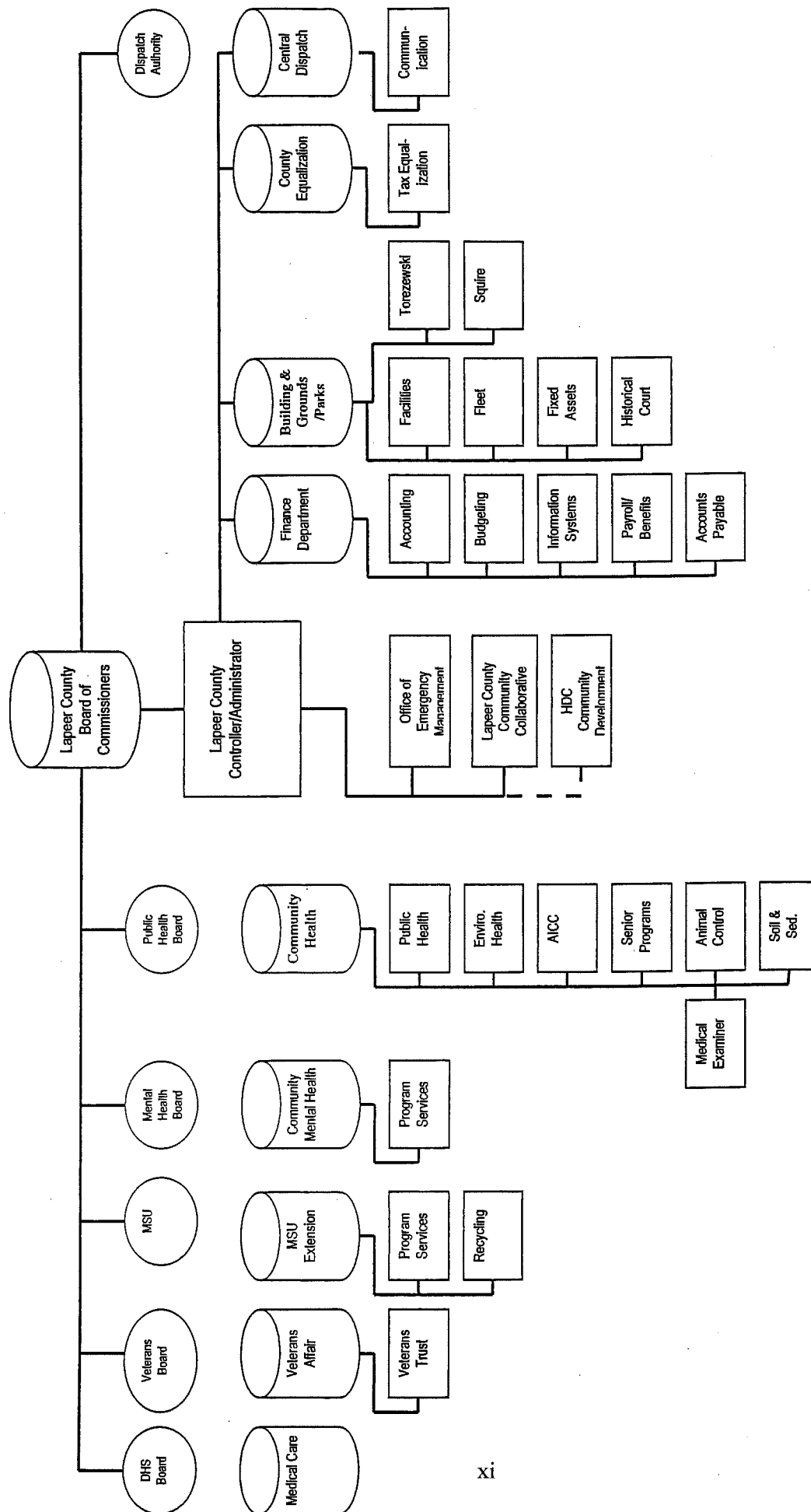
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President

*Jeffrey R. Emer*

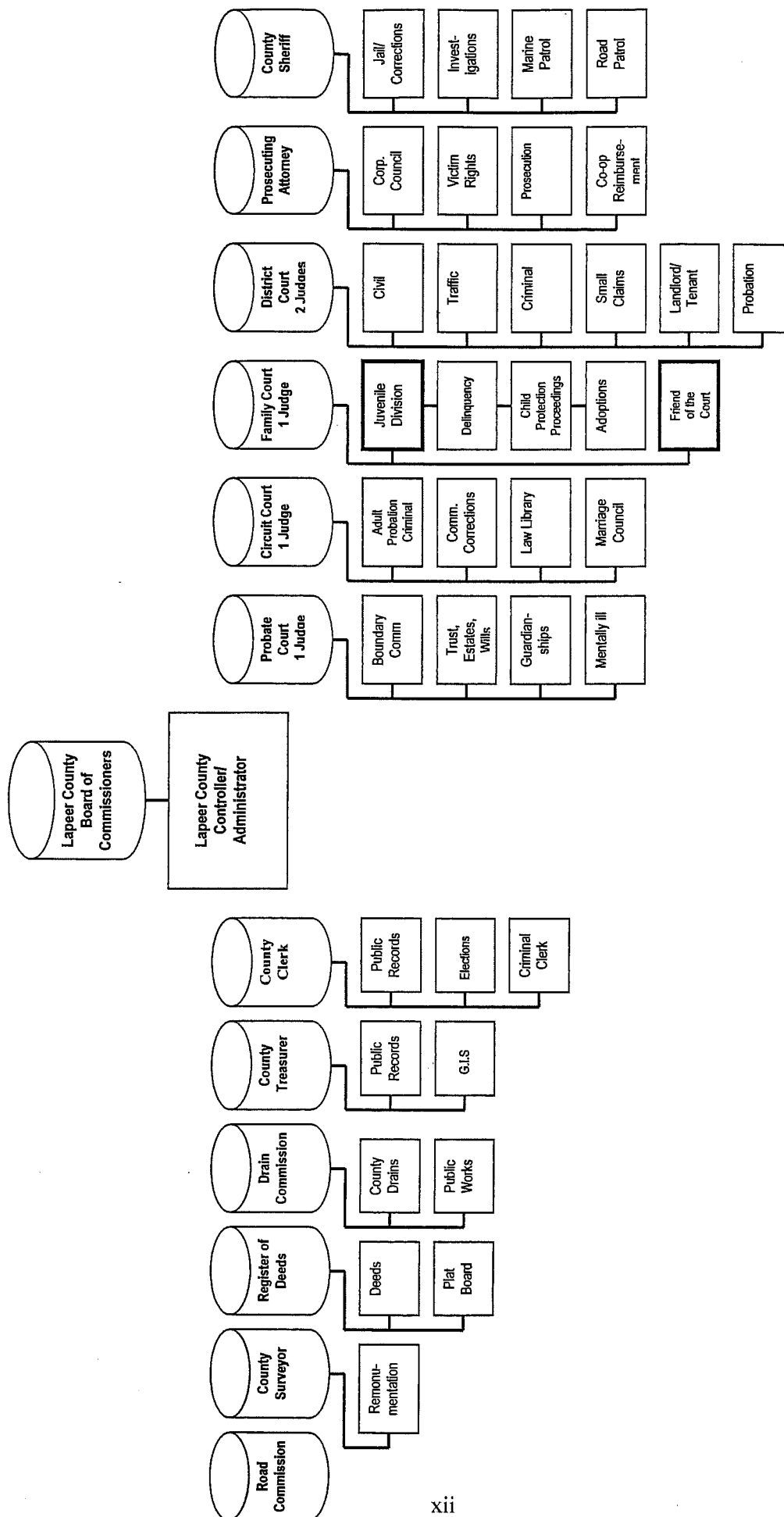
Executive Director

# LAPEER COUNTY APPOINTED ORGANIZATIONAL CHART





# LAPEER COUNTY ELECTORATE ORGANIZATIONAL CHART



# **LAPEER COUNTY, MICHIGAN**

## **BOARD OF COMMISSIONERS**

### **Chairperson**

Gary Roy

### **Vice Chairperson**

Cheryl Clark

### **Members**

Dyle Henning  
Lenny Schneider

Linda M. Jarvis

C. Ian Kempf  
Dave Eady

## **COURT JUDGES**

John T. Connolly  
District Court

Michael Higgins  
Family Court

Laura Cheger Barnard  
District Court

Nick O. Holowka  
Family Court

Justus Scott  
Family Court

## **COUNTY ELECTED OFFICIALS**

Dana M. Miller  
Treasurer

Ronald J. Kalanquin  
Sheriff

John Freeman  
Drain Commissioner

Theresa Spencer  
Clerk

Byron Konschuh  
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

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Lapeer County Land Bank Authority, which represents 0.1 percent, 0.1 percent, and 0.1 percent, respectively of the assets, net position, and revenues of the discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lapeer County Land Bank Authority is based solely on the report of the other auditor. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion based on our audit and the report of the other auditor, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-13 and 73-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***


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 combining General Fund schedules, combining and individual nonmajor fund statements and schedules, capital assets used in the operation of governmental funds schedules, combining and individual fund financial statements of the Board of Public Works and Drainage Districts discretely presented component units, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents and presented on pages 78-129 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 78-129 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013 on our consideration of Lapeer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lapeer County's internal control over financial reporting and compliance.

  
Certified Public Accountants

June 12, 2013

## 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, 2012. This analysis should be read in conjunction with the transmittal letter, beginning on page i of this report, and with the financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$80,391,564 (net position) at December 31, 2012. Of this amount \$37,047,153 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. Also included is \$11,372,331 of restricted net position restricted for specific purposes (specific millage funds, debt service, E-911, etc.) and \$31,972,080 represents net investment in capital assets.
- In total, Lapeer County primary government improved its financial position during fiscal year 2012.
- The total net position increased \$5,108,454 (\$2,193,099 governmental activities and \$2,915,355 business-type activities). This was primarily due to increases to the various charges for services.
- At December 31, 2012 the County's governmental funds reported a combined ending fund balance of \$22,224,066, a decrease of \$393,615. Approximately 24% of this amount (\$5,445,711) is available for spending at the government's discretion.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) Introductory Section, which includes the Transmittal Letter; 2) the Financial Section, which contains the Auditor's Report, the Management's Discussion and Analysis, the Basic Financial Statements (government-wide financial statements, fund financial statements, and notes to the financial statements), Required Supplementary Information, (budget to actual comparison for the general fund and major funds), additional Supplementary Information for combining general fund and 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 position presents information on all of the County's assets and liabilities with the difference between the two reported as net position. 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 position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leave.)

Both statements report the following activities:

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

*Business-type Activities* - These activities operate like private businesses. The County charges fees to recover the cost of the service provided. The business-type activities of the County include Medical Care Facility and Delinquent Tax.

*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 legally separate component units of the County include the Road Commission, Board of Public Works, Drainage Districts and the Land Bank Authority. Financial information for these component units is reported separately from the primary government.

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 where, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources available to meet expenses, as well as on balances of those resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. Included are the General Fund, Special Revenue funds, Debt Service funds, and Capital Project funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate this comparison between governmental fund financial statements and government-wide financial statements.

The County maintains 33 individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Mental Health, Community Development, E-911 Debt and E-911 Construction, all of which are considered major funds. Schedules for the combining General Fund-budgetary to GAAP basis presentation and data for the other 28 governmental funds that are combined into a single, aggregated column on the basic financial statements are provided as supplemental information. Individual fund data of the budgetary basis of the Local Reserve, Budget Stabilization, Emergency Disaster and Rental Properties funds and each of the non-major governmental funds are provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

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

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

Internal Service 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 benefit 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 funds are required to present a statement of cash flows, which is not required for the government-wide presentation. The proprietary fund financial statements provide separate information for the Delinquent Tax and Medical Care Facility, both of 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 fund column.

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

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds is the General Agency Fund. The County also has an OPEB trust fund within the fiduciary fund category. 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 page 28 and 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 - 72 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 73 - 77 of this report.

The combining statements referred to earlier in connection with the combining General Fund schedules, non-major governmental, internal service and fiduciary funds are presented immediately following the required supplementary information. These statements and schedules can be found on pages 78 - 112 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$80,391,564 at December 31, 2012.

Approximately 46%, or \$37,047,153 of the County's net position, is unrestricted and available for future obligations. Approximately 14%, of \$11,372,331, of the County's net position is restricted for specific purpose by external parties, constitutional provision or enabling legislation. Approximately 40%, or \$31,972,080 of net position represents our net investment in capital assets (e.g., land, buildings, machinery and equipment). 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 position of the County's governmental and business-type activities.

### Net Position of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 35,988,278	\$ 35,650,376	\$ 24,533,401	\$ 20,711,467	\$ 60,521,679	\$ 56,361,843
Capital Assets, net	<u>26,549,706</u>	<u>26,490,232</u>	<u>15,466,114</u>	<u>16,327,713</u>	<u>42,015,820</u>	<u>42,817,945</u>
<b>Total Assets</b>	<u>62,537,984</u>	<u>62,140,608</u>	<u>39,999,515</u>	<u>37,039,180</u>	<u>102,537,499</u>	<u>99,179,788</u>
Long-term Debt Outstanding	13,611,617	15,765,521	749,683	665,932	14,361,300	16,431,453
Other Liabilities	<u>6,379,747</u>	<u>6,021,566</u>	<u>1,404,888</u>	<u>1,443,659</u>	<u>7,784,635</u>	<u>7,465,225</u>
<b>Total Liabilities</b>	<u>19,991,364</u>	<u>21,787,087</u>	<u>2,154,571</u>	<u>2,109,591</u>	<u>22,145,935</u>	<u>23,896,678</u>
<b>Net Position:</b>						
Net investment in						
Capital Assets	16,505,966	15,527,553	15,466,114	16,327,713	31,972,080	31,855,266
Restricted	9,284,737	13,556,947	2,087,594	1,421,146	11,372,331	14,978,093
Unrestricted	<u>16,755,917</u>	<u>11,269,021</u>	<u>20,291,236</u>	<u>17,180,730</u>	<u>37,047,153</u>	<u>28,449,751</u>
<b>Total Net Position</b>	<u>\$ 42,546,620</u>	<u>\$ 40,353,521</u>	<u>\$ 37,844,944</u>	<u>\$ 34,929,589</u>	<u>\$ 80,391,564</u>	<u>\$ 75,283,110</u>

At the end of the fiscal year the County was able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The County's net position increased from \$75,283,110 to \$80,391,564 for a net change of Governmental and Business-type activities of \$5,108,454 from the prior year.

The 2011 columns have been restated to reflect the prior period adjustments discussed in Note 16 of the basic financial statements.



## Normal Impacts

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

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

**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 net investment in capital assets and an increase in related debt which will not change the net investment in capital assets category.

**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 position and increase net investment in capital assets.

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

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

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net position changed during 2012 and 2011.

### Changes in Net Position for Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 23,784,244	\$ 22,759,436	\$ 24,177,161	\$ 21,366,835	\$ 47,961,405	\$ 44,126,271
Operating grants and contributions	7,542,063	7,332,088	-	-	7,542,063	7,332,088
Capital Grants and contributions	122,323	137,046	-	-	122,323	137,046
General Revenue:						
Property taxes	13,874,170	13,680,318	863,590	909,353	14,737,760	14,589,671
Grants and contributions not restricted to specific programs	1,281,637	1,557,117	9,274	30,973	1,290,911	1,588,090
Other	213,681	404,060	20,040	28,142	233,721	432,202
<b>Total Revenue</b>	<b>46,818,118</b>	<b>45,870,065</b>	<b>25,070,065</b>	<b>22,335,303</b>	<b>71,888,183</b>	<b>68,205,368</b>

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Expenses:</b>						
Legislative	267,547	261,095	-	-	267,547	261,095
Judicial	4,858,563	4,785,333	-	-	4,858,563	4,785,333
General Government	5,651,341	6,006,053	-	-	5,651,341	6,006,053
Public Safety	10,312,058	9,789,747	-	-	10,312,058	9,789,747
Public Works	292,231	398,268	-	-	292,231	398,268
Health and Welfare	22,340,301	21,046,547	-	-	22,340,301	21,046,547
Recreation and Culture	426,620	422,204	-	-	426,620	422,204
Interest on Long-Term Debt	480,379	380,024	-	-	480,379	380,024
Medical Care Facility	-	-	21,664,598	21,726,473	21,664,598	21,726,473
Delinquent Tax	-	-	490,112	230,860	490,112	230,860
<b>Total Expenses</b>	<u>44,629,040</u>	<u>43,089,271</u>	<u>22,154,710</u>	<u>21,957,333</u>	<u>66,783,750</u>	<u>65,046,604</u>
Change in net assets before transfers	2,189,078	2,780,794	2,915,355	377,970	5,104,433	3,158,764
Transfers	<u>4,021</u>	<u>6,224</u>	<u>-</u>	<u>-</u>	<u>4,021</u>	<u>6,224</u>
Change in net position	2,193,099	2,787,018	2,915,355	377,970	5,108,454	3,164,988
Net position at beginning of year	<u>40,353,521</u>	<u>37,566,503</u>	<u>34,929,589</u>	<u>34,551,619</u>	<u>75,283,110</u>	<u>72,118,122</u>
Net position at end of year	<u>\$ 42,546,620</u>	<u>\$ 40,353,521</u>	<u>\$ 37,844,944</u>	<u>\$ 34,929,589</u>	<u>\$ 80,391,564</u>	<u>\$ 75,283,110</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 Board Approved Rates** - while certain tax rates are set by statute, the County Commissioners have significant authority to impose and periodically increase/decrease rates.

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

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

## **Expenses:**

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

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

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

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

## **Governmental Activities:**

The largest revenue source for governmental activities is the allocated operating property tax. The General Fund property tax rate remained at 3.7886 in 2012 as a result of the Headlee Amendment and the application of the base tax rate reduction fraction.

Although the taxable value of the property assessments decreased from \$2,717,825,167 in 2011 to \$2,603,187,846 in 2012 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 \$600,000 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, the second largest single source of general revenue, was \$1,277,462 and \$1,550,117 in 2012 and 2011, respectively.

### **Revenue by Source – Governmental Activities**

	<u>2012</u>	<u>2011</u>
Charges for services	\$ 23,784,244	\$ 22,759,436
Operating grants and contributions	7,542,063	7,332,088
Capital grants and contributions	122,323	137,046
Property taxes	13,874,170	13,680,318
Other general revenue sources	<u>1,495,318</u>	<u>1,961,177</u>
	<u>\$ 46,818,118</u>	<u>\$ 45,870,065</u>

In total, fiscal year 2012 governmental activity revenue increased by \$948,053, charges for services increased by \$1,024,808 and property taxes increased by \$193,852 while other general revenue sources decreased by \$465,859. A significant portion of the increase of charges for services was attributable to Community Mental Health due to an increase in mental health services provided to consumers. The slight increase in property taxes was due the senior millage fund new tax levy in current year. The decrease in the other revenues and sources was due mostly to a decrease in state shared revenue from prior year.

**Business-type Activities:**

Business-type activities increased the County's net position by \$2,915,355.

**Revenue by Source – Business-Type Activities**

	<u>2012</u>	<u>2011</u>
Charges for services	\$ 22,467,912	\$ 20,138,131
Interest on taxes	1,405,226	907,192
Fees and penalties on delinquent taxes	249,766	266,135
Other operating revenues	53,346	54,126
Property taxes	863,590	909,353
Donations	9,274	30,973
Interest on investments	20,040	28,142
Gain on sale of assets	<u>911</u>	<u>1,251</u>
	<u>\$ 25,070,065</u>	<u>\$ 22,335,303</u>

In total, fiscal year 2012 business-type activity revenue increased by \$2,734,762. The increase was due to increased charges for services and increase collection of interest on delinquent taxes.

**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 spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned 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, 2012, the County's governmental funds reported combined ending fund balances of \$22,224,066, an increase of \$393,615 in comparison to the prior year. Nonspendable fund balance is \$273,596 consisting of inventory, prepayments and advances. Restricted fund balance is \$9,758,407. Committed fund balance is \$6,746,352 and unassigned fund balance is \$5,445,711.

The General Fund is the chief operating fund of the County. At December 31, 2012 the General Fund reported an ending fund balance of \$11,942,042 with \$5,445,711 of that amount unassigned. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 30% of the total general fund expenditures and transfers, while total fund balance represents 67% of total general fund expenditures and transfers.

During the fiscal year 2012 there were no significant budget amendments approved for general fund revenues or expenditures. The 2012 final budget of the general fund had projected revenues of \$17,473,020 and transfers in of \$7,000 with expenditures of \$16,791,133 and transfers out of \$2,183,455. The final budget anticipated expenditures over revenues of \$1,494,568 or approximately 8% of combined expenditures and transfers out. There were no significant budget variances for general fund revenues or expenditures.

The second major governmental fund is the Community Mental Health. At December 31, 2012 Community Mental Health reported a fund balance of \$1,698,926. Fund balance increased \$252,319 over the prior year. The increase was due to the increase in demand for mental health services.

The third major governmental fund is the E-911 Debt. At December 31, 2012 the E-911 Debt reported a fund balance of \$1,403,143. Fund balance decreased by \$426,376 over the prior fiscal year. The decrease was due to the principal and interest payments on debt exceeding the property tax collections and earnings.

The fourth major governmental fund is the Community Development. At December 31, 2012 the Community Development reported a fund balance of \$15,249. Fund balance decreased \$4,868 over the prior year. The decrease was due to an operation shortfall of the Community Development Block Grant activity.

The last major governmental fund is the E-911 Construction. At December 31, 2012 the E-911 Construction reported a fund balance of \$2,952,723. Fund balance decreased \$1,270,565 over the prior year. The decrease was due to capital asset purchases for constructing and modernizing the E-911 Central Dispatch System.

**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, 2012.

The Delinquent Tax reported an increase in net assets of \$2,047,290 to \$19,489,518. This increase is due to an increase in collections of interest on delinquent taxes. The Medical Care Facility Fund reported an increase of \$868,065 to \$18,355,426. This increase was due to the increase in the Medicaid cost reimbursement amount.

### **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, 2012 amounted to \$42,015,820. This investment in capital assets includes land, land improvements, building and improvements, machinery and equipment, and vehicles.

	<b>Capital Assets (net of depreciation)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Governmental</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,086,863	\$ 1,086,863	\$ -	\$ -	\$ 1,086,863	\$ 1,086,863
Land improvement	362,868	351,917	-	27	362,868	351,944
Construction in progress	-	10,770,756	-	-	-	10,770,756
Buildings and improvements	12,634,456	13,438,048	15,128,221	15,923,849	27,762,677	29,361,897
Machinery and equipment	12,109,160	484,723	337,893	403,837	12,447,053	888,560
Vehicles	<u>356,359</u>	<u>357,925</u>	<u>-</u>	<u>-</u>	<u>356,359</u>	<u>357,925</u>
Totals	<u>\$ 26,549,706</u>	<u>\$ 26,490,232</u>	<u>\$ 15,466,114</u>	<u>\$ 16,327,713</u>	<u>\$ 42,015,820</u>	<u>\$ 42,817,945</u>

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

## Outstanding Debt

**Long-term Debt:** At December 31, 2012, the County had a total debt outstanding of \$14,262,660 declining from the 2011 debt of \$16,326,108. There was no new debt issued for 2012.

	Governmental Activities		Business-type Activities		Total Governmental	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 12,825,000	\$ 14,995,000	\$ -	\$ -	\$ 12,825,000	\$ 14,995,000
Accrued Vacation and Sick	480,977	482,176	309,001	285,309	789,978	767,485
Accrued Claim Liability	<u>207,000</u>	<u>183,000</u>	<u>440,682</u>	<u>380,623</u>	<u>647,682</u>	<u>563,623</u>
Totals (1)	<u>\$ 13,512,977</u>	<u>\$ 15,660,176</u>	<u>\$ 749,683</u>	<u>\$ 665,932</u>	<u>\$ 14,262,660</u>	<u>\$ 16,326,108</u>

- (1) Total does not include deferred amounts of \$98,640 for 2012 and \$105,345 for 2011. See Note 8 to the financial statements for additional information regarding long-term debt.

## Economic Outlook

The continued impact of the ongoing economic downturn has underscored the value of multi-year budgeting and long-term fiscal forecasting. While far from a precise science, the fact the County has engaged in the use of these financial tools has enabled a reasoned reduction in spending minimizing the disruption of mandated and essential services. Although the property tax base continues to decline and state shared revenue has been reduced, budgets have been balanced, legacy cost obligations have been met, and the bond rating of AA has been affirmed. The capital planning and budgeting process has also ensured that both short and long term capital needs are addressed in a timely manner.

Within the framework of the fiscal forecasting tool, the County has identified multi-year target budget objectives that will be bench marked against the actual revenue and expenditure data. This process will provide the means to monitor events and allow for quick response if a deviation from the trending data occurs.

Data suggests that the decline in property values is moderating, the state economic situation reflects improvement, and home foreclosures are beginning to ease. Consequently, state revenue sharing and property tax revenue reductions while still trending lower, are not as severe as experienced during the past four years. Along with corresponding reductions in spending and the prudent use of reserve funds, the County has mitigated the impact on service delivery and avoided the severe budget cutbacks other local units of government have faced.

Fiscal pressures will remain for the foreseeable future. Indeed there may well be new economic realities that will have to be addressed to sustain a sound financial base. Accordingly, the County will remain focused on a data analytical methodology that to date, has served well in meeting fiscal challenges not imagined in the past.

### **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 POSITION**

**DECEMBER 31, 2012**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 12,274,735	\$ 15,970,039	\$ 28,244,774	\$ 5,280,978
Investments	14,573,284	-	14,573,284	1,177,029
Receivables (net of allowance)	6,368,651	8,160,335	14,528,986	4,965,348
Prepaid items	219,223	121,922	341,145	244,631
Internal balances	( 103,798)	82,277	( 21,521)	-
Inventory	1,804	115,288	117,092	929,389
Advance to component units	90,000	-	90,000	-
Other assets	16,000	-	16,000	-
Net pension asset	2,422,778	-	2,422,778	-
Restricted assets -				
Cash and cash equivalents	125,601	83,540	209,141	-
Contracts receivable	-	-	-	3,959,404
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	1,086,863	-	1,086,863	46,727,128
Assets being depreciated	25,462,843	15,466,114	40,928,957	41,829,903
Total Assets	<u>62,537,984</u>	<u>39,999,515</u>	<u>102,537,499</u>	<u>105,113,810</u>
<b>LIABILITIES:</b>				
Payables and accrued liabilities	3,464,095	1,321,348	4,785,443	1,017,203
Advances and deposits	-	-	-	307,245
Due to other governmental units	-	-	-	464,654
Advances from primary government	-	-	-	90,000
Unearned revenue	2,915,652	-	2,915,652	-
Liabilities payable from restricted assets	-	83,540	83,540	-
Non-current liabilities -				
Net OPEB obligation	-	-	-	3,687,771
Due within one year	2,252,682	304,500	2,557,182	682,897
Due in more than one year	11,358,935	445,183	11,804,118	5,985,463
Total Liabilities	<u>19,991,364</u>	<u>2,154,571</u>	<u>22,145,935</u>	<u>12,235,233</u>
<b>NET POSITION:</b>				
Net investment in capital assets	16,505,966	15,466,114	31,972,080	86,024,553
Restricted -				
Acquisition/construction of capital assets	673,273	-	673,273	1,589,894
Foreclosure sales	-	2,087,594	2,087,594	-
Debt Service	1,423,495	-	1,423,495	1,950,542
Health and Welfare	346,638	-	346,638	-
Public Safety	1,267,032	-	1,267,032	-
General Government	3,027,464	-	3,027,464	-
Future pension obligation	2,422,778	-	2,422,778	-
Other Purposes	124,057	-	124,057	-
Unrestricted	16,755,917	20,291,236	37,047,153	3,313,588
Total Net Position	<u>\$ 42,546,620</u>	<u>\$ 37,844,944</u>	<u>\$ 80,391,564</u>	<u>\$ 92,878,577</u>

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

# LAPEER COUNTY, MICHIGAN

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Legislative	\$ 267,547	\$ -	\$ -	\$ -
Judicial	4,858,563	1,300,445	1,306,424	-
General Government	5,651,341	4,494,863	1,067,486	-
Public Safety	10,312,058	1,823,771	562,726	122,323
Public Works	292,231	-	-	-
Health and Welfare	22,340,301	15,848,697	4,591,351	-
Recreation and Culture	426,620	154,965	14,076	-
Interest on Long Term Debt	480,379	161,503	-	-
Total governmental activities	<u>44,629,040</u>	<u>23,784,244</u>	<u>7,542,063</u>	<u>122,323</u>
Business type activities:				
Medical Care Facility	21,664,598	21,656,561	-	-
Delinquent Tax	490,112	2,520,600	-	-
Total business type activities	<u>22,154,710</u>	<u>24,177,161</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 66,783,750</u>	<u>\$ 47,961,405</u>	<u>\$ 7,542,063</u>	<u>\$ 122,323</u>
<b>Component Units</b>				
Road Commission	\$ 10,687,067	\$ 1,523,643	\$ 8,951,445	\$ 967,438
Department of Public Works	116,823	-	-	116,676
Drainage Districts	1,386,107	564,277	117,107	145,134
Land Bank	<u>102,788</u>	<u>127,845</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 12,292,785</u>	<u>\$ 2,215,765</u>	<u>\$ 9,068,552</u>	<u>\$ 1,229,248</u>
General revenues:				
Property taxes				
Grants and contributions not				
restricted to specific programs				
Unrestricted investment income				
Gain on sale of capital assets				
Transfers - internal activities				
Total general revenues and transfers				
Change in Net Position				
Net position at beginning of year				
Prior period adjustments (Note 16)				
Net position at beginning of year, as restated				
Net position at end of year				

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

Net (Expense) Revenue and Change in Net Position

Primary Government		Total	Component Units
Governmental Activities	Business Type Activities		
\$( 267,547)	\$ -	\$( 267,547)	\$ -
( 2,251,694)	-	( 2,251,694)	-
( 88,992)	-	( 88,992)	-
( 7,803,238)	-	( 7,803,238)	-
( 292,231)	-	( 292,231)	-
( 1,900,253)	-	( 1,900,253)	-
( 257,579)	-	( 257,579)	-
( 318,876)	-	( 318,876)	-
<u>( 13,180,410)</u>	<u>-</u>	<u>( 13,180,410)</u>	<u>-</u>
-	( 8,037)	( 8,037)	-
<u>-</u>	<u>2,030,488</u>	<u>2,030,488</u>	<u>-</u>
<u>-</u>	<u>2,022,451</u>	<u>2,022,451</u>	<u>-</u>
<u>( 13,180,410)</u>	<u>2,022,451</u>	<u>( 11,157,959)</u>	<u>-</u>
-	-	-	755,459
-	-	-	( 147)
-	-	-	( 559,589)
-	-	-	25,057
<u>-</u>	<u>-</u>	<u>-</u>	<u>220,780</u>
13,874,170	863,590	14,737,760	-
1,281,637	9,274	1,290,911	-
213,681	20,040	233,721	20,107
-	-	-	155,322
4,021	-	4,021	-
<u>15,373,509</u>	<u>892,904</u>	<u>16,266,413</u>	<u>175,429</u>
<u>2,193,099</u>	<u>2,915,355</u>	<u>5,108,454</u>	<u>396,209</u>
37,791,206	34,929,589	72,720,795	92,482,368
<u>2,562,315</u>	<u>-</u>	<u>2,562,315</u>	<u>-</u>
<u>40,353,521</u>	<u>34,929,589</u>	<u>75,283,110</u>	<u>92,482,368</u>
<u>\$ 42,546,620</u>	<u>\$ 37,844,944</u>	<u>\$ 80,391,564</u>	<u>\$ 92,878,577</u>

**LAPEER COUNTY, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Community Mental Health	Community Development	E-911 Debt
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,968	\$ 231,151	\$ 16,455	\$ 1,530,786
Investments	14,573,284	-	-	-
Receivables -				
Property taxes	522,196	-	-	1,819,463
Accounts and interest	33,428	260,498	1,254,268	-
Due from other governmental units -				
Federal/State	221,224	81,957	-	-
Local	-	209,609	-	-
Due from other funds	110	-	-	-
Interfund receivables	-	3,258,140	-	-
Inventory	-	-	-	-
Advances to other funds	-	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	71,941	39,273	-	-
Restricted Assets -				
Cash	-	125,601	-	-
Total Assets	<u>\$ 15,514,151</u>	<u>\$ 4,213,729</u>	<u>\$ 1,270,723</u>	<u>\$ 3,350,249</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 172,621	\$ 1,721,368	\$ 3	\$ -
Accrued liabilities	174,420	118,098	1,092	-
Due to other governmental units -				
Federal/State	18,357	322,717	-	-
Local	-	249,139	-	-
Due to other funds	101,711	12,786	111	-
Interfund payables	3,105,000	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	90,695	1,254,268	1,947,106
Total Liabilities	<u>3,572,109</u>	<u>2,514,803</u>	<u>1,255,474</u>	<u>1,947,106</u>
<b>Fund Balances:</b>				
Nonspendable -				
Inventory	-	-	-	-
Prepayments	71,941	39,273	-	-
Advances	90,000	7,500	-	-
Restricted -				
Acquisition/construction of capital assets	-	-	-	-
Debt Service	-	-	-	1,403,143
Health and Welfare	-	125,601	15,249	-
Public Safety	-	-	-	-
General Government	2,533,796	-	-	-
Other Purposes	-	-	-	-
Committed	3,800,594	1,526,552	-	-
Unassigned	5,445,711	-	-	-
Total Equity	<u>11,942,042</u>	<u>1,698,926</u>	<u>15,249</u>	<u>1,403,143</u>
Total Liabilities and Fund Equity	<u>\$ 15,514,151</u>	<u>\$ 4,213,729</u>	<u>\$ 1,270,723</u>	<u>\$ 3,350,249</u>

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

<u>E-911 Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,954,228	\$ 3,743,131	\$ 8,477,719
-	-	14,573,284
-	842,010	3,183,669
-	402,269	1,950,463
-	721,729	1,024,910
-	-	209,609
-	-	110
-	-	3,258,140
-	1,804	1,804
-	-	7,500
-	-	90,000
-	64,272	175,486
-	-	125,601
<u>\$ 2,954,228</u>	<u>\$ 5,775,215</u>	<u>\$ 33,078,295</u>
\$ 1,505	\$ 147,624	\$ 2,043,121
-	176,547	470,157
-	65,031	406,105
-	-	249,139
-	44,844	159,452
-	153,140	3,258,140
-	7,500	7,500
-	968,546	4,260,615
<u>1,505</u>	<u>1,563,232</u>	<u>10,854,229</u>
-	610	610
-	64,272	175,486
-	-	97,500
2,952,723	667,086	3,619,809
-	20,352	1,423,495
-	205,788	346,638
-	1,216,944	1,216,944
-	493,668	3,027,464
-	124,057	124,057
-	1,419,206	6,746,352
-	-	5,445,711
<u>2,952,723</u>	<u>4,211,983</u>	<u>22,224,066</u>
<u>\$ 2,954,228</u>	<u>\$ 5,775,215</u>	<u>\$ 33,078,295</u>

# LAPEER COUNTY, MICHIGAN

## RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION DECEMBER 31, 2012

Fund Balances - total governmental funds	\$	22,224,066
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	43,781,474
Accumulated depreciation	( 19,576,737)

Other postemployment benefits assets do not represent current financial resources and therefore are not reported in the funds.

2,422,778

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Housing rehabilitation loan	1,254,268
Other	90,695

Discounts and premiums on bonds are reported as other financing uses or sources in the governmental funds, whereas they are capitalized and amortized from net position (and netted against bonds payable)

Bond premiums	( 199,324)
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Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized from net position (and netted against bonds payable)

72,823

Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net position (and netted against bonds payable)

27,861

Internal Service Funds used by management to charge cost of health, unemployment and worker's compensation expenses and claims, and retirement contributions, post-employment health care and capital acquisition and replacement. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

5,936,235

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	( 480,977)
Bonds payable	( 12,825,000)
Insurance claims payable	( 67,000)
Accrued interest on bonds/notes payable	( 114,542)

Net Position of governmental activities	\$	<u>42,546,620</u>
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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, 2012

	General	Community Mental Health	Community Development	E-911 Debt
<b>Revenues:</b>				
Taxes	\$ 9,488,760	\$ -	\$ -	\$ 2,058,467
Licenses and permits	25,075	-	84,120	-
Intergovernmental	2,658,672	2,197,378	53,181	-
Charges for services	2,360,289	14,455,233	3,957	-
Fines and forfeits	220,998	-	4,700	-
Rents and royalties	177,001	-	-	-
Interest	200,432	3,240	-	1,907
Other	3,129,152	249,856	-	-
Total Revenues	<u>18,260,379</u>	<u>16,905,707</u>	<u>145,958</u>	<u>2,060,374</u>
<b>Expenditures:</b>				
Current -				
Legislative	267,547	-	-	-
Judicial	3,589,040	-	-	-
General Government	5,113,500	-	-	-
Public Safety	5,711,327	-	-	-
Public Works	291,631	-	-	-
Health and Welfare	179,862	16,856,288	172,041	-
Recreation and Cultural	197,273	-	-	-
Other Activities	418,961	-	-	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	-	-	-	2,000,000
Interest	-	-	-	486,750
Total Expenditures	<u>15,769,141</u>	<u>16,856,288</u>	<u>172,041</u>	<u>2,486,750</u>
Revenues over (under) expenditures	<u>2,491,238</u>	<u>49,419</u>	<u>( 26,083)</u>	<u>( 426,376)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	202,900	21,215	-
Transfers Out	<u>( 2,173,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>( 2,173,286)</u>	<u>202,900</u>	<u>21,215</u>	<u>-</u>
Net Change in Fund Balances	<u>317,952</u>	<u>252,319</u>	<u>( 4,868)</u>	<u>( 426,376)</u>
Fund Balances at beginning of year	11,624,090	1,309,065	20,117	1,829,519
Prior period adjustment	<u>-</u>	<u>137,542</u>	<u>-</u>	<u>-</u>
Fund Balances at beginning of year, as restated	<u>11,624,090</u>	<u>1,446,607</u>	<u>20,117</u>	<u>1,829,519</u>
Fund Balances at end of year	<u><u>\$ 11,942,042</u></u>	<u><u>\$ 1,698,926</u></u>	<u><u>\$ 15,249</u></u>	<u><u>\$ 1,403,143</u></u>

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

<u>E-911 Construction</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,470,318	\$ 14,017,545
-	400,008	509,203
-	4,032,617	8,941,848
-	1,970,266	18,789,745
-	177,314	403,012
-	199,173	376,174
5,932	2,170	213,681
-	331,277	3,710,285
<u>5,932</u>	<u>9,583,143</u>	<u>46,961,493</u>
-	-	267,547
-	1,269,523	4,858,563
-	100,009	5,213,509
-	4,033,154	9,744,481
-	-	291,631
-	4,964,901	22,173,092
-	178,151	375,424
-	-	418,961
1,276,497	28,964	1,305,461
-	170,000	2,170,000
-	21,750	508,500
<u>1,276,497</u>	<u>10,766,452</u>	<u>47,327,169</u>
<u>( 1,270,565)</u>	<u>( 1,183,309)</u>	<u>( 365,676)</u>
-	2,587,232	2,811,347
-	( 666,000)	( 2,839,286)
<u>-</u>	<u>1,921,232</u>	<u>( 27,939)</u>
<u>( 1,270,565)</u>	<u>737,923</u>	<u>( 393,615)</u>
4,223,288	3,474,060	22,480,139
-	-	137,542
<u>4,223,288</u>	<u>3,474,060</u>	<u>22,617,681</u>
<u>\$ 2,952,723</u>	<u>\$ 4,211,983</u>	<u>\$ 22,224,066</u>



# LAPEER COUNTY, MICHIGAN

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds	\$( 393,615)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,335,786
Depreciation expense	( 1,186,252)

Governmental funds report pension contributions as expenditures. However, in the statement of activities net payments in excess of the annual required contribution are recorded as an asset.

( 1,995)
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

( 43,375)
-----------

The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on long-term liabilities	2,170,000
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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 position:

Accrued interest payable	21,416
Amortization of bond issuance costs	( 12,799)
Amortization of premium on bonds	33,435
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, retirement contributions, post-employment health care and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.

273,230
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Decrease in compensated absences	1,199
Decrease in accrued insurance claims payable	10,000

Change in net position of governmental activities	<u>\$ 2,193,099</u>
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The accompanying notes are an integral part of these financial statements.

# LAPEER COUNTY, MICHIGAN

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2012

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 2,097,464	\$ 13,872,575	\$ 15,970,039	\$ 3,797,016
Receivables -				
Current and delinquent taxes	794,931	4,163,566	4,958,497	-
Accounts (net of allowance for doubtful accounts)	1,582,680	-	1,582,680	-
Accrued interest	-	848,484	848,484	-
Due from other governmental units	236,810	533,864	770,674	-
Deposit with agent	-	-	-	16,000
Inventories	115,288	-	115,288	-
Prepaid items	121,922	-	121,922	43,737
Due from other funds	-	82,372	82,372	55,544
Restricted Assets -				
Cash and cash equivalents	83,540	-	83,540	-
Total Current Assets	5,032,635	19,500,861	24,533,496	3,912,297
<b>Capital Assets:</b>				
Property, plant and equipment net of accumulated depreciation	15,425,609	40,505	15,466,114	2,344,969
Total Assets	20,458,244	19,541,366	39,999,610	6,257,266
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	612,268	5,580	617,848	181,031
Accrued liabilities	611,725	1,097	612,822	-
Due to other governmental units -				
Federal/State	45,602	-	45,602	-
Local	-	45,076	45,076	-
Due to other funds	-	95	95	-
Current portion of-				
Workers' compensation claims	150,000	-	150,000	90,000
Accrued vacation and sick	154,500	-	154,500	-
Liabilities payable from restricted assets -				
Patient trust liability	47,488	-	47,488	-
Patient deposits	36,052	-	36,052	-
Total Current Liabilities	1,657,635	51,848	1,709,483	271,031

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

Continued

# LAPEER COUNTY, MICHIGAN

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2012

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
<b>Long-Term Liabilities (less current portions):</b>				
Accrued vacation and sick	\$ 154,501	\$ -	\$ 154,501	\$ -
Accrued workers' compensation claims	290,682	-	290,682	50,000
Total Long-Term Liabilities	445,183	-	445,183	50,000
Total Liabilities	2,102,818	51,848	2,154,666	321,031
<b>NET POSITION:</b>				
Net investment in capital assets	15,425,609	40,505	15,466,114	2,344,969
Restricted - Foreclosures sales	-	2,087,594	2,087,594	-
Unrestricted	2,929,817	17,361,419	20,291,236	3,591,266
Total Net Position	\$ 18,355,426	\$ 19,489,518	\$ 37,844,944	\$ 5,936,235

Concluded

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

# LAPEER COUNTY, MICHIGAN

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
<b>Operating Revenues:</b>				
Charges for services	\$ 21,602,304	\$ 865,608	\$ 22,467,912	\$ 6,255,395
Interest on taxes	-	1,405,226	1,405,226	-
Fees and penalties on delinquent taxes	-	249,766	249,766	-
Other	53,346	-	53,346	-
Total Operating Revenues	<u>21,655,650</u>	<u>2,520,600</u>	<u>24,176,250</u>	<u>6,255,395</u>
<b>Operating Expenses:</b>				
Administrative and general	3,561,654	133,042	3,694,696	402,661
Maintenance	1,461,475	-	1,461,475	-
Nursing	9,266,397	-	9,266,397	-
Daycare	348,740	-	348,740	-
Other services	5,635,750	142,105	5,777,855	-
Insurance and claims	-	-	-	3,826,871
Retirement contributions	-	-	-	1,369,068
Depreciation and amortization	918,548	4,965	923,513	418,025
Total Operating Expenses	<u>21,192,564</u>	<u>280,112</u>	<u>21,472,676</u>	<u>6,016,625</u>
Operating Income	<u>463,086</u>	<u>2,240,488</u>	<u>2,703,574</u>	<u>238,770</u>
<b>Non-Operating Revenues (Expenses):</b>				
Donations	9,274	-	9,274	-
Property taxes	863,590	-	863,590	-
Interest on investments	3,238	16,802	20,040	-
Maintenance of effort	( 472,034)	-	( 472,034)	-
Gain on sale of assets	911	-	911	2,500
Total Non-Operating Revenues (Expenses)	<u>404,979</u>	<u>16,802</u>	<u>421,781</u>	<u>2,500</u>
Net Income Before Transfers and Special Item	<u>868,065</u>	<u>2,257,290</u>	<u>3,125,355</u>	<u>241,270</u>
<b>Transfers:</b>				
Transfers in	-	-	-	180,960
Transfers out	-	-	-	( 149,000)
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,960</u>
Net Income before Special Item	<u>868,065</u>	<u>2,257,290</u>	<u>3,125,355</u>	<u>273,230</u>
<b>Special Item:</b>				
Legal settlement	-	( 210,000)	( 210,000)	-
Change in Net Position	<u>868,065</u>	<u>2,047,290</u>	<u>2,915,355</u>	<u>273,230</u>
Net Position at beginning of year	<u>17,487,361</u>	<u>17,442,228</u>	<u>34,929,589</u>	<u>5,663,005</u>
Net Position end of year	<u>\$ 18,355,426</u>	<u>\$ 19,489,518</u>	<u>\$ 37,844,944</u>	<u>\$ 5,936,235</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, 2012

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>				
Cash receipts from customers	\$ 21,574,041	\$ 8,017,363	\$ 29,591,404	\$ 6,257,481
Cash payments to employees	( 11,378,527)	-	( 11,378,527)	-
Cash payments to suppliers	( 9,274,801)	( 6,557,018)	( 15,831,819)	( 5,627,255)
Other cash receipts (payments)	53,346	( 210,000)	( 156,654)	-
Net Cash Provided by Operating Activities	974,059	1,250,345	2,224,404	630,226
<b>Cash Flows From Noncapital Financing Activities:</b>				
Patient trust deposits	( 41,830)	-	( 41,830)	-
Cash receipts/payments to other component units	-	( 378,250)	( 378,250)	-
Interfund transfers	-	-	-	31,960
Net Cash Provided by (Used in) Noncapital Financing Activities	( 41,830)	( 378,250)	( 420,080)	31,960
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Property taxes and contributions	866,673	-	866,673	-
Acquisition of capital assets	( 46,914)	( 15,000)	( 61,914)	( 327,965)
Proceeds from sale of capital assets	911	-	911	2,500
Net Cash Provided by (Used in) Capital and Related Financing Activities	820,670	( 15,000)	805,670	( 325,465)
<b>Cash Flows From Investing Activities:</b>				
Sale of investments	18,041	-	18,041	-
Interest earned	3,238	16,802	20,040	-
Net Cash Provided by Investing Activities	21,279	16,802	38,081	-
Net Increase in cash and cash equivalents	1,774,178	873,897	2,648,075	336,721
Cash and cash equivalents at beginning of year	406,826	12,998,678	13,405,504	3,460,295
Cash and cash equivalents at end of year	<u>\$ 2,181,004</u>	<u>\$ 13,872,575</u>	<u>\$ 16,053,579</u>	<u>\$ 3,797,016</u>
<b>Statement of Net Position -</b>				
Cash and Cash Equivalents -				
Current assets	2,097,464	13,872,575	15,970,039	3,797,016
Restricted assets	83,540	-	83,540	-
Cash and cash equivalents at end of year	<u>\$ 2,181,004</u>	<u>\$ 13,872,575</u>	<u>\$ 16,053,579</u>	<u>\$ 3,797,016</u>

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

Continued

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating income for the year	\$ 463,086	\$ 2,240,488	\$ 2,703,574	\$ 238,770
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation and amortization	918,548	4,965	923,513	418,025
Maintenance of effort	( 472,034)	-	( 472,034)	-
Legal settlement	-	( 210,000)	-	-
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	39,401	( 568,856)	( 529,455)	6,774
Due from other governmental units	( 77,664)	( 138,864)	( 216,528)	-
Due from other funds	-	( 82,372)	( 82,372)	( 5,070)
Due from component unit	-	-	-	-
Prepaid and deposits	18,040	-	18,040	32,398
Inventory	2,835	-	2,835	-
Increase (decrease) in-				
Accounts payable	80,493	5,336	85,829	( 94,671)
Accrued liabilities	147,643	184	147,827	34,000
Due to other funds	-	21	21	-
Unearned revenue	10,000	-	10,000	-
Due to other governmental units	( 156,289)	( 557)	( 156,846)	-
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ 974,059</u></u>	<u><u>\$ 1,250,345</u></u>	<u><u>\$ 2,434,404</u></u>	<u><u>\$ 630,226</u></u>

Concluded

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

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	<u>Retiree Health Care</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 1,562,720
Interest in pooled investment	<u>851,853</u>	<u>-</u>
Total Assets	<u>851,853</u>	<u>\$ 1,562,720</u>
<b>LIABILITIES:</b>		
Due to individuals and agencies	-	\$ 662,714
Due to other governmental units	<u>-</u>	<u>900,006</u>
Total Liabilities	<u>-</u>	<u>\$ 1,562,720</u>
<b>NET POSITION:</b>		
Restricted for retiree health care benefits	<u>\$ 851,853</u>	

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

**LAPEER COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Retiree Health Care</u>
<b>Additions:</b>	
Investment income	<u>\$ 99,468</u>
<b>Deductions:</b>	
Employer contributions	317,568
Other	<u>3,108</u>
Total Deductions	<u>320,676</u>
Net decrease	( 221,208)
Net Position -	
Beginning of year, as restated	<u>1,073,061</u>
End of year	<u><u>\$ 851,853</u></u>

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



## **COMPONENT UNITS**

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2012

	Road Commission	Board of Public Works	Drainage Districts	Land Bank Authority	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,217,236	\$ 38,277	\$ 2,904,159	\$ 121,306	\$ 5,280,978
Investments	-	-	1,177,029	-	1,177,029
Receivables	1,959,967	-	3,005,381	-	4,965,348
Inventories	929,289	-	-	100	929,389
Prepayments and deposits	74,014	-	170,617	-	244,631
Contracts receivables	-	3,959,404	-	-	3,959,404
Capital Assets (net of accumulated depreciation)					
Assets not being depreciated	42,723,647	-	4,003,481	-	46,727,128
Assets being depreciated	30,928,443	-	10,901,460	-	41,829,903
Total Assets	<u>78,832,596</u>	<u>3,997,681</u>	<u>22,162,127</u>	<u>121,406</u>	<u>105,113,810</u>
<b>LIABILITIES</b>					
Payables and accrued liabilities	894,072	-	91,426	-	985,498
Accrued interest	-	20,085	11,620	-	31,705
Advances and deposits	307,245	-	-	-	307,245
Due to other governmental units	69,654	-	395,000	-	464,654
Due to primary government	-	-	-	-	-
Advance from primary government	-	-	90,000	-	90,000
Non-current liabilities -					
Net OPEB obligation	3,687,771	-	-	-	3,687,771
Due within one year	-	393,237	289,660	-	682,897
Due in more than one year	158,286	3,584,359	2,242,818	-	5,985,463
Total Liabilities	<u>5,117,028</u>	<u>3,997,681</u>	<u>3,120,524</u>	<u>-</u>	<u>12,235,233</u>
<b>NET POSITION</b>					
Net investment in capital assets	73,652,090	-	12,372,463	-	86,024,553
Restricted -					
Debt service	-	-	1,589,894	-	1,589,894
Capital projects	-	-	1,950,542	-	1,950,542
Unrestricted	63,478	-	3,128,704	121,406	3,313,588
Total Net Position	<u>\$ 73,715,568</u>	<u>\$ -</u>	<u>\$ 19,041,603</u>	<u>\$ 121,406</u>	<u>\$ 92,878,577</u>

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

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF ACTIVITIES DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Land Bank Authority</u>	<u>Total</u>
<b>Expenses:</b>					
General Government	\$ -	\$ -	\$ -	\$ 102,788	\$ 102,788
Public Works	-	116,823	1,386,107	-	1,502,930
Highways and Streets	10,687,067	-	-	-	10,687,067
Total Expenses	<u>10,687,067</u>	<u>116,823</u>	<u>1,386,107</u>	<u>102,788</u>	<u>12,292,785</u>
<b>Program Revenues:</b>					
Charges for services	1,523,643	-	564,277	127,845	2,215,765
Operating grants and contributions	8,951,445	-	117,107	-	9,068,552
Capital grants and contributions	967,438	116,676	145,134	-	1,229,248
Total Program Revenues	<u>11,442,526</u>	<u>116,676</u>	<u>826,518</u>	<u>127,845</u>	<u>12,513,565</u>
Net program revenue (expense)	<u>755,459</u>	<u>( 147)</u>	<u>( 559,589)</u>	<u>25,057</u>	<u>220,780</u>
<b>General Revenues:</b>					
Unrestricted investment income	8,912	147	11,000	48	20,107
Gain on sale of capital assets	155,322	-	-	-	155,322
Total General Revenues	<u>164,234</u>	<u>147</u>	<u>11,000</u>	<u>48</u>	<u>175,429</u>
Change in Net Position	919,693	-	( 548,589)	25,105	396,209
Net Position, beginning of year	<u>72,795,875</u>	<u>-</u>	<u>19,590,192</u>	<u>96,301</u>	<u>92,482,368</u>
Net Position, end of year	<u>\$ 73,715,568</u>	<u>\$ -</u>	<u>\$ 19,041,603</u>	<u>\$ 121,406</u>	<u>\$ 92,878,577</u>

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

## **LAPEER COUNTY, MICHIGAN**

### **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

#### **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 (7 members) and provides services to approximately 88,000 residents in many areas; including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture.

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

##### **BLENDED COMPONENT UNIT -**

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

##### **DISCRETELY PRESENTED COMPONENT UNITS -**

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

**LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW)** is 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 any general obligation bond issuances require County authorization and the County is secondarily responsible for all operations and obligations.

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

**LAPEER COUNTY DRAINAGE DISTRICTS** established pursuant to Act 40, P.A. 1956, as amended, of the Michigan Drain Code and are under the administration of the Lapeer County Drain Commissioner. The statutory Inter-County Drainage Boards consist 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. Maintenance and construction of individual drains are assessed to the benefited property owner.

**LAPEER COUNTY LAND BANK AUTHORITY** established pursuant to the Michigan Land Bank Fast Track Public Act 258 of 2003 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Lapeer County Treasurer. The Land Bank Authority is governed by a five-member board including the Lapeer County Treasurer, who is, by law, its Chairperson, and four other members appointed by the Lapeer County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

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

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

Lapeer County Land Bank Authority  
255 Clay Street 3<sup>rd</sup> Floor Room 302  
Lapeer, Michigan 48446

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

**FISCAL YEAR ENDS** - All of the County Funds and Component Units operate and are reported on a December 31 year end, with the exception of the Road Commission, Community Mental Health, Health Department, Personal Care Aide Program, Community Grants, Law Enforcement, Thumb Narcotics Unit, Department of Human Services, Multi-Purpose Collaborative Body and Child Care funds, which operate and are reported as of September 30.

#### **B. Government-wide and fund financial statements -**

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

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

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

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

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are normally collected within 60 days of the end of the current fiscal period except for reimbursement grants, which are recognized at the time eligible expenditures are incurred provided the billing is consistent with normal practice. 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.

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 primary government not accounted for and reported in another fund.

**Community Mental Health** - 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.

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

**E-911 Construction** - is used to account for and report the restricted bond proceeds and other financial resources that are restricted, committed, or assigned to expenditures for the construction and equipping of a new E-911 Central Dispatch Facility.

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** - 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 penalties and interest. Also the fund is used to account for the activity related to property foreclosures.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

Additionally, the County reports the following fund types:

#### **Governmental Fund Types -**

**Special Revenue Funds** - are used to account for the proceeds that are restricted or committed to expenditures for specified purposes.

**Debt Service Funds** - are used to account for all financial resources that are restricted to expenditures for principal and interest on long-term debt.

**Capital Project Funds** - are used to account for all financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

#### **Proprietary Fund Type -**

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lapeer County's fiduciary funds include:

**Retiree Health Care Fund** - is used to account for the activity of the Section 115 Governmental Integral Part Trust held with MERS. Assets held in trust are legally protected from creditors and are only used for providing benefits to retirees.

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

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.



# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

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 principal operating revenues of the Enterprise and Internal Services Funds are charges to customers for sales and services and intergovernmental operating grants. Operating expenses for Enterprise and Internal Service Funds include costs of sales and services, administrative expenses, retirement and supplemental health care contributions, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

The County maintains a common checking account for its funds. Each participating fund reports its share separately. To the extent that some funds have negative balances as 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 investment trust funds. The investment trust funds have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty and are reported as cash and cash equivalents.

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

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

Advances to other funds, as reported in the fund financial statements, have fund balance in the amount of the outstanding advance classified as nonspendable to indicate that they are not available for appropriation and are not expendable available financial resources.

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

#### **Inventories and Prepaid Items -**

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

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 (extra voted levies) levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The General Fund levy and the Medical Care Facility levy are recognized in the year of the levy. The special purpose taxes levied on December 1, except for the Medical Care Facility levy, are recorded as a receivable and deferred since they are budgeted as revenues in the subsequent year. For the 2012 year the County levied 3.7886 mills for the General Fund operations and extra voted levies of .3300 mills for Medical Care Facility, .7500 mills for E-911 Central Dispatch debt, .2500 for Senior Citizens programs, and 1.000 for Veterans programs.

#### **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 asset 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.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

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

#### 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 and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, the entire amount of accrued vacation is considered current because the unused balances must be used prior to employee anniversary dates.

#### 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 position. 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 reported fund balances in one or more of the following classifications:

*Nonspendable fund balance* – the portion of fund balance that is not in a spendable form or is required to be maintained intact. The County currently has nonspendable fund balance that is not in spendable form.

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

*Restricted fund balance* – the portion of fund balance that is mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed fund balance* – the portion of fund balance that is set aside for a specific purpose by the County itself, using the highest level of decision-making authority (Board of Commissioners) by the passage of a resolution.

*Unassigned fund balance* – the portion of fund balance in the General Fund that cannot be classified into one of the three categories previously explained.

When different classifications of fund balance are present, it is the County's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

#### **Budget Stabilization Arrangement -**

The Budget Stabilization Fund was established in accordance with Michigan Compiled Laws 141.442, which required the County Board of Commissioners to adopt a resolution passed by 2/3 vote of the Board members. Subsequent additions to the fund are subject to the same 2/3 voting approval by the Board with the total accumulation in the fund not to exceed 15% of the County's most recent General Fund budget or 15% of the County's five most recent General Fund budgets, as amended, whichever is less. Any interest earned on the fund's accumulated balances must be returned to General fund. The Budget Stabilization Fund accumulated fund balance may be appropriated only by a 2/3 vote on a resolution passed by the County Board of Commissioners and only for the following purposes:

- To cover a General Fund deficit.
- To prevent reduction in the level of public services or in the number of employees at any time in a fiscal year when the budgeted revenue is insufficient to cover budgeted expenses or when preparing the budget for the next year the estimated revenues are insufficient to cover estimated expenses.
- To cover expenses arising from a natural disaster with the stipulation that if Federal or State funding is provided to reimburse for cost the amount reimbursed is to be replenished back to the Budget Stabilization Fund.

At December 31, 2012, the accumulation within the Budget Stabilization Fund was \$2,533,796 and is reported within the General Fund as restricted fund balance for the stabilization arrangement.

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

#### **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, 2013, under separate cover as supplementary information to the Annual Financial Report.

#### **Upcoming Accounting Pronouncements -**

Recently the Governmental Accounting Standards Board (GASB) issued the following statements that will have an impact on the County's financial statement when adopted. The County is currently evaluating the implications of each of the pronouncements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* was issued in March 2012 and is effective for the County's December 31, 2013 fiscal year. The statement provides additional guidance to GASB 63 adopted by the County in 2012, establishing the accounting and financial reporting standard that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* was issued in June 2012 and will become effective for the County's December 31, 2015 fiscal year. The statement requires governments providing defined benefit plans to report the net pension liability in their statement of net position. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expenses equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expenses.

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

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

#### **Budgetary Information -**

The budgets of General and Special Revenue Funds reported in schedules of budgetary comparison presented with the financial statements as required supplementary information for the major funds and supplementary information for the nonmajor funds are prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

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

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

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

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

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

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

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

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, 2012, 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:

#### Excess of Expenditures Over Appropriations -

<u>Fund Type/Function/Activity/Account</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
<b>PRIMARY GOVERNMENT -</b>			
<b>General Fund -</b>			
Public Safety			
Jail/Feeding Prisoners	\$ 2,891,986	\$ 2,892,036	\$ 50
Transfers Out			
Community Development	-	21,215	21,215
<b>Community Development -</b>			
Health and Welfare	135,507	172,041	36,534
<b>Nonmajor Special Revenue Funds -</b>			
Personal Care Aide Program			
Health and Welfare	1,039,486	1,067,623	28,137
Emergency Management			
Public Safety	79,323	198,908	119,585
Department of Human Services			
Health and Welfare	21,402	75,011	53,609
Veterans' Trust			
Health and Welfare	6,092	6,359	267

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, 2012

### 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; repurchase agreements consisting of bonds, securities and other direct obligations of the United States government or an agency or instrumentality of the United States; bankers' acceptances 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; and investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 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 Funds</u>	<u>Reporting Entity</u>
Cash on Hand	\$ 11,751	\$ 350	\$ 300	\$ 12,401
Deposits with Financial Institutions	<u>29,241,854</u>	<u>5,642,346</u>	<u>1,562,420</u>	<u>36,446,620</u>
Investments				
Corporate Bonds	-	68,969	-	68,969
Municipal Bonds	2,650,355	54,979	-	2,705,334
U.S. Government Securities	10,002,840	689,235	-	10,692,075
Mutual Funds	1,096,096	2,128	-	1,098,224
Interest in Pooled Investments	-	-	851,853	851,853
Investment Trust Funds	<u>24,303</u>	<u>-</u>	<u>-</u>	<u>24,303</u>
Total Investments	<u>13,773,594</u>	<u>815,311</u>	<u>851,853</u>	<u>15,440,758</u>
Grand Total	<u>\$ 43,027,199</u>	<u>\$ 6,458,007</u>	<u>\$ 2,414,573</u>	<u>\$ 51,899,779</u>



# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Reconciliation to Statement of Net Position and Statement of Fiduciary Net Position (Combined Balance Sheet)

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Reported as Cash and Cash Equivalents -				
Cash on Hand	\$ 11,751	\$ 350	\$ 300	\$ 12,401
Cash in Checking/Money Market/Savings	28,417,861	5,280,628	1,562,420	35,260,909
Investment Trust Funds	<u>24,303</u>	<u>-</u>	<u>-</u>	<u>24,303</u>
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	<u>28,453,915</u>	<u>5,280,978</u>	<u>1,562,720</u>	<u>35,297,613</u>
Reported as Investments -				
Corporate Bonds	-	68,969	-	68,969
Municipal Bonds	2,650,355	54,979	-	2,705,334
U.S. Government Securities	10,002,840	689,235	-	10,692,075
Certificates of Deposit	823,993	361,718	-	1,185,711
Mutual Funds	1,096,096	2,128	-	1,098,224
Interest in Pooled Investments	<u>-</u>	<u>-</u>	<u>851,853</u>	<u>851,853</u>
Total Investments Reported on Combined Balance Sheet	<u>14,573,284</u>	<u>1,177,029</u>	<u>851,853</u>	<u>16,602,166</u>
Grand Total - Combined Balance Sheet	<u>\$ 43,027,199</u>	<u>\$ 6,458,007</u>	<u>\$ 2,414,573</u>	<u>\$ 51,899,779</u>

#### Deposits with Financial Institutions -

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

**Custodial Credit Risk - Deposits** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, as of December 31, 2012, the book value of the County's deposits was \$36,446,620 with a corresponding bank balance of \$36,736,302. Insured deposits were \$3,349,354, and the remaining \$33,386,948 was uninsured or uncollateralized.

The County's Investment Policy does not address custodial credit risk for deposits.

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

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Investments (excluding retiree healthcare) -

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	\$ 10,692,075	73.3 %
Investment Trust Funds	24,303	0.2
Municipal Bonds	2,705,334	18.5
Mutual Funds	1,098,224	7.5
Corporate Bonds	68,969	0.5
Total	<u>\$ 14,588,905</u>	100.00 %

**Credit Risk - Investments** - The MBIA Michigan CLASS investment trust fund is invested primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper.

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government - MBIA Michigan CLASS	\$ 24,303	AAAm	Standard & Poors	43

This investment pool has been reported in the financial statements as cash equivalents because it has 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.

As of December 31, 2012, the County investments, excluding the investment trust fund previously reported and U.S. government securities and mutual funds, had the following Moody ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 374,406	AAA
80,370	AA
2,104,501	AA-
215,026	A+
<u>\$ 2,774,303</u>	

The County's investment policy stipulates a recommendation that investments be made only in institutions that meet the median rating or above. In deciding which institutions to invest, the Treasurer and the Investment Committee will weigh information gained from rating services, asset size, and historical information gained such as profitability, past ratings, asset growth, etc.

The County's investment policy establishes the following criteria relative to diversifying the investment portfolio. With the exception of U.S. Treasury Securities, the primary depository institution, and authorized pools, no more than 25 percent of the total investment portfolio will be invested in a single security type or with a single financial institution.

**Custodial Credit Risk - Investments** - is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another party. The County's policy requires securities to be diversified by institution and may be held by a third party custodian designated by the County Treasurer and evidenced by safekeeping receipts. As of December 31, 2012, \$13,466,378 of investments was held in third-party safekeeping not in the County's name, however, evidenced by safekeeping receipts.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

**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 attempts to minimize risk by diversifying its investments by maturity dates, individual financial institutions, and/or security type, so that potential loss on individual securities should not exceed the income generated from the remainder of the portfolio. However, the County's policy does not restrict the amount that can be invested with any one issuer, financial institution or type of investment.

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

Investment Type	Fair Value	Maturity (Years)			
		<1	1-5	6-10	>10
Municipal Bonds	\$ 2,705,334	\$ 401,977	\$ 2,237,338	\$ 66,019	\$ -
Corporate Bonds	68,969	-	68,969	-	-
Total Investments	<u>\$ 2,774,303</u>	<u>\$ 401,977</u>	<u>\$ 2,306,307</u>	<u>\$ 66,019</u>	<u>\$ -</u>

**Investments of Retiree Health Care Plan** - The Retiree Health Care Fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain reverse repurchase agreements, certain state and local government obligations, and certain other specified investment vehicles. The County has authorized investment in a retiree healthcare funding plan provided by the Municipal Employees' Retirement System of Michigan (MERS), the County's retiree health care plan. The funds the County has invested are part of the MERS total market fund, a diversified fund designed to provide reasonable growth and income while minimizing volatility for all MERS clients.

**Credit Risk** - The MERS total market fund was rated by Standard & Poors, Moodys and Fitch credit rating services. The following table summarizes the ratings for Lapeer County's interest in the pool as of December 31, 2012:

Fair Value	Rating
\$ 161,852	AAA/Aaa
46,852	AA+/Aa1
44,296	AA/Aa2
22,148	AA-/Aa3
15,333	A+/A1
41,741	A/A2
62,185	A-/A3
44,296	BBB+/Baa1
63,889	BBB/Baa2
49,407	BBB-/Baa3
27,259	BB+/Ba1
21,296	BB/Ba2
18,741	BB-/Ba3
28,111	B+/B1
13,629	B/B2
11,074	B-/B3
38,336	CCC/Caa1 and below
141,408	Not rated
<u>\$ 851,853</u>	

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

### NOTE 4 - RECEIVABLES:

Receivables as of December 31, 2012 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 3,183,669	\$ 4,958,497
Interest and accounts	1,950,463	2,629,164
Intergovernmental -		
Federal/State	1,024,910	375,674
Local	209,609	-
Due from component unit	<u>-</u>	<u>395,000</u>
	6,368,651	8,358,335
Less - allowance for uncollectible	( <u>-</u> )	( <u>198,000</u> )
	<u>\$ 6,368,651</u>	<u>\$ 8,160,335</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:

		<u>Unavailable</u>	<u>Unearned</u>
Community Mental Health	Grants and Fees	\$ 90,695	\$ -
Community Development	Revolving Loan	1,254,268	-
E-911 Debt Fund	Property Taxes	-	1,947,106
Non-Major Governmental Funds	Property Taxes	-	901,563
	Fees	<u>-</u>	<u>66,983</u>
Total deferred/unearned revenues in governmental funds		<u>\$ 1,344,963</u>	<u>\$ 2,915,652</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

### NOTE 5 - CAPITAL ASSETS:

#### Primary Government

Capital asset activity of the primary government for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Disposals	Balance December 31, 2012
<b>Governmental activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 1,086,863	\$ -	\$ -	\$ 1,086,863
Construction in Progress	<u>10,770,756</u>	<u>1,298,019</u>	<u>12,068,775</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>11,857,619</u>	<u>1,298,019</u>	<u>12,068,775</u>	<u>1,086,863</u>
Capital Assets, being depreciated:				
Buildings	25,281,199	63,944	51,202	25,293,941
Improvement other than Buildings	1,620,462	-	( 51,202)	1,671,664
Machinery and Equipment	8,022,717	12,150,530	474,546	19,698,701
Vehicles	<u>1,879,162</u>	<u>220,033</u>	<u>28,123</u>	<u>2,071,072</u>
Total Capital Assets being depreciated	<u>36,803,540</u>	<u>12,434,507</u>	<u>502,669</u>	<u>48,735,378</u>
Less Accumulated Depreciation for:				
Buildings	11,843,151	816,334	-	12,659,485
Improvements other than Buildings	1,268,545	40,251	-	1,308,796
Machinery and Equipment	7,537,994	526,093	474,546	7,589,541
Vehicles	<u>1,521,237</u>	<u>221,599</u>	<u>28,123</u>	<u>1,714,713</u>
Total Accumulated Depreciation	<u>22,170,927</u>	<u>1,604,277</u>	<u>502,669</u>	<u>23,272,535</u>
Total Capital Assets Being Depreciated, net	<u>14,632,613</u>	<u>10,830,230</u>	<u>-</u>	<u>25,462,843</u>
Governmental Activities Capital Assets, net	<u>\$ 26,490,232</u>	<u>\$ 12,128,249</u>	<u>\$ 12,068,775</u>	<u>\$ 26,549,706</u>
<b>Business-type Activities:</b>				
Capital Assets, being depreciated:				
Buildings	\$ 22,964,042	\$ 5,488	\$ -	\$ 22,969,530
Improvement other than Buildings	6,750	-	-	6,750
Machinery and Equipment	<u>3,330,411</u>	<u>56,426</u>	<u>219</u>	<u>3,386,618</u>
Total Capital Assets, being depreciated	<u>26,301,203</u>	<u>61,914</u>	<u>219</u>	<u>26,362,898</u>
Less Accumulated Depreciation for:				
Buildings	7,040,193	801,116	-	7,841,309
Improvements other than Buildings	6,723	27	-	6,750
Machinery and Equipment	<u>2,926,574</u>	<u>122,370</u>	<u>219</u>	<u>3,048,725</u>
Total Accumulated Depreciation	<u>9,973,490</u>	<u>923,513</u>	<u>219</u>	<u>10,896,784</u>
Business Activities Capital Assets, net	<u>\$ 16,327,713</u>	<u>\$( 861,599)</u>	<u>\$ -</u>	<u>\$ 15,466,114</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

Depreciation expense for 2012 was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 342,376
Public Safety	594,634
Public Works	600
Health and Welfare	170,664
Recreation and Cultural	<u>77,978</u>
Depreciation Expense-Governmental Activities	1,186,252
Depreciation in the Internal Service Funds	<u>418,025</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,604,277</u>
Business-type Activities:	
Medical Care Facility	\$ 918,548
Delinquent Tax Revolving	<u>4,965</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 923,513</u>

### Discretely Presented Component Units:

**Drainage Districts:** Capital asset activity for the Drainage Districts for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital Assets, not being depreciated -				
Land Improvements	\$ 2,809,103	\$ -	\$ -	\$ 2,809,103
Construction in Progress	<u>1,194,378</u>	-	-	<u>1,194,378</u>
Total Capital Assets, not being depreciated	<u>4,003,481</u>	-	-	<u>4,003,481</u>
Capital Assets, being depreciated -				
Equipment	743,522	-	-	743,522
Infrastructure	<u>25,041,791</u>	-	-	<u>25,041,791</u>
Total Capital Assets Being Depreciated	<u>25,785,313</u>	-	-	<u>25,785,313</u>
Less Accumulated Depreciation for -				
Equipment	731,846	2,919	-	734,765
Infrastructure	<u>13,628,800</u>	<u>520,288</u>	-	<u>14,149,088</u>
Total Depreciation	<u>14,360,646</u>	<u>523,207</u>	-	<u>14,883,853</u>
Total Capital Assets Being Depreciated, net	<u>11,424,667</u>	( <u>523,207</u> )	-	<u>10,901,460</u>
Drainage Districts Capital Assets, net	<u>\$ 15,428,148</u>	<u>\$( 523,207 )</u>	<u>\$ -</u>	<u>\$ 14,904,941</u>

Depreciation expense was \$523,207 for 2012.

**LAPEER COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

**Road Commission:** Capital asset activity for the Road Commission for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Capital Assets, not being depreciated -				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land Improvements	40,473,828	1,910,266	-	42,384,094
Right of Ways	<u>180,046</u>	<u>-</u>	<u>-</u>	<u>180,046</u>
Total Capital Assets, not being depreciated	<u>40,813,381</u>	<u>1,910,266</u>	<u>-</u>	<u>42,723,647</u>
Capital Assets, being depreciated -				
Building and Improvements	1,932,201	-	-	1,932,201
Road Equipment	7,740,843	428,067	741,268	7,427,642
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	40,236,633	2,865,399	2,417,845	40,684,187
Bridges	14,686,969	298,268	-	14,985,237
Traffic Signals	83,723	-	-	83,723
Depletable Assets -				
Gravel Pits	<u>205,130</u>	<u>-</u>	<u>-</u>	<u>205,130</u>
	<u>65,617,885</u>	<u>3,591,734</u>	<u>3,159,113</u>	<u>66,050,506</u>
Less - Accumulated Depreciation for -				
Buildings and Improvements	1,528,309	47,566	-	1,575,875
Road Equipment	6,424,214	532,867	721,384	6,235,697
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	21,278,684	2,325,147	2,417,845	21,185,986
Bridges	4,918,483	297,949	-	5,216,432
Traffic Signals	41,404	-	-	41,404
Depletable Assets	<u>134,283</u>	<u>-</u>	<u>-</u>	<u>134,283</u>
	<u>35,057,763</u>	<u>3,203,529</u>	<u>3,139,229</u>	<u>35,122,063</u>
Total capital assets, being depreciated, net	<u>30,560,122</u>	<u>388,205</u>	<u>19,884</u>	<u>30,928,443</u>
Road Commission capital assets, net	<u>\$ 71,373,503</u>	<u>\$ 2,298,471</u>	<u>\$ 19,884</u>	<u>\$ 73,652,090</u>

Total depreciation for the year ended September 30, 2012 was \$3,203,529.

**LAPEER COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 6 - PAYABLES:**

Payables as of December 31, 2012 in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable/accrued liabilities	\$ 2,224,152	\$ 617,848
Wages and fringe benefits	470,157	612,822
Accrued interest	114,542	-
Intergovernmental -		
Federal/State	406,105	45,602
Local	249,139	45,076
	<u>\$ 3,464,095</u>	<u>\$ 1,321,348</u>
Payables from Restricted Assets		
Patient Trust Liability	\$ -	\$ 47,488
Patient Deposits	-	36,052
	<u>\$ -</u>	<u>\$ 83,540</u>

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

The composition of interfund balances as of December 31, 2012 is as follows:

**Due To/From Other Funds -**

	Receivable	Payable
<b>Governmental Funds -</b>		
General Fund	\$ 110	\$ 101,711
Community Mental Health	-	12,786
Community Development	-	111
Nonmajor Special Revenue Funds -		
E-911	-	3,546
Friend of the Court	-	1,727
Health Department	-	5,915
Personal Care Aid Program	-	1,299
Animal Control	-	259
Emergency Management	-	90
Community Grants	-	250
Police Service Contracts	-	2,894
Law Enforcement	-	513
Child Care	-	27,848
Multi-Purpose Collaborative Body	-	503
Total per Financial Statements	<u>-</u>	<u>44,844</u>



# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

	<u>Receivable</u>	<u>Payable</u>
<b>Internal Service Funds -</b>		
Unemployment Insurance	\$ 2,358	\$ -
Worker's Compensation	2,358	-
Equipment Acquisition & Replacement	27,482	-
Retirement Fund	<u>23,346</u>	<u>-</u>
	<u>55,544</u>	<u>-</u>
 <b>Proprietary Funds -</b>		
Delinquent Tax	<u>82,372</u>	<u>95</u>
 Total per Financial Statements	138,026	159,547
 Reconciling item for September 30, year-end funds	<u>21,521</u>	<u>-</u>
 Total	<u>\$ 159,547</u>	<u>\$ 159,547</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 \$21,521, was attributable to transactions with funds reported on a September 30 year-end.

#### Advances From/To Other Funds -

	<u>Receivable</u>	<u>Payable</u>
<b>Primary Government</b>		
Community Mental Health	\$ 7,500	\$ -
Multi Purpose Collaborative Body	<u>-</u>	<u>7,500</u>
	<u>\$ 7,500</u>	<u>\$ 7,500</u>

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

#### Advances From/To Primary Government & Component Units -

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

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Interfund Receivable/Payable -

	<u>Receivable</u>	<u>Payable</u>
<b>Primary Government -</b>		
Governmental Funds -		
General Fund	\$ -	\$ 3,105,000
Community Mental Health	3,258,140	-
Friend of the Court	-	111,556
County Surveyor	-	15,149
Community Grants	-	7,203
Veterans' Trust	-	8,318
Multi-Purpose Collaborative Body	-	10,914
	<u>\$ 3,258,140</u>	<u>\$ 3,258,140</u>

The interfund receivable/payable balances at December 31, 2012 represent short-term borrowing between funds to cover negative cash balances in the common checking account in accordance with County Board of Commissioner's Policy.

#### Transfers In and Out -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks Department	General Fund	\$ 78,209 (1)
Friend of Court		280,000 (1)
Community Mental Health		136,900 (1)
Health Department		560,338 (1)
Animal Control		30,000 (1)
Emergency Management		49,000 (1)
Community Grants		20,000 (1)
Police Service Contracts		289,717 (1)
Law Enforcement Programs		3,295 (1)
Law Enforcement		72,652 (1)
Law Library		4,500 (1)
Community Development		21,215 (1)
Child Care		577,000 (1)
Multi-Purpose Collaborative Body		18,500 (1)
Equipment Acquisition and Replacement		<u>31,960 (3)</u>
		2,173,286
Community Mental Health	Parks Department	66,000 (4)
Personal Care Aide Program	Senior Millage	600,000 (2)
Health Insurance	Unemployment Insurance	<u>149,000 (5)</u>
Total Transfers Out Per Fund Financial Statements		2,988,286
Reconciling item for September 30, year-end funds		<u>4,021</u>
Total Transfers In		<u>\$ 2,992,307</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

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 budgeted to expend the tax collections, (3) the transfer of funds to finance capital acquisition, (4) to transfer resources to Community Mental Health for services provided, (5) reallocation of self-insured net position accumulations.

Total transfers in for the primary government funds as reported in the accompanying financial statements were \$2,992,307 and total transfers out were \$2,988,286. The difference between these amounts, \$4,021, was attributable to transactions with funds, which are reported on a September 30, year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

### NOTE 8 - LONG-TERM LIABILITIES:

#### PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term liabilities (including current portions) of the Primary Government for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Governmental Funds -					
2011 Capital Improvement Bonds	\$14,475,000	\$ -	\$ 2,000,000	\$ 12,475,000	\$ 1,500,000
2004 Building Authority					
Refunding Bonds	520,000	-	170,000	350,000	165,000
Accrued Claims Liability	77,000	61,881	71,881	67,000	10,000
Accrued Vacation	482,176	480,977	482,176	480,977	480,977
Add (Less) Deferred Amounts For -					
Issuance Premium	232,759	-	33,435	199,324	33,435
Bond Issuance Costs	( 85,622)	-	( 12,799)	( 72,823)	( 12,799)
Refunding Loss	( 41,792)	-	( 13,931)	( 27,861)	( 13,931)
Total Governmental Funds	<u>15,659,521</u>	<u>542,858</u>	<u>2,730,762</u>	<u>13,471,617</u>	<u>2,162,682</u>
Internal Service Fund -					
Worker's Compensation					
Accrued Claims Liabilities	<u>106,000</u>	<u>459,745</u>	<u>425,745</u>	<u>140,000</u>	<u>90,000</u>
Total Governmental Activities	<u>15,765,521</u>	<u>1,002,603</u>	<u>3,156,507</u>	<u>13,611,617</u>	<u>2,252,682</u>
<b><u>Business-type Activities:</u></b>					
Medical Care Facility -					
Accrued Claims Liabilities	380,623	789,027	728,968	440,682	150,000
Accrued Vacation and Sick	<u>285,309</u>	<u>963,175</u>	<u>939,483</u>	<u>309,001</u>	<u>154,500</u>
Total Business-type Activities	<u>665,932</u>	<u>1,752,202</u>	<u>1,668,451</u>	<u>749,683</u>	<u>304,500</u>
Total Primary Government	<u>\$16,431,453</u>	<u>\$ 2,754,805</u>	<u>\$ 4,824,958</u>	<u>\$14,361,300</u>	<u>\$ 2,557,182</u>

**LAPEER COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

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

**2011 General Obligation Bonds -**

The County issued \$14,475,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring and updating E-911 facilities and equipment. The bonds, dated April 26, 2011 are due in annual installments from \$1,500,000 to \$1,975,000 through April 1, 2020 with interest ranging from 3.0% to 4.0%, payable semi-annually.

\$ 12,475,000

**2004 Building Authority Refunding 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.

The Building Authority Refunding Bonds - Series 2004 in the amount of \$1,535,000 dated February 18, 2004 were issued to defease the 1994 issue. The payments are due in annual installments on May 1 ranging from \$165,000 to \$185,000 through 2014, with an interest rate of 5.00% due on May 1 and November 1 of each year.

\$ 350,000

The proceeds of the 2004 and 1994 refunding bond issues were placed in special escrow accounts and 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, 2012, the defeased bonds outstanding were \$365,000 for the 1994 issue and \$375,000 for the 1989 issue.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Accrued Claims Liability -

The County has estimated an accrued claims liability for its employees, including an estimate for claims incurred but not reported (IBNR), administered through Michigan Municipal Risk Management Authority. The dollar amount of these estimated claims is \$67,000 at December 31, 2012.

The County has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2012. The dollar amount of these claims reported as a liability on the statement of net position of the Workers' Compensation Fund is \$140,000 at December 31, 2012.

The Medical Care Facility has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2012. The dollar amount of these claims reported as a liability on the statement of net position of the Medical Care Facility (Enterprise) Fund is \$440,682 at December 31, 2012.

**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. Accrued vacation and sick of \$309,001 has been recorded as a long-term liability in the Medical Care Facility (Enterprise) Fund. The governmental funds' portion of \$480,977 has been recorded in the government-wide financial statements as a long-term liability and is generally liquidated by the General Fund or the fund where the employee salary is charged.

**Annual Debt Requirements** - The annual requirements to pay the debt outstanding at December 31, 2012, 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
2013	\$ 1,665,000	\$ 437,375
2014	1,685,000	383,625
2015	1,500,000	333,063
2016	1,500,000	284,313
2017	1,500,000	229,000
2018-2020	4,975,000	317,500
	<u>\$ 12,825,000</u>	<u>\$ 1,984,876</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### COMPONENT UNITS -

The following is a summary of changes in long-term liabilities (including current portions) of the Component Units of the Road Commission for the year ended September 30, 2012 and Board of Public Works and Drainage Districts for the year ended December 31, 2012:

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
<b>Road Commission -</b>					
MTF Notes	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -
Accrued Vacation	167,334	-	9,048	158,286	-
OPEB Obligation	<u>3,016,308</u>	<u>996,636</u>	<u>325,173</u>	<u>3,687,771</u>	<u>-</u>
Total Road Commission	<u>3,263,642</u>	<u>996,636</u>	<u>414,221</u>	<u>3,846,057</u>	<u>-</u>
	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<b>Board of Public Works -</b>					
General Obligation Bonds	1,575,000	-	220,000	1,355,000	225,000
Michigan State Revolving Loan	2,819,069	-	165,000	2,654,069	175,000
Less Deferred Amount for:					
Issuance Costs	( 49,099)	-	( 6,434)	( 42,665)	( 6,434)
Bond Discount	( 5,266)	-	( 1,756)	( 3,510)	( 1,756)
Refunding Loss	( 5,076)	-	( 1,693)	( 3,383)	( 1,693)
Bond Premium	<u>21,205</u>	<u>-</u>	<u>3,120</u>	<u>18,085</u>	<u>3,120</u>
Total Board of Public Works	<u>4,355,833</u>	<u>-</u>	<u>378,237</u>	<u>3,977,596</u>	<u>393,237</u>
<b>Drainage District -</b>					
Drain Bonds	2,963,550	-	299,768	2,663,782	299,761
Less Deferred Amount for:					
Bond Issuance Costs	( 141,405)	-	( 10,101)	( 131,304)	( 10,101)
Total Drainage District	<u>2,822,145</u>	<u>-</u>	<u>289,667</u>	<u>2,532,478</u>	<u>289,660</u>
Total Component Units	<u>\$ 10,441,620</u>	<u>\$ 996,636</u>	<u>\$ 1,082,125</u>	<u>\$10,356,131</u>	<u>\$ 682,897</u>

#### Road Commission:

##### 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 \$158,286 at September 30, 2012.

##### Other Postemployment Benefits

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

### 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 systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the townships, villages, cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended.

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 townships, villages or cities.

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 are not included in the County's financial statements. At December 31, 2012, the bond outstanding of \$450,000 is considered defeased.

On October 5, 2011, the County through its Board of Public Works issued 2011 (tax exempt) refunding bonds in the amount of \$1,180,000. The bond proceeds and other accumulated resources were used to redeem the remaining principal of \$1,490,000 of the 2002 Sewage Disposal System Improvement Bonds – Limited Tax General Obligation (Village of Almont). The 2011 Bonds outstanding principal at December 31, 2012 is \$1,090,000.

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 1996 Bonds were issued April 11, 1996 in the principal amount of \$1,500,000 and remaining outstanding principal at December 31, 2012 is \$265,000.

General Obligation Bonds currently outstanding are as follows:

<b>Governmental Activities (G.O. Bonds) -</b>	<u>Interest Rate</u>	
Sewage Disposal Systems Refunding		
Bonds - Series 2002 (Village of Almont)	2.00 - 4.00 %	\$ 1,090,000
<b>Governmental Activities (G.O. Refunding) -</b>		
Wastewater Treatment System Refunding		
Bonds – Series 2006 (Village of Dryden)	3.90 - 4.00	265,000
		<u>\$ 1,355,000</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### 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:

#### 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, 2012 through 2019, in amounts ranging from \$55,000 to \$61,507 with interest of 2.50% payable semi-annually on April 1 and October 1 of each year.

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

On September 20, 2007, the loan was authorized to be drawn in amount of \$2,090,000. As of December 31, 2012, Lapeer County Board of Public Works has drawn \$2,017,030 from the authorized amount. The principal payments are due in annual installments on October 1, 2012 through 2028, in amounts ranging from \$90,000 to \$125,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

#### 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, 2012, Lapeer County Board of Public Works has drawn \$694,868 from the authorized amount. The principal payments are due in annual installments on October 1, 2012 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.

State of Michigan Drinking Water Revolving Loans outstanding at December 31, 2012 are as follows:

Governmental Activities (Revolving Loans) -	Interest Rate	
1998 Water System (Village of Dryden)	2.50 %	\$ 416,507
2007 Water System (Village of Almont)	2.125	1,692,694
2007 Water System (Village of Dryden)	2.125	544,868
		<u>\$ 2,654,069</u>



# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

Annual debt service requirements to maturities for the general obligations and loans are as follows:

Year Ending December 31,	G.O. Bonds Refunded		Michigan Revolving Loans	
	Principal	Interest	Principal	Interest
2013	\$ 225,000	\$ 44,204	\$ 175,000	\$ 57,273
2014	230,000	37,069	175,000	53,348
2015	100,000	31,519	180,000	49,423
2016	100,000	28,519	190,000	45,330
2017	105,000	25,519	195,000	41,005
2018-2022	595,000	67,225	821,507	145,659
2023-2027	-	-	794,868	64,235
2028	-	-	122,694	2,607
	<u>\$ 1,355,000</u>	<u>\$ 234,055</u>	<u>\$ 2,654,069</u>	<u>\$ 458,880</u>

### Drainage Districts:

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

On November 1, 2001, the County issued \$525,000 in bonds in connection with the Winn Lake Drain District. The principal payments are due in annual installments on May 1 ranging from \$25,000 to \$30,000 through 2021 with interest ranging from 5.05-5.60% due on May 1 and November 1 of each year. The balance at December 31, 2012 was \$260,000.

On March 29, 2005, the County issued \$2,830,000 in bonds in connection with the Imlay-Bigelow Drain Branches Drainage Districts. The principal payments are due in annual installments on June 1, ranging from \$125,000 to \$150,000 through 2025, with interest ranging from 4.25% to 4.7% due on June 1 and December 1 of each year. The balance at December 31, 2012 was \$1,780,000.

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 payments on the bonds are due on June 1 through 2017 with interest due semi-annually with interest ranging from 5.0% to 6.0%. Lapeer County's balance at December 31, 2012 was \$623,782.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

The balances of outstanding Drainage District Bonds at December 31, 2012 are as follows:

	<u>Interest Rate</u>	
<b>Governmental Activities -</b>		
Drain Bonds -		
Winn Lake District	5.05 - 5.60	\$ 260,000
Imlay-Bigelow and Branches Drainage District	4.25 - 4.70	1,780,000
Mill Creek Inter-County Drain	5.00 - 6.00	<u>623,782</u>
		<u>\$ 2,663,782</u>

Annual debt service requirements to maturities are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Drain Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 299,761	\$ 106,987
2014	299,761	95,257
2015	304,762	83,018
2016	304,762	71,188
2017	304,736	60,483
2018-2022	775,000	170,129
2023-2025	<u>375,000</u>	<u>26,157</u>
	<u>\$ 2,663,782</u>	<u>\$ 613,219</u>

### NOTE 9 - RETIREMENT PLAN:

#### Primary Government

#### Plan Description -

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

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Contributions and 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). These members contributed at actuarially determined rates between 2.49-2.53%. These rates are applied to eligible compensation. The County is required to contribute at an actuarially determined rates, which for 2012 were 12.17% for sheriff's department employees, 7.99% for former Medical Care Facility union employees and 13.18% for non-union employees at the Medical Care Facility, 8.85% for Department of Senior Activities and Health Department employees, 6.25% for general non-union employees, 11.67% for Central Dispatch employees, 8.68% for elected commissioners, 9.21% for union Community Mental Health employees, 8.77% for non-union Community Mental Health employees, and 8.75% for General Teamsters. The County elected to charge higher rates for certain employee groups to improve their funding levels. During 2012, the actual contribution rate used for the Community Mental Health non-union was 11.23%. 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.

For the year ended December 31, 2012, the County's annual pension cost was \$1,370,979. The County's required and actual contributions were \$1,345,546 and \$1,368,984, respectively. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age normal cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 8.40% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually), after retirement for persons under Benefit E-1 or E-2. The actuarial value of MERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a 10 year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis with a remaining amortization period at December 31, 2010 of 28 years.

#### Annual Pension Cost and Net Pension Asset -

The County's annual pension cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. 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 of 28 years. The annual pension cost for the year, the amount actually contributed, and changes in the net pension asset are as follows:

Annual required contribution	\$ 1,345,546
Interest on net pension asset	( 193,982)
ARC adjustment	<u>219,415</u>
Annual pension cost	1,370,979
Contributions made	( 1,368,984)
Decrease in net pension asset	1,995
Net pension asset – beginning of year, as restated	( 2,424,773)
Net pension asset – end of year	<u><u>\$ ( 2,422,778)</u></u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b-a)	AAL Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
12/31/09	\$ 69,487,923	\$ 75,451,001	\$ 5,963,078	92 %	\$ 27,718,957	22 %
12/31/10	73,526,774	79,860,857	6,334,083	92	26,598,885	24
12/31/11	78,311,311	85,385,423	7,074,112	92	25,923,797	27

#### Schedule of Employer Contributions -

##### Primary Government

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Change in Net Pension Asset	Net Pension Asset
2010 *	\$ 1,536,503	113 %	\$ 205,469	\$ 1,302,322
2011 *	1,319,508	185	1,122,451	2,424,773
2012	1,370,979	100	( 1,995)	2,422,778

\* Restated

#### Component Units -

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, 2012, employer contributions totaling \$412,306 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2010. 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.

The Board of Public Works, Drainage Districts, and Land Bank Authority are administered by and salaries and benefits for these component units are budgeted within departments of the Primary Government.

### NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

#### Primary Government -

The County sponsors a defined contribution plan known as the Lapeer County Retiree Health Care Plan and is available to all full-time employees to provide resources for postemployment health care expenses. The County provides a basic contribution of \$30 per month per individual into an account in the employee's name. The Plan assets are maintained and invested at MERS in a Section 115 trust account. The Plan requires 10 years of continuous service in a full-time capacity to vest. Forfeitures are used to reduce the County's contributions. The County Board of Commissioners has the authority to amend the Plan. Employer contributions of \$317,568 were made for the year ended December 31, 2012.

# **LAPEER COUNTY, MICHIGAN**

## **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

### **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 Road 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. The County Road Commission can periodically make contributions to an irrevocable trust to provide advance funds for these benefits which are counted towards the ARC contribution.

#### **Annual Benefit Costs -**

During the year ended September 30, 2012, employer contributions of \$325,173, including \$15,000 set aside in a trust fund to prefund benefits, were made by the Road Commission. The alternative measurement method dated September 30, 2012 determined an annual contribution of \$977,259.

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.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### 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	\$ 977,259
Interest on net OPEB obligation	211,142
Adjustment to annual required contribution	( 191,765)
Annual OPEB cost (expense)	996,636
Contributions made	( 325,173)
Increase in net OPEB obligation	671,463
NET OPEB obligation – beginning of year	3,016,308
NET OPEB obligation – end of year	<u>\$ 3,687,771</u>

#### Schedule of Employer Contributions -

Year Ended	Annual OPEB Cost	Percentage Contributed	Change in Net OPEB Obligation	Ending Net OPEB Obligation
2010	\$ 1,107,911	22.97 %	\$ 853,370	\$ 2,282,552
2011	991,923	26.02	733,756	3,016,308
2012	996,636	32.63	671,463	3,687,771

#### 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]
2008	\$ -	\$ 11,116,553	\$ 11,116,553	0 %	\$ 2,776,247	400 %
2011	-	12,287,321	12,277,237	0	2,636,426	466

#### 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.

## **LAPEER COUNTY, MICHIGAN**

### **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

#### **NOTE 11 - CONTINGENT LIABILITIES:**

##### **Primary Government -**

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

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

The County is completely self-insured for unemployment compensation, and is self-insured for workers' compensation claims up to an aggregate annual amount of \$450,000. The County is insured for the amount of claims in excess of such limitation to a maximum of \$5,000,000. The County is then self-insured for annual aggregate claims in excess of insurance coverage.

In addition, the Primary Government 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.

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

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

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

<u>Type of Risk</u>	<u>Maximum Retention per Occurrence</u>
General and Auto Liability	\$ 75,000
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 2012, the Stop Loss Program limited the retention for Lapeer County to \$278,000 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.

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

	<u>General Fund</u>		<u>Workers' Compensation</u>		<u>Medical Care Facility</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 77,000	\$ 95,000	\$ 106,000	\$ 210,000	\$ 380,623	\$ 220,476
Incurring claims (including IBNR's)	61,881	100,292	459,745	169,077	789,027	664,777
Claims Paid	( 71,881)	( 118,292)	( 425,745)	( 273,077)	( 728,968)	( 504,630)
Unpaid claims, end of year	67,000	77,000	140,000	106,000	440,682	380,623
Less current portion	( 10,000)	( 10,000)	( 90,000)	( 85,000)	( 150,000)	( 150,000)
Long-term Liabilities	<u>\$ 57,000</u>	<u>\$ 67,000</u>	<u>\$ 50,000</u>	<u>\$ 21,000</u>	<u>\$ 290,682</u>	<u>\$ 230,623</u>



# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Component Unit - Road Commission -

The Road Commission is exposed to various risks of loss related to life, disability, and health insurance, automobile liability, error or omissions liability, bodily injury, property damage, personal, injury liability and property (building) and grounds. The Road Commission has acquired commercial insurance coverage for each of these types of losses. However, the Road Commission would be responsible for claims in excess of coverage limits. The amount of the settlement claims for the last three years has not exceeded insurance coverages.

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 premiums.

### NOTE 13 - CONSTRUCTION CONTRACT COMMITMENTS:

The County has construction activities reported in the E-911 Construction Fund. The construction is for updating E-911 facilities and equipment for the Central Dispatch. At December 31, 2012, the County had committed \$12,988,883 for a construction contract and had spent \$11,354,834 through the end of the year leaving \$1,634,049 remaining on the commitment.

### NOTE 14 - DEFERRED COMPENSATION:

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

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

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

### NOTE 15 - FUND EQUITY:

#### NET INVESTMENT IN CAPITAL ASSETS -

##### Governmental Activities:

Capital Assets		\$ 26,549,706
Less related debt -		
2004A Refunding Bonds - CMH		( 350,000)
2011 G.O. Bonds	\$( 12,475,000)	
Unspent portion of 2011 G.O. Bonds	<u>2,952,723</u>	( 9,522,277)
Bond premium		( 199,324)
Refunding Loss		<u>27,861</u>
		<u>\$ 16,505,966</u>

##### Business-type Activities:

Capital Assets		<u>\$ 15,466,114</u>
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# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### RESTRICTED FUND BALANCE/NET POSITION -

The fund balance and net position of the Primary Government have been restricted for the following purposes at December 31, 2012:

	Enabling Legislation	Other	Total
Acquisition/construction of capital assets:			
E-911 Construction	\$ -	\$ 2,952,723	\$ 2,952,723
Jail	-	629,558	629,558
Capital Construction & Improvement	-	30,000	30,000
Old Courthouse	-	7,528	7,528
			<u>3,619,809</u>
Debt Service:			
E-911 Debt Fund	1,403,143	-	1,403,143
Mental Health Debt Fund	-	20,352	20,352
			<u>1,423,495</u>
Health and Welfare:			
Community Mental Health	-	125,601	125,601
Community Development	-	15,249	15,249
Senior Millage	205,504	-	205,504
Soldiers' Relief	-	284	284
			<u>346,638</u>
Public Safety:			
E-911	1,032,333	-	1,032,333
Thumb Narcotics Unit	-	103,823	103,823
Law Enforcement - Other	-	80,788	80,788
			<u>1,216,944</u>
General Government:			
Budget Stabilization	2,533,796	-	2,533,796
Register of Deeds	493,668	-	493,668
			<u>3,027,464</u>
Other:			
Polly Ann Trail	-	497	497
Friend of Court	-	52,618	52,618
Family Marriage Counseling	56,526	-	56,526
County Surveyor	-	14,416	14,416
			<u>124,057</u>
Total Restricted Fund Balance - Governmental Funds			9,758,407
Unspent Bond Proceeds	-	( 2,952,723)	( 2,952,723)
Net Pension Asset		2,422,778	2,422,778
Nonspendable -			
E-911	50,088	-	50,088
Old Courthouse	-	6,187	6,187
Total Restricted Net Position - Governmental Activities			<u>\$ 9,284,737</u>

# LAPEER COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
<b>Business-type Activities</b>			
Other:			
Foreclosure sales	\$ 2,087,594	-	<u>\$ 2,087,594</u>

### COMMITTED FUND BALANCES -

At December 31, 2012, the Administrator/Controller had committed the following fund balances:

Major Funds -		
General Fund		\$ 3,800,594
Community Mental Health		<u>1,526,552</u>
		<u>5,327,146</u>
Nonmajor Funds -		
Parks Department		3,543
Health Department		144,972
Animal Control		107,111
Emergency Management		31,891
Community Grants		18,446
Police Service Contracts		117,642
Law Enforcement Programs		212,611
Law Enforcement		100,951
Law Library		26,810
Department of Human Services		34,449
Child Care		615,547
Multi-Purpose Collaborative Body		<u>5,233</u>
		<u>1,419,206</u>
 Total Committed Fund Balance		 <u>\$ 6,746,352</u>

### NOTE 16 - PRIOR PERIOD ADJUSTMENTS:

#### Governmental Activities -

Lapeer County has recognized a previously unrecorded net pension asset for employer contributions made to the defined benefit pension plan sponsored by MERS in excess of the annual pension cost in the amount of \$2,424,773 for the years prior to 2012. The effect of the restatement on January 1, 2012 was to increase restricted net position of the governmental activities by \$2,424,773. The effect of the restatement on the change in net position of the governmental activities for the year ended December 31, 2011 was an increase of \$1,122,451. The schedule of employer contributions reported in Note 9 have also been restated for 2011 and 2010.

## **LAPEER COUNTY, MICHIGAN**

### **NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012**

#### **NOTE 16 - PRIOR PERIOD ADJUSTMENTS - (cont'd):**

##### **Governmental Activities/Community Mental Health (major fund) -**

A deposit with St. Clair County PIHP in the amount of \$137,542 as of October 1, 2011 was established and recognized as a prior period adjustment. The restatement was made to reflect the deposit with St. Clair County PIHP for excess ABW revenue. This transaction resulted in a \$137,542 increase to the beginning committed fund balance and beginning unrestricted net position for the year ended September 30, 2012. The effect of the restatement for the year ended December 31, 2011 was to increase revenue and changes in fund balance/net position at both the fund level and for the governmental activities by \$137,542.

##### **Retiree Health Care (Fiduciary Fund) -**

Lapeer County has recognized a previously unrecorded Retiree Health Care Fund (fiduciary fund) which accounts for the activity of the Section 115 Trust held with MERS. The effect of the restatement on the January 1, 2012 was to increase net position restricted for retiree health care benefits by \$1,073,061. The effect of the restatement on the year ended December 31, 2011 was increases to revenue and expenses, and decrease to changes in fiduciary net position of \$9,095, \$483,210, and \$(474,115), respectively, to reflect previously unrecorded balances.

#### **NOTE 17 - SPECIAL ITEM:**

##### **Delinquent Tax Fund (Proprietary Fund) -**

During 2012, the County settled a matter pursuant to a motion brought before United States Bankruptcy Court by the trustee assigned to the bankruptcy cases of the perpetrator of a ponzi scheme and his investment business. Lapeer County was victimized by this ponzi scheme in 2010 and subsequent to the discovery of the matter received \$260,323 of proceeds from a matured certificate of deposit stated to be the County's original investment. The motion was approved by the Bankruptcy Court to recover the proceeds from the County to allow the Trustee to reallocate recovered assets on a pro rata basis to the victims. A settlement was reached and accepted by the County in the amount of \$210,000 and has been recognized as a special item on the Delinquent Tax Fund statement of revenue, expenses, and changes in net position.

## **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, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 9,284,000	\$ 9,185,114	\$ 9,488,760	\$ 303,646
Licenses and permits	32,530	32,530	25,075	( 7,455)
Intergovernmental - Federal/State	2,439,942	2,465,120	2,658,672	193,552
Charges for services	2,107,233	2,234,298	2,360,289	125,991
Fines and forfeits	247,140	256,026	220,998	( 35,028)
Interest and rent	360,713	360,713	323,023	( 37,690)
Other	2,939,219	2,939,219	3,129,152	189,933
Total Revenues	17,410,777	17,473,020	18,205,969	732,949
<b>Expenditures:</b>				
<b>Legislative:</b>				
Board of Commissioners	285,873	285,873	267,547	18,326
<b>Judicial:</b>				
Circuit Court	1,093,852	1,140,379	1,096,227	44,152
District Court	1,556,736	1,556,736	1,523,167	33,569
Jury Board	4,461	4,461	3,181	1,280
Indigent Counsel	490,774	490,774	449,082	41,692
Probate Court	582,354	515,427	490,706	24,721
Adult Probation	27,030	27,030	26,677	353
	3,755,207	3,734,807	3,589,040	145,767
<b>General Government:</b>				
Administrative	218,805	218,805	216,614	2,191
Elections	189,652	246,758	240,013	6,745
Professional Services	316,939	316,939	200,231	116,708
County Clerk	577,400	586,286	577,551	8,735
Tax Equalization	243,374	244,122	243,747	375
Prosecuting Attorney	1,135,201	1,135,601	1,128,085	7,516
Register of Deeds	258,569	270,943	270,511	432
County Treasurer	375,159	375,159	369,392	5,767
Computer Operations	194,321	191,972	177,955	14,017
Accounting	305,777	308,126	301,924	6,202
Building Operations	405,695	405,695	396,843	8,852
Building and Grounds	755,093	742,884	658,774	84,110
Drain Commissioner	322,300	322,300	322,134	166
Boundary Commission	400	400	-	400
	5,298,685	5,365,990	5,103,774	262,216

Continued

**LAPEER COUNTY, MICHIGAN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety:</b>				
Sheriff	\$ 2,744,646	\$ 2,801,849	\$ 2,801,848	\$ 1
Criminal Justice Training	9,524	9,524	8,477	1,047
Marine Safety	9,088	9,088	8,182	906
Jail/Feeding Prisoners	2,882,804	2,891,986	2,892,036	( 50)
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	2,924	2,924	784	2,140
PLAT Board	607	607	-	607
	<u>5,650,593</u>	<u>5,716,978</u>	<u>5,711,327</u>	<u>5,651</u>
<b>Public Works:</b>				
Road Commission	213,883	213,883	213,345	538
Drains - County at Large	75,000	78,286	78,286	-
	<u>288,883</u>	<u>292,169</u>	<u>291,631</u>	<u>538</u>
<b>Health and Welfare:</b>				
Medical Examiner	62,685	62,685	57,812	4,873
Veterans' Burial	8,969	8,969	5,220	3,749
Veterans' Affairs	113,877	113,877	109,830	4,047
Veterans' Relief	1,000	1,000	-	1,000
Lapeer Development Corporation	7,000	7,000	7,000	-
	<u>193,531</u>	<u>193,531</u>	<u>179,862</u>	<u>13,669</u>
<b>Recreation and Cultural:</b>				
Cooperative Extension	204,999	204,999	197,273	7,726
<b>Other:</b>				
Bonds and Insurance	482,900	481,986	404,692	77,294
Memberships and Dues	14,800	14,800	14,269	531
Contingency	500,000	500,000	-	500,000
	<u>997,700</u>	<u>996,786</u>	<u>418,961</u>	<u>577,825</u>
 Total Expenditures	 <u>16,675,471</u>	 <u>16,791,133</u>	 <u>15,759,415</u>	 <u>1,031,718</u>
 Revenues over expenditures	 <u>735,306</u>	 <u>681,887</u>	 <u>2,446,554</u>	 <u>1,764,667</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfer In	\$ 7,000	\$ 7,000	\$ -	\$( 7,000)
Transfers Out				
Special Revenue Funds -				
Parks Department	( 66,000)	( 78,209)	( 78,209)	-
Friend of the Court	( 280,000)	( 280,000)	( 280,000)	-
Health Department				
Operations	( 370,000)	( 370,000)	( 370,000)	-
Liquor tax	( 145,000)	( 190,338)	( 190,338)	-
Mental Health	( 110,400)	( 136,900)	( 136,900)	-
Animal Control	( 30,000)	( 30,000)	( 30,000)	-
Emergency Management	( 49,000)	( 49,000)	( 49,000)	-
Community Corrections	( 48,027)	( 20,000)	( 20,000)	-
Police Service Contracts	( 298,421)	( 298,421)	( 289,717)	8,704
Law Enforcement Programs	( 4,573)	( 4,573)	( 3,295)	1,278
Law Enforcement	( 54,977)	( 72,652)	( 72,652)	-
Law Library	( 4,500)	( 4,500)	( 4,500)	-
Community Development	-	-	( 21,215)	( 21,215)
Department of Human Services	( 21,402)	( 21,402)	-	21,402
Child Care	( 578,418)	( 577,000)	( 577,000)	-
Multi Purpose Collaborative Body	( 25,000)	( 18,500)	( 18,500)	-
Internal Service Funds -				
Equipment Acquisition & Replacement	( 31,960)	( 31,960)	( 31,960)	-
Total Transfers Out	( 2,117,678)	( 2,183,455)	( 2,173,286)	10,169
Total Transfers	( 2,110,678)	( 2,176,455)	( 2,173,286)	3,169
Net Change in Fund Balance	( 1,375,372)	( 1,494,568)	273,268	1,767,836
Fund Balance at beginning of year	5,334,384	5,334,384	5,334,384	-
Fund Balance at end of year	\$ 3,959,012	\$ 3,839,816	\$ 5,607,652	\$ 1,767,836

**Reconciliation of Budget-Basis to GAAP-Basis Reporting:**

Net Change in General Fund Fund Balance - Budgetary Basis	\$ 273,268
Perspective difference -	
Other Budgeted Funds Net Change allocated to the General Fund for GAAP-Basis General Fund	
Local Reserve	9,075
Budget Stabilization	29,048
Emergency Disaster	-
Rental Property	6,561
Net Change in General Fund Fund Balance - GAAP-Basis	\$ 317,952

Concluded



**LAPEER COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - COMMUNITY MENTAL HEALTH  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental - Federal/State	\$ 2,555,445	\$ 2,327,664	\$ 2,197,378	\$( 130,286)
Charges for services	14,431,174	14,444,674	14,455,233	10,559
Interest	11,750	2,750	3,240	490
Other	233,980	238,980	249,856	10,876
Total Revenues	<u>17,232,349</u>	<u>17,014,068</u>	<u>16,905,707</u>	<u>( 108,361)</u>
<b>Expenditures:</b>				
Health and Welfare	<u>17,432,349</u>	<u>17,216,968</u>	<u>16,856,288</u>	<u>360,680</u>
Revenues over (under) expenditures	( 200,000)	( 202,900)	49,419	252,319
<b>Other Financing Sources:</b>				
Transfers in	<u>200,000</u>	<u>202,900</u>	<u>202,900</u>	<u>-</u>
Net Change in Fund Balance	-	-	252,319	252,319
Fund Balance at beginning of year	<u>1,446,607</u>	<u>1,446,607</u>	<u>1,446,607</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,446,607</u></u>	<u><u>\$ 1,446,607</u></u>	<u><u>\$ 1,698,926</u></u>	<u><u>\$ 252,319</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, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
License and permits	\$ 71,250	\$ 71,250	\$ 84,120	\$ 12,870
Intergovernmental - Federal/State	-	-	53,181	53,181
Charges for services	-	-	3,957	3,957
Fines and forfeitures	1,500	1,500	4,700	3,200
Total Revenues	72,750	72,750	145,958	73,208
<b>Expenditures:</b>				
Health and Welfare	135,507	135,507	172,041	( 36,534)
Revenue under expenditures	( 62,757)	( 62,757)	( 26,083)	36,674
<b>Other Financing Sources:</b>				
Transfers in	62,757	62,757	21,215	( 41,542)
Net Change in Fund Balance	-	-	( 4,868)	( 4,868)
Fund Balance at beginning of year	20,117	20,117	20,117	-
Fund Balance at end of year	\$ 20,117	\$ 20,117	\$ 15,249	\$( 4,868)

### 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 State of America and on the same modified accrual basis used to reflect actual results.

## **SUPPLEMENTARY INFORMATION**

# LAPEER COUNTY, MICHIGAN

## COMBINING BALANCE SHEET SCHEDULE GENERAL FUND DECEMBER 31, 2012

	General Fund - Budgetary Basis	Local Reserve	Budget Stabilization	Emergency Disaster
<b>ASSETS</b>				
Cash and cash equivalents	\$( 2,298,972)	\$ 1,749,425	\$ 510,020	\$ 34,100
Investments	10,474,077	2,005,270	2,093,937	-
Receivables -				
Property taxes	522,196	-	-	-
Accounts and interest	19,413	4,470	9,545	-
Due from other governmental units -				
Federal/State	221,224	-	-	-
Due from other funds	110	-	-	-
Intrafund receivables	79,706	-	( 79,706)	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	71,941	-	-	-
	<u>\$ 9,179,695</u>	<u>\$ 3,759,165</u>	<u>\$ 2,533,796</u>	<u>\$ 34,100</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 172,555	\$ -	\$ -	\$ -
Accrued liabilities	174,420	-	-	-
Due to other governmental units -				
Federal/State	18,357	-	-	-
Due to other funds	101,711	-	-	-
Interfund payables	3,105,000	-	-	-
Total Liabilities	<u>3,572,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance:</b>				
Nonspendable -				
Prepayments and deposits	71,941	-	-	-
Advances	90,000	-	-	-
Restricted	-	-	2,533,796	-
Committed	-	3,759,165	-	34,100
Unassigned	5,445,711	-	-	-
Total Fund Balance	<u>5,607,652</u>	<u>3,759,165</u>	<u>2,533,796</u>	<u>34,100</u>
	<u>\$ 9,179,695</u>	<u>\$ 3,759,165</u>	<u>\$ 2,533,796</u>	<u>\$ 34,100</u>
Total Liabilities and Fund Balance	<u>\$ 9,179,695</u>	<u>\$ 3,759,165</u>	<u>\$ 2,533,796</u>	<u>\$ 34,100</u>

Rental Property	General Fund (GAAP-Basis)
\$ 7,395	\$ 1,968
-	14,573,284
-	522,196
-	33,428
-	221,224
-	110
-	-
-	90,000
-	71,941
<u>\$ 7,395</u>	<u>\$ 15,514,151</u>

\$ 66	\$ 172,621
-	174,420
-	18,357
-	101,711
-	3,105,000
<u>66</u>	<u>3,572,109</u>

-	71,941
-	90,000
-	2,533,796
7,329	3,800,594
-	5,445,711
<u>7,329</u>	<u>11,942,042</u>
<u>\$ 7,395</u>	<u>\$ 15,514,151</u>

# LAPEER COUNTY, MICHIGAN

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund Budgetary - Basis	Local Reserve	Budget Stabilization	Emergency Disaster
<b>Revenues:</b>				
Taxes	\$ 9,488,760	\$ -	\$ -	\$ -
Licenses and permits	25,075	-	-	-
Intergovernmental - Federal/State	2,658,672	-	-	-
Charges for services	2,360,289	-	-	-
Fines and forfeits	220,998	-	-	-
Rents and royalties	160,714	-	-	-
Interest	162,309	9,075	29,048	-
Other	3,129,152	-	-	-
Total Revenues	<u>18,205,969</u>	<u>9,075</u>	<u>29,048</u>	<u>-</u>
<b>Expenditures:</b>				
Current -				
Legislative	267,547	-	-	-
Judicial	3,589,040	-	-	-
General Government	5,103,774	-	-	-
Public Safety	5,711,327	-	-	-
Public Works	291,631	-	-	-
Health and Welfare	179,862	-	-	-
Recreation and Cultural	197,273	-	-	-
Other Activities	418,961	-	-	-
Total Expenditures	<u>15,759,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	2,446,554	9,075	29,048	-
<b>Other Financing Uses:</b>				
Transfers out	<u>( 2,173,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	273,268	9,075	29,048	-
Fund Balances at beginning of year	<u>5,334,384</u>	<u>3,750,090</u>	<u>2,504,748</u>	<u>34,100</u>
Fund Balances at end of year	<u>\$ 5,607,652</u>	<u>\$ 3,759,165</u>	<u>\$ 2,533,796</u>	<u>\$ 34,100</u>

<u>Rental Property</u>	<u>General Fund (GAAP-Basis)</u>
\$ -	\$ 9,488,760
-	25,075
-	2,658,672
-	2,360,289
-	220,998
16,287	177,001
-	200,432
-	3,129,152
<u>16,287</u>	<u>18,260,379</u>

-	267,547
-	3,589,040
9,726	5,113,500
-	5,711,327
-	291,631
-	179,862
-	197,273
-	418,961
<u>9,726</u>	<u>15,769,141</u>

6,561	2,491,238
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<u>-</u>	<u>( 2,173,286)</u>
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6,561	317,952
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<u>768</u>	<u>11,624,090</u>
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<u>\$ 7,329</u>	<u>\$ 11,942,042</u>
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# LAPEER COUNTY

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GAAP BASIS COMPONENTS OF THE GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2012

	Original/Final Budget	Actual	Variance Positive (Negative)
<b>LOCAL RESERVE</b>			
<b>Revenues:</b>			
Interest	\$ -	\$ 9,075	\$ 9,075
<b>Other Financing Uses:</b>			
Transfers out	( 600,000)	-	600,000
Net Change in Fund Balance	( 600,000)	9,075	609,075
Fund Balance at beginning of year	3,750,090	3,750,090	-
Fund Balance at end of year	<u>\$ 3,150,090</u>	<u>\$ 3,759,165</u>	<u>\$ 609,075</u>
<b>BUDGET STABILIZATION</b>			
<b>Revenues:</b>			
Interest	\$ -	\$ 29,048	\$ 29,048
<b>Other Financing Uses:</b>			
Transfers out	( 100,000)	-	100,000
Net Change in Fund Balance	( 100,000)	29,048	129,048
Fund Balance at beginning of year	2,504,748	2,504,748	-
Fund Balance at end of year	<u>\$ 2,404,748</u>	<u>\$ 2,533,796</u>	<u>\$ 129,048</u>
<b>EMERGENCY DISASTER</b>			
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	34,100	34,100	-
Fund Balance at end of year	<u>\$ 34,100</u>	<u>\$ 34,100</u>	<u>\$ -</u>
<b>RENTAL PROPERTY</b>			
<b>Revenues:</b>			
Rent and royalties	\$ 17,700	\$ 16,287	\$ ( 1,413)
<b>Expenditures:</b>			
General Government	17,700	9,726	7,974
Net Change in Fund Balance	-	6,561	6,561
Fund Balance at beginning of year	768	768	-
Fund Balance at end of year	<u>\$ 768</u>	<u>\$ 7,329</u>	<u>\$ 6,561</u>

Note: The schedules presented above provide the budgetary comparisons for the special revenue funds that are combined with the General Fund for the financial statement presentation required by GASB Statement No. 54.



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

The Special Revenue Funds of the County are used to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service and capital projects. 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 with fees and state grant funds. Other sources of support are provided by a General Fund appropriation.

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

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

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

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

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

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

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

**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.

**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.

**Law Enforcement Programs** - 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.

**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 state matching of certain eligible costs. Other sources of support are provided by a General Fund appropriation.

**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.

**Soldiers' Relief** - is used to account for an ad valorem special property tax Millage and the distribution to various funds that provide programs for veterans.

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

The remaining special revenue funds are Community Grants, Thumb Narcotics Unit, Police Service Contracts, Law Enforcement and Multi Purpose Collaborative Body. 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 all restricted financial resources for the payment of general long-term debt principal, interest and related costs. 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 restricted resources to be used for the acquisition or construction of capital assets. 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, 2012**

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,851	\$ 497	\$ 662,864	\$ -	\$ 56,526
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	2,500	-	352,970	-	-
Due from other governmental units -					
Federal/State	-	-	57,726	187,922	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	50,088	-	-
Total Assets	<u>\$ 4,351</u>	<u>\$ 497</u>	<u>\$ 1,123,648</u>	<u>\$ 187,922</u>	<u>\$ 56,526</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 808	\$ -	\$ 9,857	\$ 4,038	\$ -
Accrued liabilities	-	-	27,824	17,983	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	-	-	3,546	1,727	-
Interfund payables	-	-	-	111,556	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>808</u>	<u>-</u>	<u>41,227</u>	<u>135,304</u>	<u>-</u>
<b>Fund Balance:</b>					
Nonspendable -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	50,088	-	-
Restricted	-	497	1,032,333	52,618	56,526
Committed	3,543	-	-	-	-
Total Fund Balance	<u>3,543</u>	<u>497</u>	<u>1,082,421</u>	<u>52,618</u>	<u>56,526</u>
Total Liabilities and Fund Balance	<u>\$ 4,351</u>	<u>\$ 497</u>	<u>\$ 1,123,648</u>	<u>\$ 187,922</u>	<u>\$ 56,526</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	County Surveyor	Register of Deeds Automation	Emergency Management	Community Grants
\$ 157,404	\$ 2,272	\$ 177,268	\$ -	\$ 497,142	\$ 22,641	\$ -
-	-	-	-	-	-	-
46,799	-	-	-	-	-	-
84,106	52,971	-	29,574	-	10,500	37,835
-	1,804	-	-	-	-	-
7,997	-	-	-	-	-	-
<u>\$ 296,306</u>	<u>\$ 57,047</u>	<u>\$ 177,268</u>	<u>\$ 29,574</u>	<u>\$ 497,142</u>	<u>\$ 33,141</u>	<u>\$ 37,835</u>
\$ 15,480	\$ 37,756	\$ 201	\$ 9	\$ 3,474	\$ 38	\$ 6,839
67,911	17,382	2,714	-	-	1,122	5,097
54,031	-	-	-	-	-	-
5,915	1,299	259	-	-	90	250
-	-	-	15,149	-	-	7,203
-	-	-	-	-	-	-
-	-	66,983	-	-	-	-
<u>143,337</u>	<u>56,437</u>	<u>70,157</u>	<u>15,158</u>	<u>3,474</u>	<u>1,250</u>	<u>19,389</u>
-	610	-	-	-	-	-
7,997	-	-	-	-	-	-
-	-	-	14,416	493,668	-	-
144,972	-	107,111	-	-	31,891	18,446
<u>152,969</u>	<u>610</u>	<u>107,111</u>	<u>14,416</u>	<u>493,668</u>	<u>31,891</u>	<u>18,446</u>
<u>\$ 296,306</u>	<u>\$ 57,047</u>	<u>\$ 177,268</u>	<u>\$ 29,574</u>	<u>\$ 497,142</u>	<u>\$ 33,141</u>	<u>\$ 37,835</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2012**

	Special Revenue Funds				
	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement	Law Enforcement - Other
<b>ASSETS</b>					
Cash and cash equivalents	\$ 110,696	\$ 38,656	\$ 213,230	\$ 107,205	\$ 80,975
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	12,990	103,346	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	<u>\$ 123,686</u>	<u>\$ 142,002</u>	<u>\$ 213,230</u>	<u>\$ 107,205</u>	<u>\$ 80,975</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 19,863	\$ -	\$ 619	\$ 1,871	\$ 187
Accrued liabilities	-	21,466	-	3,870	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	-	2,894	-	513	-
Interfund payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>19,863</u>	<u>24,360</u>	<u>619</u>	<u>6,254</u>	<u>187</u>
<b>Fund Balance:</b>					
Nonspendable -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Restricted	103,823	-	-	-	80,788
Committed	-	117,642	212,611	100,951	-
Total Fund Balance	<u>103,823</u>	<u>117,642</u>	<u>212,611</u>	<u>100,951</u>	<u>80,788</u>
Total Liabilities and Fund Balance	<u>\$ 123,686</u>	<u>\$ 142,002</u>	<u>\$ 213,230</u>	<u>\$ 107,205</u>	<u>\$ 80,975</u>

Special Revenue Funds							Debt Service Fund
Law Library	Department of Human Services	Child Care	Veterans' Trust	Soldiers' Relief Fund	Multi Purpose Collaborative Body	Senior Millage	Community Mental Health
\$ 27,165	\$ 48,824	\$ 585,136	\$ -	\$ 17,297	\$ -	\$ 248,044	\$ 20,352
-	-	-	-	243,086	-	598,924	-
-	-	-	-	-	-	-	-
-	-	104,666	8,318	-	31,775	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 27,165</u>	<u>\$ 48,824</u>	<u>\$ 689,802</u>	<u>\$ 8,318</u>	<u>\$ 260,383</u>	<u>\$ 31,775</u>	<u>\$ 846,968</u>	<u>\$ 20,352</u>
\$ 355	\$ 3,375	\$ 41,694	\$ -	\$ -	\$ 1,160	\$ -	\$ -
-	-	4,713	-	-	6,465	-	-
-	11,000	-	-	-	-	-	-
-	-	27,848	-	-	503	-	-
-	-	-	8,318	-	10,914	-	-
-	-	-	-	-	7,500	-	-
-	-	-	-	260,099	-	641,464	-
<u>355</u>	<u>14,375</u>	<u>74,255</u>	<u>8,318</u>	<u>260,099</u>	<u>26,542</u>	<u>641,464</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	284	-	205,504	20,352
<u>26,810</u>	<u>34,449</u>	<u>615,547</u>	<u>-</u>	<u>-</u>	<u>5,233</u>	<u>-</u>	<u>-</u>
<u>26,810</u>	<u>34,449</u>	<u>615,547</u>	<u>-</u>	<u>284</u>	<u>5,233</u>	<u>205,504</u>	<u>20,352</u>
<u>\$ 27,165</u>	<u>\$ 48,824</u>	<u>\$ 689,802</u>	<u>\$ 8,318</u>	<u>\$ 260,383</u>	<u>\$ 31,775</u>	<u>\$ 846,968</u>	<u>\$ 20,352</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2012**

	Capital Project Funds			Total
	Jail	Capital Construction & Improvement	Old Courthouse	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 629,558	\$ 30,000	\$ 7,528	\$ 3,743,131
Receivables -				
Property taxes	-	-	-	842,010
Accounts and interest	-	-	-	402,269
Due from other governmental units -				
Federal/State	-	-	-	721,729
Inventory	-	-	-	1,804
Prepayments and deposits	-	-	6,187	64,272
Total Assets	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 13,715</u>	<u>\$ 5,775,215</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 147,624
Accrued liabilities	-	-	-	176,547
Due to other governmental units -				
Federal/State	-	-	-	65,031
Due to other funds	-	-	-	44,844
Interfund payables	-	-	-	153,140
Advances from other funds	-	-	-	7,500
Deferred revenue	-	-	-	968,546
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,563,232</u>
<b>Fund Balance:</b>				
Nonspendable -				
Inventory	-	-	-	610
Prepayments and deposits	-	-	6,187	64,272
Restricted	629,558	30,000	7,528	2,727,895
Committed	-	-	-	1,419,206
Total Fund Balance	<u>629,558</u>	<u>30,000</u>	<u>13,715</u>	<u>4,211,983</u>
Total Liabilities and Fund Balance	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 13,715</u>	<u>\$ 5,775,215</u>

Concluded

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ 1,787,969	\$ -	\$ -
Licenses and permits	-	-	-	-	7,950
Intergovernmental -					
Federal/State	3,402	10,674	-	901,994	-
Charges for services	150,815	-	-	119,251	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	4,150	-	33,520	-	-
Interest	-	-	1,121	-	-
Other	-	-	795	24	-
Total Revenues	<u>158,367</u>	<u>10,674</u>	<u>1,823,405</u>	<u>1,021,269</u>	<u>7,950</u>
<b>Expenditures:</b>					
Current -					
Judicial	-	-	-	1,256,424	2,582
General Government	-	-	-	-	-
Public Safety	-	-	1,647,254	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	167,174	10,977	-	-	-
Capital outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>167,174</u>	<u>10,977</u>	<u>1,647,254</u>	<u>1,256,424</u>	<u>2,582</u>
Revenues over (under) expenditures	<u>( 8,807)</u>	<u>( 303)</u>	<u>176,151</u>	<u>( 235,155)</u>	<u>5,368</u>
<b>Other Financing Sources (Uses):</b>					
Transfer In	78,209	-	-	280,000	-
Transfer Out	<u>( 66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>12,209</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>-</u>
Net Change in Fund Balances	3,402	( 303)	176,151	44,845	5,368
Fund Balances at beginning of year	<u>141</u>	<u>800</u>	<u>906,270</u>	<u>7,773</u>	<u>51,158</u>
Fund Balances at end of year	<u>\$ 3,543</u>	<u>\$ 497</u>	<u>\$ 1,082,421</u>	<u>\$ 52,618</u>	<u>\$ 56,526</u>



Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	County Surveyor	Register of Deeds Automation	Emergency Management	Community Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
235,786	-	156,272	-	-	-	-
1,355,431	390,746	-	49,294	-	156,704	258,028
346,852	79	49,746	-	94,970	455	69,648
2,500	-	8,527	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	890	-	-
120,863	40,396	4,792	-	-	1,500	26,274
<u>2,061,432</u>	<u>431,221</u>	<u>219,337</u>	<u>49,294</u>	<u>95,860</u>	<u>158,659</u>	<u>353,950</u>
-	-	-	-	-	-	-
-	-	-	49,300	50,709	-	-
-	-	213,640	-	-	198,908	373,686
2,477,392	1,067,623	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,477,392</u>	<u>1,067,623</u>	<u>213,640</u>	<u>49,300</u>	<u>50,709</u>	<u>198,908</u>	<u>373,686</u>
( 415,960)	( 636,402)	5,697	( 6)	45,151	( 40,249)	( 19,736)
564,359	600,000	30,000	-	-	49,000	20,000
-	-	-	-	-	-	-
<u>564,359</u>	<u>600,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>49,000</u>	<u>20,000</u>
148,399	( 36,402)	35,697	( 6)	45,151	8,751	264
4,570	37,012	71,414	14,422	448,517	23,140	18,182
<u>\$ 152,969</u>	<u>\$ 610</u>	<u>\$ 107,111</u>	<u>\$ 14,416</u>	<u>\$ 493,668</u>	<u>\$ 31,891</u>	<u>\$ 18,446</u>

Continued

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds				
	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement	Law Enforcement - Other
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	156,441	-	18,857	83,250	-
Charges for services	-	876,450	10,879	17,776	-
Fines and forfeits	99,397	-	-	-	30,850
Rents and royalties	-	-	-	-	-
Interest	21	-	-	-	-
Other	11,706	-	4,980	-	-
Total Revenues	<u>267,565</u>	<u>876,450</u>	<u>34,716</u>	<u>101,026</u>	<u>30,850</u>
<b>Expenditures:</b>					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	194,539	1,159,103	36,062	174,616	35,346
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>194,539</u>	<u>1,159,103</u>	<u>36,062</u>	<u>174,616</u>	<u>35,346</u>
Revenues over (under) expenditures	<u>73,026</u>	<u>( 282,653)</u>	<u>( 1,346)</u>	<u>( 73,590)</u>	<u>( 4,496)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	289,717	3,295	72,652	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>289,717</u>	<u>3,295</u>	<u>72,652</u>	<u>-</u>
Net Change in Fund Balances	73,026	7,064	1,949	( 938)	( 4,496)
Fund Balances at beginning of year	<u>30,797</u>	<u>110,578</u>	<u>210,662</u>	<u>101,889</u>	<u>85,284</u>
Fund Balances at end of year	<u>\$ 103,823</u>	<u>\$ 117,642</u>	<u>\$ 212,611</u>	<u>\$ 100,951</u>	<u>\$ 80,788</u>

Special Revenue Funds							Debt Service Fund
Law Library	Department of Human Services	Child Care	Veterans' Trust	Soliders' Relief	Multi Purpose Collaborative Body	Senior Millage	Community Mental Health
\$ -	\$ -	\$ -	\$ -	\$ 284	\$ -	\$ 682,065	\$ -
-	-	-	-	-	-	-	-
-	72,668	455,380	4,477	-	115,271	-	-
-	-	180,002	-	-	53,343	-	-
6,624	-	29,416	-	-	-	-	-
-	-	-	-	-	-	-	161,503
-	-	-	-	-	-	-	138
-	-	55,289	-	-	60,483	-	-
<u>6,624</u>	<u>72,668</u>	<u>720,087</u>	<u>4,477</u>	<u>284</u>	<u>229,097</u>	<u>682,065</u>	<u>161,641</u>
10,517	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	75,011	1,060,356	6,359	-	259,348	18,812	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	170,000
-	-	-	-	-	-	-	21,750
<u>10,517</u>	<u>75,011</u>	<u>1,060,356</u>	<u>6,359</u>	<u>-</u>	<u>259,348</u>	<u>18,812</u>	<u>191,750</u>
( 3,893)	( 2,343)	( 340,269)	( 1,882)	284	( 30,251)	663,253	( 30,109)
4,500	-	577,000	-	-	18,500	-	-
-	-	-	-	-	-	( 600,000)	-
<u>4,500</u>	<u>-</u>	<u>577,000</u>	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>( 600,000)</u>	<u>-</u>
607	( 2,343)	236,731	( 1,882)	284	( 11,751)	63,253	( 30,109)
<u>26,203</u>	<u>36,792</u>	<u>378,816</u>	<u>1,882</u>	<u>-</u>	<u>16,984</u>	<u>142,251</u>	<u>50,461</u>
<u>\$ 26,810</u>	<u>\$ 34,449</u>	<u>\$ 615,547</u>	<u>\$ -</u>	<u>\$ 284</u>	<u>\$ 5,233</u>	<u>\$ 205,504</u>	<u>\$ 20,352</u>

Continued

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Capital Project Funds			
		Capital		
	Jail	Construction & Improvement	Old Courthouse	Total
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,470,318
Licenses and permits	-	-	-	400,008
Intergovernmental - Federal/State	-	-	-	4,032,617
Charges for services	-	-	-	1,970,266
Fines and forfeits	-	-	-	177,314
Rents and royalties	-	-	-	199,173
Interest	-	-	-	2,170
Other	-	-	4,175	331,277
Total Revenues	-	-	4,175	9,583,143
<b>Expenditures:</b>				
Current -				
Judicial	-	-	-	1,269,523
General Government	-	-	-	100,009
Public Safety	-	-	-	4,033,154
Health and Welfare	-	-	-	4,964,901
Recreation and Cultural	-	-	-	178,151
Capital outlay	-	-	28,964	28,964
Debt Service -				
Principal	-	-	-	170,000
Interest and charges	-	-	-	21,750
Total Expenditures	-	-	28,964	10,766,452
Revenues over (under) expenditures	-	-	( 24,789)	( 1,183,309)
<b>Other Financing Sources (Uses):</b>				
Transfer In	-	-	-	2,587,232
Transfer Out	-	-	-	( 666,000)
Total Other Financing Sources (Uses)	-	-	-	1,921,232
Net Change in Fund Balances	-	-	( 24,789)	737,923
Fund Balances at beginning of year	629,558	30,000	38,504	3,474,060
Fund Balances at end of year	\$ 629,558	\$ 30,000	\$ 13,715	\$ 4,211,983

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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>PARKS DEPARTMENT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ -	\$ 3,402	\$ 3,402
Charges for services	213,500	150,815	( 62,685)
Rent and royalties	6,000	4,150	( 1,850)
Total Revenues	<u>219,500</u>	<u>158,367</u>	<u>( 61,133)</u>
<b>Expenditures:</b>			
Recreation and Cultural	<u>219,500</u>	<u>167,174</u>	<u>52,326</u>
Revenues over (under) expenditures	<u>-</u>	<u>( 8,807)</u>	<u>( 8,807)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	66,000	78,209	12,209
Transfers out	( 66,000)	( 66,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,209</u>	<u>12,209</u>
Net Change in Fund Balance	-	3,402	3,402
Fund Balance at beginning of year	<u>141</u>	<u>141</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 141</u></u>	<u><u>\$ 3,543</u></u>	<u><u>\$ 3,402</u></u>

### POLLY ANN TRAIL

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 12,000	\$ 10,674	\$( 1,326)
<b>Expenditures:</b>			
Recreation and Cultural	<u>12,000</u>	<u>10,977</u>	<u>1,023</u>
Net Change in Fund Balance	-	( 303)	( 303)
Fund Balance at beginning of year	<u>800</u>	<u>800</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 800</u></u>	<u><u>\$ 497</u></u>	<u><u>\$( 303)</u></u>

Continued

# LAPEER COUNTY, MICHIGAN

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>E - 911</b>			
<b>Revenues:</b>			
Taxes	\$ 1,715,000	\$ 1,787,969	\$ 72,969
Interest	1,200	1,121	( 79)
Rent and royalties	20,000	33,520	13,520
Other	-	795	795
Total Revenues	<u>1,736,200</u>	<u>1,823,405</u>	<u>87,205</u>
<b>Expenditures:</b>			
Public Safety	<u>1,736,200</u>	<u>1,647,254</u>	<u>88,946</u>
Net Change in Fund Balance	-	176,151	176,151
Fund Balance at beginning of year	<u>906,270</u>	<u>906,270</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 906,270</u></u>	<u><u>\$ 1,082,421</u></u>	<u><u>\$ 176,151</u></u>

### FRIEND OF THE COURT

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 916,067	\$ 901,994	\$( 14,073)
Charges for services	116,200	119,251	3,051
Other	<u>37,000</u>	<u>24</u>	<u>( 36,976)</u>
Total Revenues	1,069,267	1,021,269	( 47,998)
<b>Expenditures:</b>			
Judicial	<u>1,420,835</u>	<u>1,256,424</u>	<u>164,411</u>
Revenues under expenditures	( 351,568)	( 235,155)	116,413
<b>Other Financing Sources:</b>			
Transfers in	<u>283,000</u>	<u>280,000</u>	<u>( 3,000)</u>
Net Change in Fund Balance	( 68,568)	44,845	113,413
Fund Balance at beginning of year	<u>7,773</u>	<u>7,773</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$( 60,795)</u></u>	<u><u>\$ 52,618</u></u>	<u><u>\$ 113,413</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>FAMILY MARRIAGE COUNSELING</b>			
<b>Revenues:</b>			
Licenses and permits	\$ 7,500	\$ 7,950	\$ 450
<b>Expenditures:</b>			
Judicial	6,656	2,582	4,074
Net Change in Fund Balance	844	5,368	4,524
Fund Balance at beginning of year	51,158	51,158	-
Fund Balance at end of year	\$ 52,002	\$ 56,526	\$ 4,524

### HEALTH DEPARTMENT

<b>Revenues:</b>			
Licenses and permits	\$ 287,350	\$ 235,786	\$( 51,564)
Intergovernmental -			
Federal/State	1,266,080	1,355,431	89,351
Charges for services	362,977	346,852	( 16,125)
Fines and forfeits	1,500	2,500	1,000
Other	180,598	120,863	( 59,735)
Total Revenues	2,098,505	2,061,432	( 37,073)
<b>Expenditures:</b>			
Health and Welfare	2,613,505	2,477,392	136,113
Revenues under expenditures	( 515,000)	( 415,960)	99,040
<b>Other Financing Sources:</b>			
Transfers in	515,000	564,359	49,359
Net Change in Fund Balance	-	148,399	148,399
Fund Balance at beginning of year	4,570	4,570	-
Fund Balance at end of year	\$ 4,570	\$ 152,969	\$ 148,399

Continued

# LAPEER COUNTY, MICHIGAN

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>PERSONAL CARE AIDE PROGRAM</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 401,427	\$ 390,746	\$( 10,681)
Charges for services	( 3,100)	79	3,179
Other	33,659	40,396	6,737
Total Revenues	<u>431,986</u>	<u>431,221</u>	<u>( 765)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>1,039,486</u>	<u>1,067,623</u>	<u>( 28,137)</u>
Revenues under expenditures	( 607,500)	( 636,402)	( 28,902)
<b>Other Financing Sources:</b>			
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	( 7,500)	( 36,402)	( 28,902)
Fund Balance at beginning of year	<u>37,012</u>	<u>37,012</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 29,512</u></u>	<u><u>\$ 610</u></u>	<u><u>\$( 28,902)</u></u>

### ANIMAL CONTROL

<b>Revenues:</b>			
Licenses and permits	\$ 193,250	\$ 156,272	\$( 36,978)
Charges for services	32,810	49,746	16,936
Fines and forfeits	10,000	8,527	( 1,473)
Other	-	4,792	4,792
Total Revenues	<u>236,060</u>	<u>219,337</u>	<u>( 16,723)</u>
<b>Expenditures:</b>			
Public Safety	<u>266,060</u>	<u>213,640</u>	<u>52,420</u>
Revenues over (under) expenditures	( 30,000)	5,697	35,697
<b>Other Financing Sources:</b>			
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	-	35,697	35,697
Fund Balance at beginning of year	<u>71,414</u>	<u>71,414</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 71,414</u></u>	<u><u>\$ 107,111</u></u>	<u><u>\$ 35,697</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>COUNTY SURVEYOR</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 49,300	\$ 49,294	\$( 6)
<b>Expenditures:</b>			
General Government	49,300	49,300	-
Net Change in Fund Balance	-	( 6)	( 6)
Fund Balance at beginning of year	14,422	14,422	-
Fund Balance at end of year	<u>\$ 14,422</u>	<u>\$ 14,416</u>	<u>\$( 6)</u>

### REGISTER OF DEEDS AUTOMATION

<b>Revenues:</b>			
Charges for services	\$ 91,500	\$ 94,970	\$ 3,470
Interest	4,363	890	( 3,473)
Total Revenues	95,863	95,860	( 3)
<b>Expenditures:</b>			
General Government	95,863	50,709	45,154
Net Change in Fund Balance	-	45,151	45,151
Fund Balance at beginning of year	448,517	448,517	-
Fund Balance at end of year	<u>\$ 448,517</u>	<u>\$ 493,668</u>	<u>\$ 45,151</u>

### EMERGENCY MANAGEMENT

<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 22,478	\$ 156,704	\$ 134,226
Charges for services	400	455	55
Other	1,445	1,500	55
Total Revenues	24,323	158,659	134,336
<b>Expenditures:</b>			
Public Safety	79,323	198,908	( 119,585)
Revenues under expenditures	( 55,000)	( 40,249)	14,751
<b>Other Financing Sources:</b>			
Transfers in	49,000	49,000	-
Net Change in Fund Balance	( 6,000)	8,751	14,751
Fund Balance at beginning of year	23,140	23,140	-
Fund Balance at end of year	<u>\$ 17,140</u>	<u>\$ 31,891</u>	<u>\$ 14,751</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>COMMUNITY GRANTS</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 308,662	\$ 258,028	\$( 50,634)
Charges for services	72,500	69,648	( 2,852)
Other	5,000	26,274	21,274
Total Revenues	<u>386,162</u>	<u>353,950</u>	<u>( 32,212)</u>
<b>Expenditures:</b>			
Public Safety	<u>434,189</u>	<u>373,686</u>	<u>60,503</u>
Revenues under expenditures	( 48,027)	( 19,736)	28,291
<b>Other Financing Sources:</b>			
Transfers in	<u>48,027</u>	<u>20,000</u>	<u>( 28,027)</u>
Net Change in Fund Balance	-	264	264
Fund Balance at beginning of year	<u>18,182</u>	<u>18,182</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 18,182</u></u>	<u><u>\$ 18,446</u></u>	<u><u>\$ 264</u></u>

### THUMB NARCOTICS UNIT

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 148,870	\$ 156,441	\$ 7,571
Fines and forfeits	50,000	99,397	49,397
Interest	3,735	21	( 3,714)
Other	35,000	11,706	( 23,294)
Total Revenues	<u>237,605</u>	<u>267,565</u>	<u>29,960</u>
<b>Expenditures:</b>			
Public Safety	<u>237,605</u>	<u>194,539</u>	<u>43,066</u>
Net Change in Fund Balance	-	73,026	73,026
Fund Balance at beginning of year	<u>30,797</u>	<u>30,797</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 30,797</u></u>	<u><u>\$ 103,823</u></u>	<u><u>\$ 73,026</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>POLICE SERVICE CONTRACTS</b>			
<b>Revenues:</b>			
Charges for services	\$ 969,861	\$ 876,450	\$( 93,411)
<b>Expenditures:</b>			
Public Safety	<u>1,268,282</u>	<u>1,159,103</u>	<u>109,179</u>
Revenues under expenditures	( 298,421)	( 282,653)	15,768
<b>Other Financing Sources:</b>			
Transfers in	<u>298,421</u>	<u>289,717</u>	<u>( 8,704)</u>
Net Change in Fund Balance	-	7,064	7,064
Fund Balance at beginning of year	<u>110,578</u>	<u>110,578</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 110,578</u></u>	<u><u>\$ 117,642</u></u>	<u><u>\$ 7,064</u></u>

### LAW ENFORCEMENT PROGRAMS

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 86,945	\$ 18,857	\$( 68,088)
Charges for services	10,000	10,879	879
Other	<u>2,935</u>	<u>4,980</u>	<u>2,045</u>
Total Revenues	99,880	34,716	( 65,164)
<b>Expenditures:</b>			
Public Safety	<u>104,453</u>	<u>36,062</u>	<u>68,391</u>
Revenues under expenditures	( 4,573)	( 1,346)	3,227
<b>Other Financing Sources:</b>			
Transfers in	<u>4,573</u>	<u>3,295</u>	<u>( 1,278)</u>
Net Change in Fund Balance	-	1,949	1,949
Fund Balance at beginning of year	<u>210,662</u>	<u>210,662</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 210,662</u></u>	<u><u>\$ 212,611</u></u>	<u><u>\$ 1,949</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>LAW ENFORCEMENT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 83,250	\$ 83,250	\$ -
Local	3,000	-	( 3,000)
Charges for services	20,000	17,776	( 2,224)
Other	13,668	-	( 13,668)
Total Revenues	<u>119,918</u>	<u>101,026</u>	<u>( 18,892)</u>
<b>Expenditures:</b>			
Public Safety	<u>174,895</u>	<u>174,616</u>	<u>279</u>
Revenues under expenditures	( 54,977)	( 73,590)	( 18,613)
<b>Other Financing Sources:</b>			
Transfers in	<u>54,977</u>	<u>72,652</u>	<u>17,675</u>
Net Change in Fund Balance	-	( 938)	( 938)
Fund Balance at beginning of year	<u>101,889</u>	<u>101,889</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 101,889</u></u>	<u><u>\$ 100,951</u></u>	<u><u>\$( 938)</u></u>

### LAW ENFORCEMENT - OTHER

<b>Revenues:</b>			
Fines and forfeits	\$ 44,600	\$ 30,850	\$( 13,750)
<b>Expenditures:</b>			
Public Safety	<u>44,600</u>	<u>35,346</u>	<u>9,254</u>
Net Change in Fund Balance	-	( 4,496)	( 4,496)
Fund Balance at beginning of year	<u>85,284</u>	<u>85,284</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 85,284</u></u>	<u><u>\$ 80,788</u></u>	<u><u>\$( 4,496)</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>LAW LIBRARY</b>			
<b>Revenues:</b>			
Fines and forfeits	\$ 11,080	\$ 6,624	\$( 4,456)
<b>Expenditures:</b>			
Judicial	<u>11,080</u>	<u>10,517</u>	<u>563</u>
Revenues under expenditures	-	( 3,893)	( 3,893)
<b>Other Financing Sources:</b>			
Transfers in	<u>-</u>	<u>4,500</u>	<u>4,500</u>
Net Change in Fund Balance	-	607	607
Fund Balance at beginning of year	<u>26,203</u>	<u>26,203</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 26,203</u></u>	<u><u>\$ 26,810</u></u>	<u><u>\$ 607</u></u>

### DEPARTMENT OF HUMAN SERVICES

<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ -	\$ 72,668	\$ 72,668
<b>Expenditures:</b>			
Health and Welfare	<u>21,402</u>	<u>75,011</u>	<u>( 53,609)</u>
Revenues under expenditures	( 21,402)	( 2,343)	19,059
<b>Other Financing Sources:</b>			
Transfers in	<u>21,402</u>	<u>-</u>	<u>( 21,402)</u>
Net Change in Fund Balance	-	( 2,343)	( 2,343)
Fund Balance at beginning of year	<u>36,792</u>	<u>36,792</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 36,792</u></u>	<u><u>\$ 34,449</u></u>	<u><u>\$( 2,343)</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>CHILD CARE</b>			
<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 712,486	\$ 455,380	\$( 257,106)
Charges for services	161,500	180,002	18,502
Fines and forfeitures	9,000	29,416	20,416
Other	47,000	55,289	8,289
Total Revenues	<u>929,986</u>	<u>720,087</u>	<u>( 209,899)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>1,508,404</u>	<u>1,060,356</u>	<u>448,048</u>
Revenues under expenditures	( 578,418)	( 340,269)	238,149
<b>Other Financing Sources:</b>			
Transfers in	<u>578,418</u>	<u>577,000</u>	<u>( 1,418)</u>
Net Change in Fund Balance	-	236,731	236,731
Fund Balance at beginning of year	<u>378,816</u>	<u>378,816</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 378,816</u></u>	<u><u>\$ 615,547</u></u>	<u><u>\$ 236,731</u></u>

### VETERANS' TRUST

<b>Revenues:</b>			
Intergovernmental - Federal/State	\$ 6,092	\$ 4,477	\$( 1,615)
<b>Expenditures:</b>			
Health and Welfare	<u>6,092</u>	<u>6,359</u>	<u>( 267)</u>
Net Change in Fund Balance	-	( 1,882)	( 1,882)
Fund Balance at beginning of year	<u>1,882</u>	<u>1,882</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,882</u></u>	<u><u>\$ -</u></u>	<u><u>\$( 1,882)</u></u>

### SOLIDERS RELIEF FUND

<b>Revenues:</b>			
Taxes	<u>\$ -</u>	<u>\$ 284</u>	<u>\$( 284)</u>
Net Change in Fund Balance	-	284	284
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 284</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, 2012

	Amended Budget	Actual	Variance Positive (Negative)
<b>MULTI PURPOSE COLLABORATIVE BODY</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 123,912	\$ 115,271	\$( 8,641)
Charges for services	67,445	53,343	( 14,102)
Other	63,700	60,483	( 3,217)
Total Revenues	<u>255,057</u>	<u>229,097</u>	<u>( 25,960)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>276,594</u>	<u>259,348</u>	<u>17,246</u>
Revenues under expenditures	( 21,537)	( 30,251)	( 8,714)
<b>Other Financing Sources:</b>			
Transfers in	<u>18,500</u>	<u>18,500</u>	<u>-</u>
Net Change in Fund Balance	( 3,037)	( 11,751)	( 8,714)
Fund Balance at beginning of year	<u>16,984</u>	<u>16,984</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 13,947</u></u>	<u><u>\$ 5,233</u></u>	<u><u>\$( 8,714)</u></u>
<b>SENIOR MILLAGE</b>			
<b>Revenues:</b>			
Taxes	\$ 753,900	\$ 682,065	\$( 71,835)
<b>Expenditures:</b>			
Health and Welfare	<u>253,900</u>	<u>18,812</u>	<u>235,088</u>
Revenues over expenditures	500,000	663,253	163,253
<b>Other Financing Uses:</b>			
Transfers out	<u>( 600,000)</u>	<u>( 600,000)</u>	<u>-</u>
Net Change in Fund Balance	( 100,000)	63,253	163,253
Fund Balance at beginning of year	<u>142,251</u>	<u>142,251</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 42,251</u></u>	<u><u>\$ 205,504</u></u>	<u><u>\$ 163,253</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, workers' compensation, equipment acquisition and replacement, health care, health care savings and retirement and to account for payment of related insurance claims, expenses and contributions remitted to third party administrators.



# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2012

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 820,833	\$ 36,981	\$ 1,200,356	\$ 6,009
Deposits with agent	-	-	16,000	-
Due from other funds	-	2,358	2,358	-
Prepaid expenses	43,737	-	-	-
Total Current Assets	864,570	39,339	1,218,714	6,009
<b>Noncurrent Assets:</b>				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	864,570	39,339	1,218,714	6,009
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	-	13,537	685	-
Current portion of claims liabilities	-	-	90,000	-
Total Current Liabilities	-	13,537	90,685	-
<b>Long-Term Liabilities:</b>				
Accrued claims liabilities	-	-	50,000	-
Total Liabilities	-	13,537	140,685	-
<b>NET POSITION:</b>				
Net investment in capital assets	-	-	-	-
Unrestricted	864,570	25,802	1,078,029	6,009
Total Net Position	\$ 864,570	\$ 25,802	\$ 1,078,029	\$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 133,577	\$ 1,267,374	\$ 331,794	\$ 92	\$ 3,797,016
-	-	-	-	16,000
-	27,482	23,346	-	55,544
-	-	-	-	43,737
133,577	1,294,856	355,140	92	3,912,297
406,185	1,938,784	-	-	2,344,969
539,762	3,233,640	355,140	92	6,257,266
-	27,876	138,933	-	181,031
-	-	-	-	90,000
-	27,876	138,933	-	271,031
-	-	-	-	50,000
-	27,876	138,933	-	321,031
406,185	1,938,784	-	-	2,344,969
133,577	1,266,980	216,207	92	3,591,266
<u>\$ 539,762</u>	<u>\$ 3,205,764</u>	<u>\$ 216,207</u>	<u>\$ 92</u>	<u>\$ 5,936,235</u>

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 3,650,357	\$ 152,733	\$ 162,668	\$ -
<b>Operating Expenses:</b>				
Administrative and operating	15,190	166	417	-
Retirement and health care savings contributions	-	-	-	-
Insurance and claims	3,641,476	13,537	171,858	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>3,656,666</u>	<u>13,703</u>	<u>172,275</u>	<u>-</u>
Operating Income (Loss)	( 6,309)	139,030	( 9,607)	-
<b>Non-Operating Revenues:</b>				
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss) before Transfers	<u>( 6,309)</u>	<u>139,030</u>	<u>( 9,607)</u>	<u>-</u>
<b>Transfers:</b>				
Transfers In	149,000	-	-	-
Transfers Out	<u>-</u>	<u>( 149,000)</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>149,000</u>	<u>( 149,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	142,691	( 9,970)	( 9,607)	-
Net Position at beginning of year	<u>721,879</u>	<u>35,772</u>	<u>1,087,636</u>	<u>6,009</u>
Net Position at end of year	<u><u>\$ 864,570</u></u>	<u><u>\$ 25,802</u></u>	<u><u>\$ 1,078,029</u></u>	<u><u>\$ 6,009</u></u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
<u>\$ 72,192</u>	<u>\$ 797,738</u>	<u>\$ 1,419,707</u>	<u>\$ -</u>	<u>\$ 6,255,395</u>
291	386,313	234	50	402,661
-	-	1,369,068	-	1,369,068
-	-	-	-	3,826,871
<u>68,617</u>	<u>349,408</u>	<u>-</u>	<u>-</u>	<u>418,025</u>
<u>68,908</u>	<u>735,721</u>	<u>1,369,302</u>	<u>50</u>	<u>6,016,625</u>
3,284	62,017	50,405	( 50)	238,770
-	2,500	-	-	2,500
<u>3,284</u>	<u>64,517</u>	<u>50,405</u>	<u>( 50)</u>	<u>241,270</u>
-	31,960	-	-	180,960
-	-	-	-	( 149,000)
<u>-</u>	<u>31,960</u>	<u>-</u>	<u>-</u>	<u>31,960</u>
3,284	96,477	50,405	( 50)	273,230
<u>536,478</u>	<u>3,109,287</u>	<u>165,802</u>	<u>142</u>	<u>5,663,005</u>
<u><u>\$ 539,762</u></u>	<u><u>\$ 3,205,764</u></u>	<u><u>\$ 216,207</u></u>	<u><u>\$ 92</u></u>	<u><u>\$ 5,936,235</u></u>

**LAPEER COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
<b>Cash Flows From Operating Activities:</b>				
Cash receipts for interfund services	\$ 3,652,507	\$ 152,358	\$ 162,668	\$ -
Cash payments to suppliers	( 3,616,268)	( 51,999)	( 150,340)	-
Net Cash Provided by (Used in) Operating Activities	<u>36,239</u>	<u>100,359</u>	<u>12,328</u>	<u>-</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers in	149,000	-	-	-
Transfers out	-	( 149,000)	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>149,000</u>	<u>( 149,000)</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of capital assets	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Cash and Cash Equivalents	185,239	( 48,641)	12,328	-
Cash and Cash Equivalents at beginning of year	<u>635,594</u>	<u>85,622</u>	<u>1,188,028</u>	<u>6,009</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 820,833</u></u>	<u><u>\$ 36,981</u></u>	<u><u>\$ 1,200,356</u></u>	<u><u>\$ 6,009</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$( 6,309)	\$ 139,030	\$( 9,607)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation	-	-	-	-
Change in assets and liabilities:				
Accounts receivables	2,150	6	( 382)	-
Due to/from other funds	-	( 381)	-	-
Prepaid expenses/deposits	40,398	-	( 8,000)	-
Accounts payable	-	( 38,296)	( 3,683)	-
Accrued claims	-	-	34,000	-
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 36,239</u></u>	<u><u>\$ 100,359</u></u>	<u><u>\$ 12,328</u></u>	<u><u>\$ -</u></u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 72,192	\$ 802,738	\$ 1,415,018	\$ -	\$ 6,257,481
( 291)	( 377,498)	( 1,430,809)	( 50)	( 5,627,255)
<u>71,901</u>	<u>425,240</u>	<u>( 15,791)</u>	<u>( 50)</u>	<u>630,226</u>
-	31,960	-	-	180,960
-	-	-	-	( 149,000)
<u>-</u>	<u>31,960</u>	<u>-</u>	<u>-</u>	<u>31,960</u>
( 32,386)	( 295,579)	-	-	( 327,965)
-	2,500	-	-	2,500
<u>( 32,386)</u>	<u>( 293,079)</u>	<u>-</u>	<u>-</u>	<u>( 325,465)</u>
39,515	164,121	( 15,791)	( 50)	336,721
<u>94,062</u>	<u>1,103,253</u>	<u>347,585</u>	<u>142</u>	<u>3,460,295</u>
<u>\$ 133,577</u>	<u>\$ 1,267,374</u>	<u>\$ 331,794</u>	<u>\$ 92</u>	<u>\$ 3,797,016</u>
\$ 3,284	\$ 62,017	\$ 50,405	\$ ( 50)	\$ 238,770
68,617	349,408	-	-	418,025
-	5,000	-	-	6,774
-	-	( 4,689)	-	( 5,070)
-	-	-	-	32,398
-	8,815	( 61,507)	-	( 94,671)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>
<u>\$ 71,901</u>	<u>\$ 425,240</u>	<u>\$ ( 15,791)</u>	<u>\$ ( 50)</u>	<u>\$ 630,226</u>

## **FIDUCIARY FUNDS**

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

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

**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2012**

	<u>General Agency</u>	<u>Library Penal Fines</u>	<u>District Court</u>	<u>Common Banking</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,376,876	\$ 22,196	\$ 92,150	\$ 71,498	\$ 1,562,720
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities:</b>					
Due to other governmental units	\$ 792,277	\$ -	\$ 40,122	\$ 67,607	\$ 900,006
Due to individuals and agencies	584,599	22,196	52,028	3,891	662,714
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	\$ 1,376,876	\$ 22,196	\$ 92,150	\$ 71,498	\$ 1,562,720
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>



**LAPEER COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,881,425	\$ 81,994,746	\$ 82,313,451	\$ 1,562,720
<b>Liabilities:</b>				
Due to other governmental units	\$ 1,238,234	\$ 61,815,979	\$ 62,154,207	\$ 900,006
Due to individuals and agencies	643,191	2,308,758	2,289,235	662,714
Total Liabilities	\$ 1,881,425	\$ 64,124,737	\$ 64,443,442	\$ 1,562,720

**GENERAL AGENCY FUND**

<b>Assets:</b>				
Cash and cash equivalents	\$ 1,717,712	\$ 51,123,442	\$ 51,464,278	\$ 1,376,876
<b>Liabilities:</b>				
Due to other governmental units	\$ 1,162,090	\$ 53,212,557	\$ 53,582,370	\$ 792,277
Due to individuals and agencies	555,622	513,887	484,910	584,599
Total Liabilities	\$ 1,717,712	\$ 53,726,444	\$ 54,067,280	\$ 1,376,876

**LIBRARY PENAL FINES**

<b>Assets:</b>				
Cash and cash equivalents	\$ 19,898	\$ 338,005	\$ 335,707	\$ 22,196
<b>Liabilities:</b>				
Due to individuals and agencies	\$ 19,898	\$ 666,712	\$ 664,414	\$ 22,196

Continued

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<b>DISTRICT COURT</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 106,371	\$ 2,127,367	\$ 2,141,588	\$ 92,150
<b>Liabilities:</b>				
Due to other governmental units	\$ 38,610	\$ 3,085,912	\$ 3,084,400	\$ 40,122
Due to individuals and agencies	67,761	218,013	233,746	52,028
Total Liabilities	\$ 106,371	\$ 3,303,925	\$ 3,318,146	\$ 92,150

### COMMON BANKING

<b>Assets:</b>				
Cash and cash equivalents	\$ 37,444	\$ 28,405,932	\$ 28,371,878	\$ 71,498
<b>Liabilities:</b>				
Due to other governmental units	\$ 37,534	\$ 5,517,510	\$ 5,487,437	\$ 67,607
Due to individuals and agencies	( 90)	910,146	906,165	3,891
Total Liabilities	\$ 37,444	\$ 6,427,656	\$ 6,393,602	\$ 71,498

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, 2012**

	Balance January 1, 2012	Additions	Disposals/ Adjustments	Balance December 31, 2012
<b>General County:</b>				
Land	\$ 768,833	\$ -	\$ -	\$ 768,833
Land improvements	1,617,179	-	( 51,202)	1,668,381
Buildings	22,482,548	14,282	51,202	22,445,628
Equipment	6,554,706	12,092,260	-	18,646,966
Vehicles	251,666	-	-	251,666
	<u>31,674,932</u>	<u>12,106,542</u>	<u>-</u>	<u>43,781,474</u>
Less - accumulated depreciation	<u>( 18,390,485)</u>	<u>( 1,186,252)</u>	<u>-</u>	<u>( 19,576,737)</u>
	13,284,447	10,920,290	-	24,204,737
Construction in progress	<u>10,770,756</u>	<u>1,298,019</u>	<u>12,068,775</u>	<u>-</u>
Total Investment in Capital Assets, Net	<u><u>\$ 24,055,203</u></u>	<u><u>\$ 12,218,309</u></u>	<u><u>\$ 12,068,775</u></u>	<u><u>\$ 24,204,737</u></u>

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

# LAPEER COUNTY, MICHIGAN

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY DECEMBER 31, 2012

	<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	143,999	-	-	143,999	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	18,442,090	75,926	990,938	17,375,226	-
Community Corrections	5,535	-	-	5,535	-
Sheriff	6,115,450	498,389	5,486,924	130,137	-
	<u>25,002,898</u>	<u>599,617</u>	<u>6,699,662</u>	<u>17,682,119</u>	<u>21,500</u>
<b>Health and Welfare:</b>					
Health Department	714,045	37,221	238,782	438,042	-
Mental Health	3,102,017	180,894	2,752,569	168,554	-
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>5,762,482</u>	<u>361,595</u>	<u>4,750,075</u>	<u>650,812</u>	<u>-</u>
<b>Recreation and Cultural:</b>					
Parks and Recreation	2,472,119	911,415	1,518,654	42,050	-
Libraries	139,797	41,597	98,200	-	-
	<u>2,611,916</u>	<u>953,012</u>	<u>1,616,854</u>	<u>42,050</u>	<u>-</u>
Total Capital Assets	43,781,474	2,437,214	22,445,628	18,646,966	251,666
Less: accumulated depreciation	( 19,576,737)	( 1,305,067)	( 11,348,403)	( 6,674,543)	( 248,724)
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 24,204,737</u>	<u>\$ 1,132,147</u>	<u>\$ 11,097,225</u>	<u>\$ 11,972,423</u>	<u>\$ 2,942</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 position.

# 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, 2012

	Balance January 1, 2012	Additions	Disposals	Balance December 31, 2012
<b>General Government:</b>				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,368,189	-	-	3,368,189
General Services	6,132,543	-	-	6,132,543
Total General Government	<u>10,179,504</u>	<u>-</u>	<u>-</u>	<u>10,179,504</u>
<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	143,999	-	-	143,999
Marine Safety	21,500	-	-	21,500
911 Center	17,144,072	1,298,019	-	18,442,091
Community Corrections	-	5,535	-	5,535
Sheriff	6,115,450	-	-	6,115,450
Total Public Safety	<u>23,699,345</u>	<u>1,303,554</u>	<u>-</u>	<u>25,002,899</u>
<b>Health and Welfare:</b>				
Health Department	714,045	-	-	714,045
Mental Health	3,096,566	5,450	-	3,102,016
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,757,031</u>	<u>5,450</u>	<u>-</u>	<u>5,762,481</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	2,445,337	26,782	-	2,472,119
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,585,134</u>	<u>26,782</u>	<u>-</u>	<u>2,611,916</u>
Total Capital Assets	<u>\$ 42,445,688</u>	<u>\$ 1,335,786</u>	<u>\$ -</u>	<u>\$ 43,781,474</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 position.

## **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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

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

## **BOARD OF PUBLIC WORKS FUNDS**



# LAPEER COUNTY, MICHIGAN

## COMBINING BALANCE SHEET GOVERNMENTAL FUND TYPES BOARD OF PUBLIC WORKS DECEMBER 31, 2012

### Major Funds

### Debt Service Funds

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

Cash and cash equivalents	\$ 4,212	\$ 765	\$ 876	\$ 5,910	\$ 9,269	\$ 640
Due from other governmental units - Contracts receivable	265,000	-	416,507	1,692,694	1,090,000	544,868
Total Assets	<u>\$ 269,212</u>	<u>\$ 765</u>	<u>\$ 417,383</u>	<u>\$ 1,698,604</u>	<u>\$ 1,099,269</u>	<u>\$ 545,508</u>

### LIABILITIES AND FUND BALANCE

#### Liabilities:

Deferred revenue	\$ 265,000	\$ -	\$ 416,507	\$ 1,692,694	\$ 1,090,000	\$ 544,868
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#### Fund Balance:

Restricted - Debt service	<u>4,212</u>	<u>765</u>	<u>876</u>	<u>5,910</u>	<u>9,269</u>	<u>640</u>
Total Liabilities and Fund Balance	<u>\$ 269,212</u>	<u>\$ 765</u>	<u>\$ 417,383</u>	<u>\$ 1,698,604</u>	<u>\$ 1,099,269</u>	<u>\$ 545,508</u>

Major Funds		Nonmajor Funds					
					Capital Projects		
Capital Project Funds		Debt Service Funds			Fund		
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total	
\$ -	\$ -	\$ 6,718	\$ 1,064	\$ 8,823	\$ -	\$ 38,277	
-	-	-	-	-	-	4,009,069	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,718</u>	<u>\$ 1,064</u>	<u>\$ 8,823</u>	<u>\$ -</u>	<u>\$ 4,047,346</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,009,069	
-	-	6,718	1,064	8,823	-	38,277	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,718</u>	<u>\$ 1,064</u>	<u>\$ 8,823</u>	<u>\$ -</u>	<u>\$ 4,047,346</u>	

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET POSITION  
BOARD OF PUBLIC WORKS  
DECEMBER 31, 2012**

Fund Balance - total board of public works funds	\$	38,277
Amounts reported for governmental activities in the statement of net position are different because:		
Amounts available in the funds that reduce the contract receivable on the government wide statements	(	49,665)
Long-term liabilities that are not payable in the current period and are therefore not reported in the governmental fund statements		
Bonds/notes payable	(	4,009,069)
Accrued interest on bonds/notes payable	(	20,085)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payables)	\$	42,665
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 position (netted against bonds payable)		
Bond discount		3,383
Bond premium	(	18,085)
Bond issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net position (netted against bonds payable)		
		<u>3,510</u>
		31,473
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		<u>4,009,069</u>
Net Position of Board of Public Works	\$	<u><u>-</u></u>

# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUND TYPES - BOARD OF PUBLIC WORKS FOR THE YEAR ENDED DECEMBER 31, 2012

	Major Funds					
	Debt Service Funds					
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002	Dryden WSSI 2007
<b>Revenues:</b>						
Intergovernmental - local	\$ 143,390	\$ -	\$ 61,038	\$ 122,776	\$ 66,970	\$ 42,216
Interest	6	1	1	8	117	1
Total Revenues	<u>143,396</u>	<u>1</u>	<u>61,039</u>	<u>122,784</u>	<u>67,087</u>	<u>42,217</u>
<b>Expenditures:</b>						
Debt Service -						
Principal retirement	130,000	-	50,000	85,000	90,000	30,000
Interest and fiscal charges	<u>13,165</u>	<u>-</u>	<u>11,038</u>	<u>37,776</u>	<u>38,219</u>	<u>12,216</u>
Total Expenditures	<u>143,165</u>	<u>-</u>	<u>61,038</u>	<u>122,776</u>	<u>128,219</u>	<u>42,216</u>
Revenues over (under) expenditures	<u>231</u>	<u>1</u>	<u>1</u>	<u>8</u>	<u>( 61,132)</u>	<u>1</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	5,902	61,399	639
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,902</u>	<u>61,399</u>	<u>639</u>
Net Change in Fund Balances	231	1	1	5,910	267	640
Fund Balances at beginning of year	<u>3,981</u>	<u>764</u>	<u>875</u>	<u>-</u>	<u>9,002</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 4,212</u>	<u>\$ 765</u>	<u>\$ 876</u>	<u>\$ 5,910</u>	<u>\$ 9,269</u>	<u>\$ 640</u>

Major Funds		Nonmajor Funds				
Capital Projects Funds		Debt Service Funds			Capital Project Fund	
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,390
-	-	-	1	12	-	147
-	-	-	1	12	-	436,537
-	-	-	-	-	-	385,000
-	-	-	-	-	-	112,414
-	-	-	-	-	-	497,414
-	-	-	1	12	-	( 60,877)
-	-	-	-	-	-	67,940
( 5,902)	( 639)	-	-	-	( 61,399)	( 67,940)
( 5,902)	( 639)	-	-	-	( 61,399)	-
( 5,902)	( 639)	-	1	12	( 61,399)	( 60,877)
5,902	639	6,718	1,063	8,811	61,399	99,154
\$ -	\$ -	\$ 6,718	\$ 1,064	\$ 8,823	\$ -	\$ 38,277

# 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, 2012

Net Change in Fund Balances - total board of public works funds	\$( 60,877)
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Amounts reported for governmental activities in the statement  
activities are different because:

The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on long-term liabilities	385,000
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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 purposes of net position:

Decrease in accrued interest payable	2,354
Amortization of bond issuance costs	( 6,434)
Amortization of discount on bonds	( 1,756)
Amortization of deferred loss on refunding	( 1,693)
Amortization of premium on bonds	3,120

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	( 319,714)
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Change in Net Position of the Board of Public Works	<u>\$ -</u>
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## **DRAINAGE DISTRICT FUNDS**

# LAPEER COUNTY, MICHIGAN

## COMBINING BALANCE SHEET GOVERNMENTAL FUND TYPES DRAINAGE DISTRICTS DECEMBER 31, 2012

	Major Funds				
	Debt Service Funds			Capital Projects Funds	
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
<b>ASSETS</b>					
Cash and cash equivalents	\$ 395,000	\$ 130,600	\$ 588,503	\$ -	\$ 1,001,442
Investments	-	-	-	-	1,177,029
Receivables -					
Special assessments	-	577,878	1,898,545	-	135,540
Interest	-	-	-	-	1,911
Due from other funds	-	27,609	169,529	-	-
Due from other governmental units	-	13,414	-	-	62,128
Deposits	-	128,887	-	41,730	-
Total Assets	<u>\$ 395,000</u>	<u>\$ 878,388</u>	<u>\$ 2,656,577</u>	<u>\$ 41,730</u>	<u>\$ 2,378,050</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 112	\$ -	\$ -
Due to other governmental units -					
Local	395,000	-	-	-	85,000
Due to other funds	-	-	-	-	389,569
Advances from primary government	-	-	-	-	-
Deferred revenue	-	453,275	1,685,089	-	-
Total Liabilities	<u>395,000</u>	<u>453,275</u>	<u>1,685,201</u>	<u>-</u>	<u>474,569</u>
<b>Fund Balance:</b>					
Restricted -					
Debt service	-	425,113	971,376	-	-
Acquisition/construction of capital assets	-	-	-	41,730	1,903,481
Total Fund Balance	<u>-</u>	<u>425,113</u>	<u>971,376</u>	<u>41,730</u>	<u>1,903,481</u>
Total Liabilities and Fund Balance	<u>\$ 395,000</u>	<u>\$ 878,388</u>	<u>\$ 2,656,577</u>	<u>\$ 41,730</u>	<u>\$ 2,378,050</u>



Major Fund	Nonmajor Funds			
Capital				
Project Fund	Debt Service Funds			
Drain Revolving	Winn Lake	Lake Lapeer Lake Level	Potter's Lake	Total
\$ 89,871	\$ 140,555	\$ 486	\$ 3,284	\$ 2,349,741
-	-	-	-	1,177,029
-	158,200	-	-	2,770,163
-	-	-	-	1,911
5,460	25,134	-	-	227,732
-	-	-	-	75,542
-	-	-	-	170,617
<u>\$ 95,331</u>	<u>\$ 323,889</u>	<u>\$ 486</u>	<u>\$ 3,284</u>	<u>\$ 6,772,735</u>
\$ -	\$ -	\$ -	\$ -	\$ 112
-	-	-	-	480,000
-	-	-	-	389,569
90,000	-	-	-	90,000
-	134,254	-	-	2,272,618
<u>90,000</u>	<u>134,254</u>	<u>-</u>	<u>-</u>	<u>3,232,299</u>
-	189,635	486	3,284	1,589,894
5,331	-	-	-	1,950,542
<u>5,331</u>	<u>189,635</u>	<u>486</u>	<u>3,284</u>	<u>3,540,436</u>
<u>\$ 95,331</u>	<u>\$ 323,889</u>	<u>\$ 486</u>	<u>\$ 3,284</u>	<u>\$ 6,772,735</u>

**LAPEER COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET POSITION - DRAINAGE DISTRICTS  
DECEMBER 31, 2012**

Fund Balances - total drainage district funds	\$	3,540,436
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Amounts reported for governmental activities in the statement of net position  
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	( 14,509,765)

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are deferred in the funds.

Special assessments	2,272,618
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An Internal Service Fund is 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 position.

876,463

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

Bonds/notes payable	( 2,663,782)
Bond issuance cost (netted against bonds payable)	131,304
Accrued interest on bonds/notes payable	( 11,620)

Net Position of Drainage Districts	\$	<u><u>19,041,603</u></u>
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# LAPEER COUNTY, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Major Funds				
	Debt Service Funds			Capital Project Funds	
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
<b>Revenues:</b>					
Local contribution	\$ -	\$ -	\$ -	\$ -	\$ 117,107
Interest	-	131	723	-	8,310
Other - special assessments	-	150,649	239,733	-	257,232
Miscellaneous	-	-	-	-	-
Total Revenues	-	150,780	240,456	-	382,649
<b>Expenditures:</b>					
Maintenance	-	-	-	-	314,428
Debt Service -					
Principal retirement	-	124,768	150,000	-	-
Interest and fiscal charges	-	24,671	81,430	-	-
Total Expenditures	-	149,439	231,430	-	314,428
Net Change in Fund Balances	-	1,341	9,026	-	68,221
Fund Balances at beginning of year	-	423,772	962,350	41,730	1,835,260
Fund Balances at end of year	\$ -	\$ 425,113	\$ 971,376	\$ 41,730	\$ 1,903,481

Major Fund	Nonmajor Funds			
Capital				
Project Fund	Debt Service Funds			
Drain Revolving	Winn Lake	Lake Lapeer Lake Level	Potter's Lake	Total
\$ -	\$ -	\$ -	\$ -	\$ 117,107
152	180	-	4	9,500
-	25,276	-	-	672,890
-	-	-	-	-
152	25,456	-	4	799,497
-	-	-	-	314,428
-	25,000	-	-	299,768
-	14,748	-	-	120,849
-	39,748	-	-	735,045
152	( 14,292)	-	4	64,452
5,179	203,927	486	3,280	3,475,984
\$ 5,331	\$ 189,635	\$ 486	\$ 3,284	\$ 3,540,436

## 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, 2012

Net Change in Fund Balances - total drainage district funds	\$ 64,452
<p>Governmental funds report capital outlay 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>	
	( 270,524)
<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 position.</p>	
Principal payments on long-term liabilities	299,768
Amortization of bond issuance costs	( 10,101)
<p>An Internal Service Fund is used by management to charge costs of maintenance. The net revenues (expenses) attributable to this fund are reported with governmental activities</p>	
	( 101,009)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Increase in accrued interest payable	( 10,887)
Change in Net Position of Drainage Districts	<u><u>\$( 548,589)</u></u>

**LAPEER COUNTY, MICHIGAN**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND - DRAINAGE DISTRICTS  
INTERNAL SERVICE FUND  
DECEMBER 31, 2012**

**ASSETS:**

**Current Assets:**

Cash and cash equivalents	\$ 554,418
Due from other governmental units	157,765
Due from other funds	<u>161,837</u>
	874,020

**Noncurrent Assets:**

Property, plant and equipment net of accumulated depreciation	<u>8,757</u>
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Total Assets	<u>882,777</u>
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**LIABILITIES:**

**Current Liabilities:**

Accounts payable	<u>6,314</u>
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**NET POSITION:**

Net investment in capital assets	8,757
Unrestricted	<u>867,706</u>
Total Net Position	<u>\$ 876,463</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND - DRAINAGE DISTRICTS  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Operating Revenue:**

Charges for services	<u>\$ 307,045</u>
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**Operating Expenses:**

Administrative and Operating -	
Drain Maintenance	406,635
Depreciation	<u>2,919</u>
Total Operating Expenses	<u>409,554</u>

Operating Loss	( 102,509)
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**Non-Operating Revenue:**

Interest	<u>1,500</u>
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Change in Net Position	( 101,009)
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Net Position at beginning of year	<u>977,472</u>
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Net Position at end of year	<u>\$ 876,463</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, 2012**

**Cash Flows From Operating Activities:**

Receipts for services	\$ 298,667
Payments to suppliers	( 402,197)
Net Cash Used in Operating Activities	( 103,530)

**Cash Flows From Investing Activities:**

Interest earned on investments	1,500
Net decrease in cash and cash equivalents	( 102,030)
Cash and cash equivalents at beginning of year	656,448
Cash and cash equivalents at end of year	\$ 554,418

**Reconciliation of Operating Loss to Net Cash Used  
in Operating Activities:**

Operating loss	\$( 102,509)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,919
Changes in assets and liabilities:	
Due from other governmental units	( 135,344)
Due from other funds	126,966
Accounts payable	4,438
Net Cash Used in Operating Activities	\$( 103,530)

## 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>	<b><u>Page Number</u></b>
<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**

**NET POSITION BY COMPONENT  
LAST TEN YEARS - UNAUDITED  
(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$19,997,437	\$19,575,975	\$19,165,973	\$18,342,068	\$17,818,625	\$17,396,631	\$16,654,707	\$15,896,442	\$15,527,553	\$16,505,966
Restricted	-	6,562,611	11,296,788	13,948,783	14,073,426	12,860,615	8,221,319	5,574,262	13,556,947	9,284,737
Unrestricted	12,714,648	7,508,523	4,516,543	5,070,872	5,631,585	5,942,806	11,426,758	16,095,799	11,269,021	16,755,917
Total Government Activities Net Position	<u>\$32,712,085</u>	<u>\$33,647,109</u>	<u>\$34,979,304</u>	<u>\$37,361,723</u>	<u>\$37,523,636</u>	<u>\$36,200,052</u>	<u>\$36,302,784</u>	<u>\$37,566,503</u>	<u>\$40,353,521</u>	<u>\$42,546,620</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 6,893,437	\$ 7,145,228	\$ 7,433,275	\$ 7,007,742	\$ 7,464,355	\$ 8,831,167	\$ 9,276,606	\$14,796,843	\$16,327,713	\$15,466,114
Restricted	399,139	498,836	615,632	773,255	926,562	1,049,307	1,308,557	1,166,837	1,421,146	2,087,594
Unrestricted	13,287,507	13,168,742	13,942,229	17,519,560	19,600,864	20,158,728	21,211,382	18,587,939	17,180,730	20,291,236
Total Business-Type Activities Net Position	<u>\$20,580,083</u>	<u>\$20,812,806</u>	<u>\$21,991,136</u>	<u>\$25,300,557</u>	<u>\$27,991,781</u>	<u>\$30,039,202</u>	<u>\$31,796,545</u>	<u>\$34,551,619</u>	<u>\$34,929,589</u>	<u>\$37,844,944</u>
<b>Primary Government</b>										
Net investment in capital assets	\$26,890,874	\$26,721,203	\$26,599,248	\$25,349,810	\$25,282,980	\$26,227,798	\$25,931,313	\$30,693,285	\$31,855,266	\$31,972,080
Restricted	399,139	7,061,447	11,912,420	14,722,038	14,999,988	13,909,922	9,529,876	6,741,099	14,978,093	11,372,331
Unrestricted	26,002,155	20,677,265	18,458,772	22,590,432	25,232,449	26,101,534	32,638,140	34,683,738	28,449,751	37,047,153
Total Primary Government Net Position	<u>\$53,292,168</u>	<u>\$54,459,915</u>	<u>\$56,970,440</u>	<u>\$62,662,280</u>	<u>\$65,515,417</u>	<u>\$66,239,254</u>	<u>\$68,099,329</u>	<u>\$72,118,122</u>	<u>\$75,283,110</u>	<u>\$80,391,564</u>

Source: Lapeer County Finance Department

NOTE: The net position for the governmental activities and the total primary government have not been restated for the years 2004 - 2009 for a reporting entity change made in 2010. For 2010, the activities relating to the Retirement and Public Employee Health Care Funds were changed from reporting as pension trust funds to internal service funds and included as part of the governmental activities.

**LAPEER COUNTY, MICHIGAN**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS - UNAUDITED**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 249,625	\$ 252,618	\$ 273,694	\$ 249,736	\$ 244,333	\$ 259,301	\$ 275,784	\$ 290,948	\$ 261,095	\$ 267,547
Judicial	4,300,006	4,418,052	4,588,516	4,741,232	5,037,955	5,021,694	5,318,644	5,172,038	4,785,333	4,858,563
General Government	5,684,277	6,320,824	5,627,863	5,836,173	5,730,609	6,407,816	6,329,101	6,728,278	6,006,053	5,651,341
Public Safety	8,000,530	8,052,226	9,080,322	10,685,775	10,308,041	10,394,105	10,578,956	10,471,631	9,789,747	10,312,058
Public Works	233,266	378,218	486,381	451,726	466,202	384,302	380,476	810,776	398,268	292,231
Health and Welfare	22,243,064	21,641,181	21,418,610	19,833,250	21,500,048	21,809,561	21,212,635	21,070,057	21,046,547	22,340,301
Recreation and Culture	1,656,481	821,982	846,669	822,279	794,640	877,814	822,024	592,701	422,204	426,620
Other Activities	666,630	1,403,536	1,567,547	1,544,827	1,085,590	1,187,124	-	-	-	-
Interest on long term debt	105,844	33,098	66,483	63,684	60,650	57,550	51,166	43,334	380,024	480,379
Total Governmental Activities Expenses	43,139,723	43,321,735	43,956,085	44,228,682	45,228,068	46,399,267	44,968,786	45,179,763	43,089,271	44,629,040
Business-Type Activities										
Medical Care Facility	15,208,745	16,057,336	15,304,504	16,813,212	17,323,832	18,392,690	18,054,605	18,645,836	21,726,473	21,664,598
Delinquent Tax Revolving	165,983	57,718	130,799	50,379	126,066	74,646	119,969	222,351	230,860	490,112
Total Business-Type Activities Expenses	15,374,728	16,115,054	15,435,303	16,863,591	17,449,898	18,467,336	18,174,574	18,868,187	21,957,333	22,154,710
Total Primary Government Expenses	58,514,451	59,436,789	59,391,388	61,092,273	62,677,966	64,866,603	63,143,360	64,047,950	65,046,604	66,783,750
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services										
Legislative	-	-	-	1,119	-	-	1,044	-	-	-
Judicial	1,518,238	1,472,387	1,580,081	1,517,028	1,437,137	1,500,757	1,547,048	1,415,294	1,246,428	1,300,445
General Government	3,490,415	3,604,610	3,660,140	3,449,296	3,544,590	3,338,296	4,655,630	4,509,171	4,044,677	4,494,863
Public Safety	3,586,791	1,990,574	2,166,574	1,804,213	1,962,379	2,000,750	2,056,577	1,942,126	2,164,267	1,823,771
Public Works	45,463	90	-	-	-	-	1,412	-	-	-
Health and Welfare	12,429,967	12,184,060	2,696,314	12,382,563	14,127,168	13,901,118	13,779,838	14,159,046	15,068,511	15,848,697
Recreation and Culture	185,350	165,998	229,879	226,032	205,904	229,657	153,867	104,791	74,050	154,965
Other Activities	306,996	334,424	413,985	568,204	615,958	351,488	-	-	-	-
Interest on Long Term Debt	207,623	207,623	207,622	231,926	148,677	161,503	161,503	161,503	161,503	161,503
Operating Grants and Contributions	7,168,123	7,660,864	17,645,715	7,694,183	7,996,328	7,777,755	7,823,955	9,971,597	7,332,088	7,542,063
Capital Grants and Contributions	143,718	181,941	785,924	397,396	29,445	239,556	46,076	-	137,046	122,323
Total Governmental Activities Program Revenues	29,082,684	27,802,571	29,386,234	28,271,960	30,067,586	29,500,880	30,226,950	32,263,528	30,228,570	31,448,630
Business-Type Activities										
Charges for Services										
Medical Care Facility	15,097,043	13,714,790	13,876,815	17,192,706	16,212,479	17,121,835	17,327,488	19,234,378	19,723,547	21,656,561
Delinquent Tax	988,896	969,041	660,487	1,071,008	1,219,237	1,217,491	1,472,821	1,317,845	1,643,288	2,520,600
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	16,085,939	14,683,831	14,537,302	18,263,714	17,431,716	18,339,326	18,800,309	20,552,223	21,366,835	24,177,161
Total Primary Government Program Revenues	45,168,623	42,486,402	43,923,536	46,535,674	47,499,302	47,840,206	49,027,259	52,815,751	51,595,405	55,625,791
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)	( 12,916,235)	( 12,860,701)	( 13,180,410)
Business-Type Activities	711,211	( 1,431,223)	( 898,001)	1,400,123	( 18,182)	( 128,010)	625,735	1,684,036	( 590,498)	2,022,451
Total Primary Government Net Expenses	\$( 13,345,828)	\$( 16,950,387)	\$( 15,467,852)	\$( 14,556,599)	\$( 15,178,664)	\$( 17,026,397)	\$( 14,116,101)	\$( 11,232,199)	\$( 13,451,199)	\$( 11,157,959)

Continued

**LAPEER COUNTY, MICHIGAN**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS - UNAUDITED**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</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	\$ 12,766,862	\$ 13,680,318	\$ 13,874,170
Unrestricted grants and contributions	2,164,556	1,287,208	-	429,022	391,679	375,956	4,875	8,975	1,557,117	1,281,637
Investment earnings	199,943	537,174	567,529	1,156,276	1,262,949	931,362	433,575	392,381	404,060	213,681
Gain on sale of capital assets	446,923	-	-	-	-	-	-	-	-	-
Transfers	393,860	803,850	253,026	781,037	6,702	125,489	46,614	4,697	6,224	4,021
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>	<u>13,172,915</u>	<u>15,647,719</u>	<u>15,373,509</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	930,705	909,353	863,590
Unrestricted grants and contributions	230,864	317,946	311,804	395,858	29,746	48,070	51,997	24,765	30,973	9,274
Investment earnings	82,373	20,637	125,453	426,375	378,481	314,808	68,471	115,568	28,142	20,040
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>	<u>1,071,038</u>	<u>968,468</u>	<u>892,904</u>
Total Primary Government	<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>	<u>14,243,953</u>	<u>16,616,187</u>	<u>16,266,413</u>
<b>Change in Net Position</b>										
Government Activities	( 1,730,409)	935,024	1,332,195	2,382,419	161,913	( 1,323,584)	( 312,431)	256,680	2,787,018	2,193,099
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>	<u>2,755,074</u>	<u>377,970</u>	<u>2,915,355</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>	<u>\$ 3,011,754</u>	<u>\$ 3,164,988</u>	<u>\$ 5,108,454</u>

Source: Lapeer County Finance Department

Concluded

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

**LAPEER COUNTY, MICHIGAN**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS - UNAUDITED  
(modified accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,292	\$ 161,941
Restricted	-	-	-	-	-	-	-	-	2,504,748	2,533,796
Committed	-	-	-	-	-	-	-	-	3,784,958	3,800,594
Unassigned	-	-	-	-	-	-	-	-	5,190,092	5,445,711
Reserved	208,000	198,596	198,000	198,000	198,000	198,000	198,000	110,110	-	-
Unreserved	<u>1,725,292</u>	<u>1,943,248</u>	<u>2,217,908</u>	<u>2,285,684</u>	<u>2,197,160</u>	<u>2,942,577</u>	<u>3,909,939</u>	<u>4,312,595</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 1,933,292</u>	<u>\$ 2,141,844</u>	<u>\$ 2,415,908</u>	<u>\$ 2,483,684</u>	<u>\$ 2,395,160</u>	<u>\$ 3,140,577</u>	<u>\$ 4,107,939</u>	<u>\$ 4,422,705</u>	<u>\$ 11,624,090</u>	<u>\$ 11,942,042</u>
All other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,637	\$ 111,655
Restricted	-	-	-	-	-	-	-	-	8,627,426	7,224,611
Committed	-	-	-	-	-	-	-	-	2,160,986	2,945,758
Reserved	569,624	378,004	308,045	444,784	485,734	581,497	472,453	497,271	-	-
Unreserved, reported in:										
Special revenue funds	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209	11,177,792	10,404,991	-	-
Debt service funds	87,198	138,128	180,756	208,701	162,346	137,061	93,883	63,400	-	-
Capital project funds	<u>1,364,928</u>	<u>1,276,701</u>	<u>938,570</u>	<u>903,985</u>	<u>969,575</u>	<u>692,566</u>	<u>688,829</u>	<u>693,220</u>	<u>-</u>	<u>-</u>
Total all other Governmental Funds	<u>\$ 7,676,390</u>	<u>\$ 9,942,215</u>	<u>\$ 11,604,833</u>	<u>\$ 14,393,567</u>	<u>\$ 14,559,160</u>	<u>\$ 13,434,333</u>	<u>\$ 12,432,957</u>	<u>\$ 11,658,882</u>	<u>\$ 10,856,049</u>	<u>\$ 10,282,024</u>

As of and for the year ended December 31, 2011, the County implemented GASB Statement No. 54, which modified fund balance classifications. The modifications are reflected above in the years after 2011.

**LAPEER COUNTY, MICHIGAN**

**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN YEARS - UNAUDITED  
(modified accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues:</b>										
Taxes	\$ 10,272,241	\$ 13,827,448	\$ 15,215,837	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,776,677	\$ 13,680,318	\$ 14,017,545
Licenses and permits	665,679	673,888	744,802	604,566	636,952	540,707	520,455	518,583	485,784	509,203
Intergovernmental	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993	8,337,676	7,635,175	9,849,554	8,988,252	8,941,848
Charges for services	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614	17,115,895	16,985,601	17,002,625	17,688,094	18,789,745
Fines and forfeits	662,086	441,379	567,729	470,635	494,446	493,068	457,485	419,357	351,642	403,012
Rents and royalties	284,049	455,079	454,466	498,268	424,512	410,797	378,183	382,454	211,516	376,174
Interest	405,047	537,174	567,529	1,156,276	1,289,965	931,362	430,689	392,381	564,776	213,681
Other	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732	2,933,850	3,899,379	3,977,887	3,868,684	3,710,285
Total Revenues	<u>41,135,109</u>	<u>43,702,980</u>	<u>45,169,600</u>	<u>45,917,530</u>	<u>45,383,279</u>	<u>44,905,351</u>	<u>44,251,308</u>	<u>45,319,518</u>	<u>45,839,066</u>	<u>46,961,493</u>
<b>Expenditures:</b>										
Current-										
Legislative	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095	267,547
Judicial	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981	4,984,112	5,333,356	5,172,038	4,785,333	4,858,563
General Government	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954	5,728,076	5,430,567	5,390,083	4,893,618	5,213,509
Public Safety	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522	10,051,004	10,370,496	10,513,273	9,922,910	9,744,481
Public Works	219,521	368,071	485,781	451,126	465,602	383,702	379,876	897,993	397,668	291,631
Health and Welfare	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120	21,469,941	21,039,622	21,549,585	21,642,974	22,173,092
Recreation and Culture	1,165,073	726,496	743,898	746,350	754,773	788,519	760,738	512,103	414,190	375,424
Other Activities	666,630	1,403,536	1,461,013	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961
Capital Outlay	1,166,824	929,230	841,275	312,739	387,887	26,141	8,612	4,584	10,772,923	1,305,461
Debt Service-										
Principal	100,000	115,000	110,000	155,000	150,000	140,000	160,000	155,000	145,000	2,170,000
Interest and Charges	107,107	92,284	59,350	56,700	53,650	50,575	45,000	37,125	256,313	508,500
Bond issuance costs	-	-	-	-	-	-	-	-	78,706	-
Total Expenditures	<u>41,593,505</u>	<u>41,930,787</u>	<u>43,298,444</u>	<u>43,413,845</u>	<u>45,162,412</u>	<u>45,033,495</u>	<u>44,301,152</u>	<u>45,777,557</u>	<u>53,984,777</u>	<u>47,327,169</u>
Revenues over (under) expenditures	<u>( 458,396)</u>	<u>1,772,193</u>	<u>1,871,156</u>	<u>2,503,685</u>	<u>220,867</u>	<u>( 128,144)</u>	<u>( 49,844)</u>	<u>( 458,039)</u>	<u>( 8,145,711)</u>	<u>( 365,676)</u>
<b>Other financing sources (uses):</b>										
Issuance of bonds	-	1,535,000	-	-	-	-	-	-	14,475,000	-
Premium of refunding bonds	-	113,593	-	-	-	-	-	-	220,756	-
Payment to refunding escrow agent	-	( 1,599,309)	-	-	-	-	-	-	-	-
Transfers in	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699	5,075,455	5,411,211	5,158,443	2,748,041	2,811,347
Transfers out	( 4,484,171)	( 3,969,064)	( 4,702,707)	( 5,167,418)	( 5,187,497)	( 5,318,942)	( 5,403,160)	( 5,159,713)	( 2,761,992)	( 2,839,286)
Transfers to component units	( 220,711)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>( 232,870)</u>	<u>702,184</u>	<u>65,526</u>	<u>352,825</u>	<u>( 143,798)</u>	<u>( 243,487)</u>	<u>8,051</u>	<u>( 1,270)</u>	<u>14,681,805</u>	<u>( 27,939)</u>
Net Change in Fund Balance	<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>	<u><u>\$ ( 459,309)</u></u>	<u><u>\$ 6,536,094</u></u>	<u><u>\$ ( 393,615)</u></u>
Debt service as a percentage of noncapital expenditures	<u><u>0.5%</u></u>	<u><u>0.5%</u></u>	<u><u>0.4%</u></u>	<u><u>0.5%</u></u>	<u><u>0.5%</u></u>	<u><u>0.4%</u></u>	<u><u>0.5%</u></u>	<u><u>0.4%</u></u>	<u><u>0.9%</u></u>	<u><u>5.8%</u></u>

Source: Lapeer County Finance Department

**LAPEER COUNTY, MICHIGAN**

**GENERAL FUND CHANGES IN FUND BALANCES  
LAST TEN YEARS - UNAUDITED  
(modified accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues:</b>										
Taxes	\$ 8,841,375	\$ 9,253,271	\$ 9,723,100	\$ 10,318,105	\$ 10,282,079	\$ 11,127,623	\$ 10,778,574	\$ 10,185,744	\$ 9,729,526	\$ 9,488,760
Licenses and permits	12,300	22,817	18,818	13,065	14,850	16,938	31,132	32,051	26,990	25,075
Intergovernmental	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177	1,580,159	1,308,866	1,849,879	2,795,363	2,658,672
Charges for services	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527	2,350,982	2,359,230	2,255,845	2,133,293	2,360,289
Fines and forfeits	405,245	367,628	445,362	350,626	388,865	368,619	355,790	326,271	241,189	220,998
Rents and royalties	-	167,314	167,920	167,953	164,344	160,712	160,716	160,712	15,884	177,001
Interest on long term debt	347,269	490,240	437,402	750,799	677,447	659,910	291,566	266,795	549,646	200,432
Other	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004	2,294,978	3,506,467	3,441,681	2,957,892	3,129,152
Total Revenues	<u>17,677,683</u>	<u>17,551,003</u>	<u>17,412,914</u>	<u>18,007,496</u>	<u>18,034,293</u>	<u>18,559,921</u>	<u>18,792,341</u>	<u>18,518,978</u>	<u>18,449,783</u>	<u>18,260,379</u>
<b>Expenditures:</b>										
Current-										
Legislative	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095	267,547
Judicial	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549	3,677,076	3,837,743	3,710,484	3,504,248	3,589,040
General Government	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540	5,479,372	5,274,237	5,211,179	4,820,982	5,113,500
Public Safety	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975	5,444,513	5,843,892	5,801,534	5,668,884	5,711,327
Public Works	129,736	351,792	458,180	422,514	443,428	359,718	367,816	297,441	278,040	291,631
Health and Welfare	189,358	181,367	171,403	166,274	174,991	169,203	197,450	198,156	183,878	179,862
Recreation and Culture	242,232	243,037	230,892	242,019	248,237	246,416	275,310	273,511	226,735	197,273
Other Activities	425,239	1,147,127	1,402,842	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>13,748,595</u>	<u>15,107,890</u>	<u>15,934,842</u>	<u>16,343,207</u>	<u>16,606,643</u>	<u>16,787,723</u>	<u>16,569,333</u>	<u>17,038,078</u>	<u>15,357,909</u>	<u>15,769,141</u>
Revenues over expenditures	<u>3,929,088</u>	<u>2,443,113</u>	<u>1,478,072</u>	<u>1,664,289</u>	<u>1,427,650</u>	<u>1,772,198</u>	<u>2,223,008</u>	<u>1,480,900</u>	<u>3,091,874</u>	<u>2,491,238</u>
<b>Other Financing Sources (Uses):</b>										
Transfers in	-	663,154	1,480,197	1,513,709	1,569,716	1,605,819	1,721,318	1,625,587	9,518	-
Transfers out	( 3,635,189)	( 2,897,715)	( 2,684,205)	( 3,110,222)	( 3,085,890)	( 2,632,600)	( 2,976,964)	( 2,791,721)	( 2,102,474)	( 2,173,286)
Transfers to component units	( 220,711)	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	<u>( 3,855,900)</u>	<u>( 2,234,561)</u>	<u>( 1,204,008)</u>	<u>( 1,596,513)</u>	<u>( 1,516,174)</u>	<u>( 1,026,781)</u>	<u>( 1,255,646)</u>	<u>( 1,166,134)</u>	<u>( 2,092,956)</u>	<u>( 2,173,286)</u>
Net Change in Fund Balance	<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>	<u>\$ 314,766</u>	<u>\$ 998,918</u>	<u>\$ 317,952</u>

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					
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	5.6039	\$ 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	5.6739	\$ 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	5.6186	\$ 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	5.5774	\$ 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	4.7643	\$ 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	4.3642	\$ 8,584,759,060
2009	2008	\$ 2,748,579,863	\$ 441,042,819	\$ 339,512,895	\$ 102,915,747	\$ 189,867,996	\$ 3,821,919,320	\$ 177,868,981	4.3642	\$ 7,643,838,640
2010	2009	\$ 2,325,344,283	\$ 420,619,015	\$ 306,548,119	\$ 83,992,045	\$ 184,270,311	\$ 3,320,773,773	\$ 163,255,897	4.8686	\$ 6,641,547,546
2011	2010	\$ 2,169,025,047	\$ 390,896,551	\$ 283,417,294	\$ 68,605,895	\$ 184,651,990	\$ 3,096,596,777	\$ 161,625,970	5.1186	\$ 6,193,193,554
2012	2011	\$ 2,025,772,813	\$ 372,295,452	\$ 261,688,127	\$ 64,354,683	\$ 186,546,886	\$ 2,910,657,961	\$ 144,045,208	5.2186	\$ 5,821,315,922

### Notes:

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

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

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

# LAPEER COUNTY, MICHIGAN

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County-										
Operating	3.8941	3.8539	3.8165	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886
Extra Voted	<u>1.7098</u>	<u>1.8200</u>	<u>1.8021</u>	<u>1.7888</u>	<u>0.9757</u>	<u>0.5756</u>	<u>0.5756</u>	<u>1.0800</u>	<u>1.3300</u>	<u>1.4300</u>
Total County	<u>5.6039</u>	<u>5.6739</u>	<u>5.6186</u>	<u>5.5774</u>	<u>4.7643</u>	<u>4.3642</u>	<u>4.3642</u>	<u>4.8686</u>	<u>5.1186</u>	<u>5.2186</u>
Townships-										
Almont	3.6763	3.8195	3.7556	3.7556	5.0056	4.5616	4.5616	4.5616	4.5783	3.6312
Arcadia	1.4757	1.4509	1.4305	1.4149	2.3149	2.3096	2.3096	2.3096	2.3096	2.3096
Attica	4.0997	4.0413	3.9624	3.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695
Burlington	1.6626	1.6463	1.6188	1.6003	2.4969	2.4969	2.4969	2.4969	2.4969	2.4969
Burnside	1.6172	1.5966	1.5966	1.5966	2.4788	2.4535	2.4514	2.4514	2.4514	2.4514
Deerfield	1.3586	1.3185	1.4012	1.6349	2.5267	2.5122	2.5122	2.5122	2.5122	2.5267
Dryden	4.6537	4.5652	4.6975	4.6252	4.6252	4.6252	4.6675	4.6675	4.6675	4.6675
Elba	2.8717	2.9389	2.9006	3.1285	4.0285	4.0285	4.0285	4.0285	3.7785	3.7785
Goodland	1.5012	1.4915	1.4625	1.4332	2.3332	2.3217	2.3217	2.3217	2.3217	2.3217
Hadley	2.1803	2.1003	2.0237	1.9367	2.7812	2.7699	2.7699	2.8153	2.9942	2.9764
Imlay	2.5017	2.4629	2.4535	1.9790	2.9702	2.9702	2.9702	2.9702	2.9702	2.9724
Lapeer	1.6402	1.6287	1.6148	1.8572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572
Marathon	1.4424	1.4206	1.4071	1.3927	2.2927	2.2927	2.2927	2.2927	2.2927	2.2927
Mayfield	1.5948	1.5823	1.5720	1.8091	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053
Metamora	4.5667	4.6333	4.5845	4.4955	5.3965	5.3955	5.3955	5.3955	5.3955	5.3955
North Branch	3.0144	2.9595	2.9458	2.9207	3.9174	4.8965	3.8665	3.8665	3.8965	4.0045
Oregon	1.5298	1.5030	1.4807	1.7238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238
Rich	4.5128	4.4256	4.5856	4.5035	5.4035	5.4035	5.4577	5.4572	5.4572	5.4572
Cities-										
Imlay City	17.7500	17.7500	19.7627	20.2061	20.5000	18.4500	17.3860	17.3500	17.2000	20.3500
City of Lapeer	8.7911	8.7911	9.8000	10.0500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500
Brown City	17.9962	17.9633	17.9716	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233

Continued



# LAPEER COUNTY, MICHIGAN

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Villages-										
Almont	14.6769	14.5044	14.6711	14.1004	13.0070	13.6177	13.6031	16.6151	17.6151	17.8020
Clifford	21.1034	21.1034	16.1034	19.6034	19.1700	19.1700	19.1700	19.1700	19.1700	19.1700
Columbiaville	14.0616	13.7480	13.5184	13.2101	13.1241	13.1241	13.1241	13.1241	13.1241	13.1241
Dryden	10.0433	10.0021	9.8110	9.8110	9.8110	9.8110	9.8110	9.8110	11.8110	11.8100
Metamora	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711
North Branch	14.9831	14.8991	14.8215	14.7918	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483
Otter Lake	13.8586	13.3638	12.6688	13.2483	12.8932	12.7720	12.7720	12.7720	12.2772	12.7720
Local School Districts-										
Almont	13.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	13.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	10.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	13.0000
Capac	8.9000	9.9000	9.9000	9.9000	9.9000	9.9000	10.2000	10.7000	10.7000	10.6000
Davison	8.4428	9.4191	9.4016	9.3325	9.3316	9.2616	9.1916	9.1316	9.1316	10.7000
Dryden	7.2400	8.2400	8.2400	8.2400	8.2400	8.2400	8.3000	9.1000	9.1000	9.2500
Goodrich	12.7500	13.7500	13.7498	13.7500	13.7500	13.7500	13.7500	10.5600	13.7500	10.6300
Imlay	11.0635	11.0000	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500	12.1000
Kingston	11.6400	12.6400	12.5000	12.2500	12.1500	12.0500	11.8500	12.1500	12.1500	11.9000
Lakeville	10.9500	10.7500	10.7000	10.3400	10.1000	9.9000	9.6500	9.6500	9.6500	10.7000
Lapeer	7.2500	8.2320	8.2194	8.2038	8.2038	8.2000	8.3500	8.8000	8.6000	9.0000
Marlette	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	7.9500
Mayville	5.0000	12.0000	12.0000	12.0000	12.0000	10.5000	11.0000	11.1500	11.1500	11.7500
North Branch	12.3000	13.3000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Oxford	12.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.0084	2.9794	2.9509	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295

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

Concluded

**LAPEER COUNTY, MICHIGAN**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO - UNAUDITED**

<u><b>Taxpayer</b></u>	<b>2012</b>			<b>2003</b>		
	<b>Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
DTE Energy	50,543,394	1	1.74%	52,739,790	1	2.12%
International Transmission Co.	17,748,437	2	0.61%	N/A	N/A	N/A
Pinnacle Foods (Vlastic)	13,724,501	3	0.47%	N/A	N/A	N/A
Consumers Energy	8,874,533	4	0.30%	12,999,849	2	52.00%
Wal-Mart Stores, Inc.	4,935,900	5	0.17%	N/A	N/A	N/A
Meijer, Inc.	4,830,900	6	0.17%	4,468,000	8	0.18%
Lapeer Industries Inc.	4,750,900	7	0.16%	N/A	N/A	N/A
Imlay Plaza, LLC	4,268,518	8	0.15%	N/A	N/A	N/A
Rolling Hills Apartments Inc.	3,409,300	9	0.12%	4,049,300	9	0.16%
Mold Masters Company	3,070,937	10	0.11%	6,177,900	5	0.25%
Michigan DNR/DNR	N/A		N/A	9,774,180	3	0.39%
Ligon Brothers Mfg CO.	N/A		N/A	3,420,601	10	0.14%
Toyo Seat USA Corp.	N/A		N/A	5,503,346	6	0.22%
Durakon Industries	N/A		N/A	4,558,800	7	0.18%
Great Lakes Gas Transmission	N/A		N/A	7,351,683	4	0.29%
<b>Total</b>	<b>\$ 116,157,320</b>		<b>3.99%</b>	<b>\$ 111,043,449</b>		<b>3.53%</b>

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
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	\$ 66,914,764	100%
2005	2004	\$ 74,528,140	( 562,368)	\$ 73,965,772	\$ 67,342,098	91.04	\$ 6,614,998	\$ 73,957,096	100%
2006	2005	\$ 79,929,310	( 488,237)	\$ 79,441,073	\$ 72,500,633	91.26	\$ 6,830,738	\$ 79,331,371	100%
2007	2006	\$ 84,997,424	( 343,361)	\$ 84,654,063	\$ 76,964,520	90.92	\$ 6,130,923	\$ 83,095,443	100%
2008	2007	\$ 88,981,038	( 426,757)	\$ 88,554,280	\$ 80,629,430	91.05	\$ 6,422,866	\$ 87,052,296	100%
2009	2008	\$ 85,088,787	( 320,205)	\$ 84,768,541	\$ 75,241,951	88.76	\$ 9,526,590	\$ 84,768,541	100%
2010	2009	\$ 87,682,390	( 492,741)	\$ 87,189,649	\$ 79,467,222	91.14	\$ 7,722,427	\$ 87,189,649	100%
2011	2010	\$ 83,226,932	( 298,510)	\$ 82,928,422	\$ 75,497,463	91.04	\$ 7,432,960	\$ 82,930,423	100%
2012	2011	\$ 81,865,272	( 906,941)	\$ 80,958,331	\$ 74,824,932	92.42	\$ 6,252,661	\$ 81,077,593	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
2003	2002	\$ 9,265,797	( 8,383)	\$ 9,257,414	\$ 8,437,468	91.14	\$ 819,530	\$ 9,256,998	100%
2004	2003	\$ 9,272,473	( 14,058)	\$ 9,658,415	\$ 8,776,707	90.87	\$ 880,571	\$ 9,657,278	100%
2005	2004	\$ 10,146,331	( 18,260)	\$ 10,128,070	\$ 9,176,986	90.61	\$ 948,237	\$ 10,125,223	100%
2006	2005	\$ 10,705,364	( 15,437)	\$ 10,689,927	\$ 9,826,649	91.92	\$ 849,418	\$ 10,676,067	100%
2007	2006	\$ 11,326,328	( 1,106)	\$ 11,325,222	\$ 9,934,719	87.72	\$ 1,286,291	\$ 11,221,010	100%
2008	2007	\$ 11,854,843	( 21,991)	\$ 11,832,852	\$ 10,472,228	88.50	\$ 1,360,624	\$ 11,832,852	100%
2009	2008	\$ 11,849,851	( 23,211)	\$ 11,826,640	\$ 11,147,868	94.26	\$ 661,104	\$ 11,808,972	100%
2010	2009	\$ 10,780,164	( 22,905)	\$ 10,757,259	\$ 10,174,532	94.58	\$ 583,326	\$ 10,757,858	100%
2011	2010	\$ 10,297,232	( 13,524)	\$ 10,283,708	\$ 9,812,091	95.41	\$ 471,617	\$ 10,283,708	100%
2012	2011	\$ 9,856,913	( 23,340)	\$ 9,833,573	\$ 9,394,302	95.53%	\$ 439,274	\$ 9,833,576	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, for County general operations and extra voted levies for Soliders' Relief 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
2003	2002	\$ 543,486	\$ 543,486	100%
2004	2003	\$ 487,705	\$ 487,705	100%
2005	2004	\$ 420,383	\$ 420,383	100%
2006	2005	\$ 432,740	\$ 432,740	100%
2007	2006	\$ 836,022	\$ 836,022	100%
2008	2007	\$ 557,007	\$ 557,007	100%
2009	2008	\$ 554,498	\$ 554,498	100%
2010	2009	\$ 556,900	\$ 556,900	100%
2011	2010	\$ 306,119	\$ 306,119	100%
2012	2011	\$ 497,802	\$ 497,802	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

Fiscal Year	Levy Year	County Population	Average Per Capita Income	Assessed Value of Taxable Property	Net General Bonded Debt	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2003	2002	91,454	\$ 28,240	\$ 3,244,559,723	\$ 6,205,000	0.24%	0.18%	67.85
2004	2003	92,317	\$ 28,060	\$ 3,506,132,227	\$ 5,375,000	0.21%	0.15%	58.22
2005	2004	93,220	\$ 28,686	\$ 3,701,389,668	\$ 4,410,000	0.16%	0.11%	47.31
2006	2005	93,761	\$ 28,729	\$ 4,004,946,212	\$ 3,335,000	0.12%	0.08%	35.57
2007	2006	95,682	\$ 28,989	\$ 4,221,145,112	\$ 2,190,000	0.08%	0.05%	22.89
2008	2007	95,262	\$ 29,101	\$ 4,327,575,426	\$ 980,000	0.04%	0.02%	10.29
2009	2008	87,904	\$ 21,462	\$ 3,203,594,051	\$ 820,000	0.04%	0.02%	9.33
2010	2009	88,319	\$ 25,502	\$ 3,320,773,773	\$ 665,000	0.03%	0.02%	7.53
2011	2010	88,082	\$ 30,386	\$ 3,096,596,777	\$ 13,115,020	0.49%	0.42%	148.90
2012	2011	88,173	\$ 31,025	\$ 2,910,657,961	\$ 11,401,505	0.41%	0.39%	129.31

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, 2012 - UNAUDITED

	Gross	Accumulated Resources Restricted for the Repayment of Outstanding Debt Principal	Net
<b>Direct Debt:</b>			
Building Authority	\$ 350,000	\$ 20,352	\$ 329,648
General Obligation	12,475,000	1,403,143	11,071,857
	<u>\$ 12,825,000</u>	<u>\$ 1,423,495</u>	<u>\$ 11,401,505</u>
<b>Overlapping Debt of County:</b>			
School Districts			194,628,456
Cities			13,241,047
Townships			4,105,242
Villages			7,472,362
Intermediate School Districts			3,413,711
Community College			1,221,074
Total Overlapping Debt			<u>224,081,892</u>
Total County Net Direct and Overlapping Debt			<u>\$ 235,483,397</u>

### Legal Debt Margin Calculation for 2012

Assessed Value	<u>\$ 2,910,657,961</u>
Debt limit (10% of assessed value)	291,065,796
Less: Amount of outstanding debt	<u>11,401,505</u>
Legal debt margin	<u>\$ 279,664,291</u>

Source: Bendzinski & Co. 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
2003	2002	\$ 3,244,559,723	\$ 324,455,972	\$ 14,838,099	\$ 309,617,873	0.05
2004	2003	\$ 3,510,193,880	\$ 351,019,388	\$ 13,339,507	\$ 337,679,881	0.04
2005	2004	\$ 3,701,389,668	\$ 370,138,967	\$ 14,326,507	\$ 355,812,460	0.04
2006	2005	\$ 4,004,172,237	\$ 400,417,224	\$ 13,717,605	\$ 386,699,619	0.03
2007	2006	\$ 4,221,145,112	\$ 422,114,511	\$ 12,742,822	\$ 409,371,689	0.03
2008	2007	\$ 4,327,575,426	\$ 432,757,543	\$ 11,310,695	\$ 421,446,848	0.03
2009	2008	\$ 3,821,919,300	\$ 382,191,930	\$ 10,597,000	\$ 371,594,930	0.03
2010	2009	\$ 3,320,773,773	\$ 332,077,377	\$ 9,227,387	\$ 322,849,990	0.03
2011	2010	\$ 3,096,596,777	\$ 309,659,678	\$ 22,432,619	\$ 287,227,059	0.07
2012	2011	\$ 2,910,657,961	\$ 291,065,796	\$ 19,497,851	\$ 271,567,945	0.07

### 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
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	92,012	\$ 2,786,000,000	\$ 30,279	14,916	8.48%
2008	95,262	\$ 2,772,000,000	\$ 29,099	16,116	12.70%
2009	87,904	\$ 1,886,596,000	\$ 21,462	14,082	18.60%
2010	88,319	\$ 2,252,311,000	\$ 25,502	15,251	13.90%
2011	88,082	\$ 2,676,479,000	\$ 30,386	13,415	12.30%
2012	88,173	\$ 2,803,219,000	\$ 31,825	14,643	13.10%

### 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 2012 AND TEN YEARS AGO - UNAUDITED**

**Current Year (2012)**

<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	876	1
Lapeer Community Schools	Education	715	2
Lapeer Industries	Manufacturing	500	3
Lapeer County	Government	375	4
Thumb Correctional Facility	State Prison	340	5
Walmart	Retail	330	6
Meijer	Retail	319	7
Pinnacle Foods (Vlasic)	Food Processing	300	8
Champion Bus	Manufacturing	300	8
North Branch Area Schools	Education	260	10
Mold Masters Co.	Plastic Injection Molding	260	10
Imlay City Schools	Education	226	12
Lapeer Plating and Plastics	Manufacturing	225	13
Metamora Products Corp	Injection Molding	225	13
TOTAL: TOP 14		5,251	

Continued

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

# LAPEER COUNTY, MICHIGAN

## PRINCIPAL EMPLOYERS CURRENT YEAR 2012 AND TEN YEARS AGO - UNAUDITED

### Historical Fiscal Year (2002)

<u>Employers</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
Lapeer Regional Medical Center	Health Care	992	1
Lapeer Community Schools	Education	811	2
Lapeer Metal Products	Metal Stamping	650	3
Lapeer County	Government	543	4
Metamora Products Corp.	Injection Molding	375	5
Vlasic Foods	Food Processing	330	6
Durakon	Truck Bed Liners	299	7
Toyo Seat USA Corp.	Automotive Supplier	290	8
Champion Motor Coach	Manufacturing	260	9
Albar Industries, Inc.	Manufacturing	256	10
Deco Plate/ Division of DOTT	Manufacturing	248	11
MK Chambers Co.	Manufacturing	228	12

TOTAL: TOP 12 5,282

Concluded

\* The information is presented for fiscal year 2002 because the 2003 data is not readily available.

## LAPEER COUNTY, MICHIGAN

### PROPERTY VALUES LAST TEN YEARS - UNAUDITED

Year	State Equalized Value (S.E.V.)	Taxable Value	Estimated Property Value (S.E.V. x 2)
2003	3,510,193,880	2,483,938,539	7,020,387,760
2004	3,701,389,668	2,632,809,751	7,402,779,336
2005	4,004,172,237	2,805,165,220	8,008,344,474
2006	4,221,145,112	2,989,701,382	8,442,290,224
2007	4,327,575,426	3,129,128,779	8,655,150,852
2008	4,292,379,530	3,195,751,102	8,584,759,060
2009	3,821,919,300	3,127,825,150	7,643,838,600
2010	3,320,773,773	2,845,481,660	6,641,547,546
2011	3,096,596,777	2,717,825,167	6,193,193,554
2012	2,910,657,961	2,603,370,271	5,821,315,922

#### Notes:

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

Source: County Treasurer's Office

## LAPEER COUNTY, MICHIGAN

### EMPLOYMENT BY INDUSTRY 2000 U.S. CENSUS - UNAUDITED

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

<u>Category</u>	County of Lapeer		State of Michigan	
	Number of Workers	% of Total Workers	Number of Workers	% of Total Workers
Management, Professional & Related	11,043	26.93%	1,459,767	31.48%
Service Occupations	5,608	13.67%	687,336	14.82%
Sales and Office Occupations	8,581	20.92%	1,187,015	25.60%
Farming, Fishing and Forestry	165	0.40%	21,120	0.46%
Construction, Extraction & Maintenance	5,687	13.87%	425,291	9.17%
Production, Transp. & Mat. Moving	9,928	24.21%	856,932	18.48%
Total	<u>41,012</u>	<u>100%</u>	<u>4,637,461</u>	<u>100%</u>

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

<u>Category</u>	County of Lapeer		State of Michigan	
	Number of Workers	% of Total Workers	Number of Workers	% of Total Workers
Agriculture, Forestry, Mining & Fishing	610	1.49%	49,496	1.07%
Construction	3,767	9.19%	278,079	6.00%
Manufacturing	12,237	29.84%	1,045,651	22.55%
Wholesale Trade	767	1.87%	151,656	3.27%
Retail Trade	4,486	10.94%	550,918	11.88%
Transportation, Warehousing & Utilities	1,433	3.49%	191,799	4.14%
Information	655	1.60%	98,887	2.13%
Finance, Insurance, Real Estate & Rental	1,499	3.66%	246,633	5.32%
Professional, Scientific, Management, Administrative & Waste Services	2,537	6.19%	371,119	8.00%
Educational, Health & Social Services	7,209	17.58%	921,395	19.87%
Arts, Entertainment, Recreation, Accommodation & Food Services	2,298	5.60%	351,229	7.57%
Public Administration	1,255	3.06%	167,731	3.62%
Other Categories of Employment	2,259	5.51%	212,868	4.59%
Total	<u>41,012</u>	<u>100%</u>	<u>4,637,461</u>	<u>100%</u>

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Legislative</b>										
Board of Commissioners	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Administrative	3.0	3.0	2.9	3.0	3.0	3.0	3.1	3.1	2.0	2.3
<b>Judicial</b>										
Circuit Court	7.0	6.9	7.0	7.0	7.0	14.9	19.1	15.1	14.4	14.3
District Court	22.1	22.3	22.7	22.7	23.0	22.4	23.7	21.8	21.9	21.5
Friend of the Court	18.9	18.9	18.9	18.9	18.9	19.0	19.7	18.2	17.9	17.7
Probate Court	12.5	12.9	12.8	12.5	12.8	4.0	3.6	3.7	3.7	3.7
Community Corrections	3.5	3.6	3.6	3.7	3.7	3.6	3.7	3.5	3.2	3.3
Child Care	2.3	3.5	3.0	2.3	3.3	3.8	3.8	3.3	3.0	2.6
<b>General Government</b>										
County Clerk	7.8	7.8	7.8	8.0	8.0	8.0	8.3	8.0	7.9	8.0
Equalization	3.1	1.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Prosecuting Attorney	15.9	16.0	15.9	15.9	16.0	16.0	16.1	14.7	13.8	14.0
Register of Deeds	5.9	6.0	5.8	5.5	4.9	5.0	5.0	4.1	3.7	4.0
County Treasurer	4.4	5.7	6.1	6.2	6.1	6.4	6.2	6.3	6.3	6.2
G.I.S.	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Data Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	4.0	4.0	3.9	4.0	4.0	4.0	4.1	4.0	4.0	4.0
Building and Grounds	6.9	6.7	7.0	7.0	7.0	6.0	6.2	5.9	5.9	4.5
Drain Office	6.9	6.8	6.0	6.0	6.0	6.0	6.1	6.0	5.1	4.9
MSU Extension	4.9	4.7	4.7	4.6	4.8	4.4	4.2	2.7	2.0	2.0
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	52.1	51.2	50.4	50.7	51.2	51.7	51.7	49.8	47.8	47.0
County Jail	29.1	29.4	29.2	29.3	29.9	29.8	31.0	29.7	29.9	29.9
Central Dispatch	19.0	19.5	18.8	18.4	19.0	18.7	19.4	18.3	18.6	18.4
Animal Control	5.0	5.0	5.0	5.0	5.0	5.0	4.2	3.0	3.0	2.8
Emergency Operations	1.2	1.4	1.0	1.4	1.1	1.0	1.0	1.0	1.0	1.0
<b>Health and Welfare</b>										
Parks Department	11.4	10.9	11.8	11.0	10.8	11.6	8.5	2.7	1.7	2.6
Community Health										
Public Health	64.6	65.1	64.5	68.1	67.0	61.5	54.8	50.0	47.5	34.1
Senior Services	7.9	7.5	7.2	5.9						12.8
Community Mental Health	75.6	75.8	70.1	70.8	69.7	68.6	68.7	69.4	68.1	67.4
Multi-Purpose	6.7	6.2	6.8	6.4	6.0	5.5	6.0	5.9	4.7	3.9
Veterans	2.0	2.0	1.6	1.0	1.0	1.0	1.0	1.0	1.3	1.4
Community Development	1.8	2.4	3.0	3.8	3.9	3.7	2.2	1.0	0.0	1.0
	415.5	415.9	407.5	409.1	403.1	394.6	391.4	362.2	348.4	345.3

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 EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>LEGISLATIVE</b>								
<u><b>Board of Commissioners</b></u>								
Full Board Meetings	26	26	26	24	25	26	25	25
Committee of the Whole Meetings	N/A	25	25	24	23	23	24	23
Other Special Meeting/Hearings Held	3	3	4	-	-	-	4	6
Board Motions Acted Upon	481	450	412	446	436	426	398	421
<b>JUDICIAL</b>								
<u><b>40th Circuit Court</b></u>								
PPO's Issued	380	348	302	279	279	213	223	209
Appeals	70	48	50	65	65	59	47	50
Domestic Cases	692	684	711	669	669	659	583	583
Civil Cases	324	334	318	313	313	285	270	295
Adoption	43	37	32	51	51	33	33	37
Child Protection	20	33	34	32	32	19	21	26
Juvenile	359	411	359	311	311	313	290	259
Criminal	315	391	392	376	376	331	362	338
Misc. Family Filings	37	50	54	35	36	48	24	43
<u><b>71-A District Court</b></u>								
<u><b>Criminal</b></u>								
Felonies	640	701	653	646	700	633	655	623
Drunk Driving	975	884	815	769	682	469	453	485
Traffic Offenses	8,692	8,387	8,841	9,193	9,374	7,413	6,192	7,180
Misdemeanors	1,706	1,569	1,568	1,387	1,156	1,240	1,315	1,127
Non-Traffic Offenses	1193	885	1,020	813	980	831	776	470
<u><b>Civil</b></u>								
General Civil	1,850	2,009	2,676	3,004	2,789	2,856	2,518	2,356
Landlord/Tenant	654	700	663	813	748	737	824	841
Small Claims	593	746	738	657	486	369	364	322
<u><b>Probate/Family Court</b></u>								
<u><b>Civil</b></u>								
Conservatorship/Protective Orders	37	48	39	28	30	35	31	19
Estates	191	163	174	173	171	166	167	148
Guardianships	98	84	95	97	84	78	60	98
Judicial Admin/Mental Commitments	56	69	67	54	47	42	167	41
Trusts	6	5	4	7	10	8	10	12
Wills for Safe Keeping	77	74	94	78	71	72	63	69
<u><b>Friend of the Court</b></u>								
Caseload	5,991	5,942	5,922	5,951	5,916	6,000	5,976	4,916
Children IV-D Cases	8,659	7,982	7,821	8,025	8,010	7,667	8,123	N/A
Bench Warrants Issued	463	509	574	635	295	466	235	590
Referee Hearings Conducted	2,280	N/A	4,257	4,707	6,167	3,797	6,055	1,931
Cases Mediated	195	N/A	25	29	21	22	18	19

Continued

**LAPEER COUNTY, MICHIGAN**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>PUBLIC SAFETY</b>								
<b><u>Community Corrections</u></b>								
Clients - Community Service	N/A	N/A	51	28	37	62	56	49
Clients - Jail Crew	N/A	N/A	66	64	51	64	49	56
Clients - Day Reporting	N/A	N/A	64	80	57	74	64	68
Drunk Driver Jail Reduction Program	N/A	N/A	33	43	35	66	39	19
Jail Beds Saved	N/A	N/A	5,737	7,638	6,700	6,406	5,146	4,707
<b><u>Prosecuting Attorney</u></b>								
Felony Cases Authorized	713	763	730	732	677	626	662	676
Domestic Violence - Felony	20	26	24	23	27	56	50	70
Misdemeanor Cases Filed	2,442	2,463	2,379	3,014	2,660	2,256	2,130	2,158
Misdemeanor Domestic Violence	140	196	182	184	155	203	181	139
Juvenile Petitions Filed	311	359	312	405	358	383	299	239
Juvenile Domestic Violence Authorized	6	19	13	19	20	15	14	13
Victims Rights - Eligible Victims	844	939	866	821	773	824	815	760
Victims Rights Domestic Fel/Misd/Juv	166	241	219	-	202	212	220	222
Drug - Misdemeanor/Felony Authorized	407	433	412	415	N/A	1,109	445	424
Drunk Driving Misd/Felony	915	872	836	730	696	463	404	468
Non-Support	85	109	186	120	134	105	258	207
Paternity	41	84	82	76	57	62	67	92
URESAs	10	15	13	10	19	7	18	19
<b><u>Sheriff's Department</u></b>								
Jail Bookings	3454	3,477	3,531	3,525	3,092	2,687	2,521	2,634
Calls Answered	23,958	23,918	24,878	25,076	23,883	21,644	21,906	23,451
Fatal Crashes	20	7	11	9	N/A	7	12	5
Personal Injury Crashes	553	530	480	443	N/A	401	435	415
Property Damage Crashes	2832	2,652	2,780	2,804	N/A	2,401	2,316	2,311
Private Property Crashes	132	114	132	N/A	N/A	N/A	N/A	N/A
Detective Bureau Arrests	320	365	216	218	498	538	755	669
Secondary Road Patrol Tickets Issued	647	615	355	208	208	177	211	478
Purchase Permits Issued	1,814	1,762	1,839	1,798	1,130	2,465	1,049	3,471
Marine Division Patrol Hours	376	857	1,017	819	819	1,180	723	777
Township Complaints Responded To	17,693	17,071	N/A	N/A	N/A	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	7,776	6,887	5,252
Wireless Calls	17,331	14,816	18,411	18,697	18,628	20,466	21,494	21,497
VOIP	UNK	298	394	387	373	318	311	213
Non-Emergency Calls	87,175	84,508	80,147	82,075	76,637	68,856	62,476	58,882
CAD Reports/Dispatch	70,950	71,351	72,915	74,951	72,307	70,344	68,222	70,154

Continued



**LAPEER COUNTY, MICHIGAN**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b><u>Emergency Management</u></b>								
EMAC Meetings Held	6	4	4	4	5	5	6	4
Local Meetings Attended	43	46	44	42	35	48	61	53
Regional Homeland Security Meetings	0	3	48	43	38	88	42	29
Disaster Exercise Planning Meetings	4	5	4	6	7	7	3	4
District Meetings Attended	6	6	6	6	6	4	4	5
EAG Plan Updates/Policies Written	3	5	7	4	6	13	11	2
Quarterly Reports Completed	10	8	9	9	4	6	4	4
Trainings Hosted	4	6	4	3	2	6	3	2
Tier II Plans Filed	50	47	51	49	53	42	78	67
Special Events Planned	6	8	10	4	3	3	5	6
Identification Badges Created	200	100	50	75	111	137	166	147
<b>HEALTH AND WELFARE</b>								
<b><u>Parks Department</u></b>								
Water Park Attendance	30,425	23,307	20,969	24,634	17,757	12,516	9,989	16,264
Reservation Attendance	11,180	11,000	8,915	11,740	5,902	6,350	5,750	7,125
Winter Park Attendance	1,530	200	830	1,265	1,135	N/A	N/A	N/A
Special Events Attendance	0	1,500	2,500	3,300	2,500	-	-	N/A
<b><u>Health Department</u></b>								
<b><u>Medical Examiner</u></b>								
Medical Examiner Cases	66	59	52	56	66	76	71	71
Cremation Permits	177	164	200	216	224	237	234	262
Hospice	14	15	38	54	115	45	N/A	N/A
<b><u>Animal Control</u></b>								
Animal Control Complaints	2582	2,836	2,485	2,573	2,262	2,034	1,952	1,629
Animals Held at Shelter	2256	2,275	2,718	2,275	1,988	1,930	1,909	1,538
Animals Picked Up	508	686	466	443	342	323	373	196
Animal Bites - Cases	314	300	262	220	273	240	209	164
Animals Tested for Rabies	N/A	99	85	157	144	166	176	N/A
Animal Rabies Cases	N/A	4	3	8	4	7	-	1
<b><u>Environmental Health Division</u></b>								
EH - Sewage Applications	811	343	215	24	120	105	117	116
EH - Sewage Permits	652	364	199	136	131	97	110	62
EH - Well Permits	794	472	353	232	236	232	225	230
Food Service Inspections	728	678	576	605	602	554	413	627
<b><u>Home Health Division</u></b>								
Home Health Clients	349	316	298	209	N/A	N/A	N/A	N/A
<b><u>Public Health Nursing</u></b>								
Maternal Infant Health Visits	2,173	2,578	3,250	3,152	2,640	2,125	1,825	2,091
<b><u>Immunizations</u></b>								
Childhood Immunizations Given	N/A	5,233	4,074	3,654	3,910	4,425	4,186	4,451
Adult Immunizations Given	N/A	747	1,121	1,423	2,103	1,005	667	575
Total Immunizations Given	4,280	5,980	5,195	5,080	6,013	5,430	4,853	5,026

Continued

**LAPEER COUNTY, MICHIGAN**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>HEALTH AND WELFARE (Cont'd)</b>								
<b><u>WIC Program</u></b>								
Individuals Participating in WIC	1,597	1,548	1,713	1,855	1,905	2,028	1,984	2,023
<b><u>Hearing &amp; Vision Screening</u></b>								
Hearing & Vision Screening Cases	12,878	10,251	10,358	11,094	11,504	9,965	10,831	8,896
<b><u>AICC Program</u></b>								
AICC Clients	321	343	396	437	474	497	480	427
<b><u>Senior Programs</u></b>								
Home-Delivered Meals	N/A	100,593	100,920	109,168	116,454	87,281	78,096	76,262
Congregate Meals	N/A	5,469	7,411	9,935	9,524	9,595	15,462	12,569
Medication Management Clients	N/A	7	13	5	8	11	7	9
Personal Care/Homemaker Clients	N/A	230	241	170	152	142	145	138
Case Coordination Clients	N/A	73	99	43	57	46	49	68
Care Management Clients	N/A	32	32	32	33	29	29	29
Health Screening Clients	N/A	23	23	22	26	7	N/A	N/A
Chore Maintenance Clients	N/A	148	145	142	174	215	223	223
Respite Care Clients	N/A	79	100	74	73	72	72	64
<b><u>Mental Health</u></b>								
Adults with Psychiatric Disorders	966	873	788	864	946	1,013	1,004	959
Persons with Developmental Disabilities	334	321	324	305	315	318	366	395
Children with Emotional Disturbances	191	194	153	200	239	272	262	281
<b>GENERAL GOVERNMENT</b>								
<b><u>County Clerk</u></b>								
<b><u>Circuit Court Division</u></b>								
Criminal Cases Filed	321	392	398	383	391	334	365	341
All Other Cases Filed	1,476	1,453	1,411	1,338	1,292	1,281	1,173	1,188
Adult Probation Receipts	1,119	1,093	1,271	1,344	1,804	2,038	2,110	1,949
<b><u>Vital Records Division</u></b>								
Marriage License Applications	576	563	568	514	513	519	545	532
Assumed Names	1,124	1,014	899	817	891	784	779	648
Notary Bonds	232	240	222	195	70	121	180	191
Death Certificates Filed	488	470	500	522	543	525	511	555
Birth Certificates Filed	812	632	603	564	599	598	592	565
Voter Registrations	6,239	5,993	5,569	6,810	5,046	5,653	5,561	6,627
Concealed Pistol Permits	603	375	285	538	1,075	1,107	910	1,035
<b><u>Payroll Dept.</u></b>								
Payroll Checks Processed	2940	3,040	2,650	2,128	1,915	1,667	1,185	1,032
Payroll Direct Deposits Processed	9452	9,512	9,603	9,693	9,761	9,114	8,972	9,667
W-2's Forms Prepared	555	580	549	551	477	436	420	431
<b><u>Accounts Payable Dept.</u></b>								
Accounts Payable Invoices Processed	16,365	16,582	17,487	17,089	15,381	13,982	12,938	13,555
Accounts Payable Checks Processed	12,432	12,873	12,589	12,778	11,339	10,040	9,674	9,771
1099 Forms Prepared	105	130	142	149	165	165	132	144

Continued

**LAPEER COUNTY, MICHIGAN**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GENERAL GOVERNMENT (Cont'd)</b>								
<u><b>Computer Dept.</b></u>								
General Ledger Reports Distributed	3,100	3,000	3,150	3,500	3,550	3,400	3,200	3,000
Journal Entries Entered	2,475	2,223	2,064	2,199	2,323	2,158	1,989	2,100
Budget Amendments Processed	145	106	93	128	160	74	95	70
Budgets Entered	101	100	142	142	150	148	145	140
Computers Countywide	430	427	428	430	432	451	440	420
<u><b>Accounting Dept.</b></u>								
Bank Accounts Reconciled	456	468	456	432	396	528	576	576
Grants Reviewed & Processed	54	55	47	49	52	58	93	93
General Ledger Funds Maintained	83	79	79	79	79	85	83	84
<u><b>Budget Dept.</b></u>								
Total Amount of Gen Fund Budget	\$20,533,730	\$20,399,371	20,542,500	20,901,523	20,852,909	18,822,641	18,777,480	18,793,299
Total Amt of Spec Rev Funds Budgeted	28,142,343	\$28,571,860	28,640,518	29,940,907	29,590,028	30,054,446	30,769,120	30,787,599
Total Amt of Debt Svs Funds Budgeted	2,802,032	\$3,074,890	3,074,354	3,338,309	3,338,309	1,548,947	3,641,486	3,641,486
<u><b>Register of Deeds</b></u>								
Warranty Deeds	2318	1,593	1,209	912	858	951	941	1,171
Quit Claim Deeds	1526	1,382	1,340	1,211	1,308	1,207	1,334	1,369
Death Certificates	220	218	224	211	220	210	280	305
Land Contracts	34	18	20	7	27	31	609	500
Memo Land Contracts	121	81	69	70	78	112	1,984	1,900
Misc. Recordings	3342	3,052	3,586	4,626	4,743	4,842	2,124	2,502
Mortgages	8488	6,597	4,543	2,840	2,849	2,144	2,242	3,448
Discharges	7112	5,704	4,472	3,048	2,980	2,435	2,658	3,817
Assignment of Mortgages	990	1,003	1,233	669	895	1,632	1,297	1,113
Misc. Mortgage Recordings	2689	2,628	2,370	2,427	2,303	2,324	2,019	2,948
UCC Financing Filings	120	137	170	274	341	243	-	N/A
<u><b>Community Development</b></u>								
<u><b>Housing Division</b></u>								
CDBG Homes Improved	14	15	14	9	16	16	15	N/A
CDBG - Senior Clients	3	5	2	2	5	5	5	N/A
CDBG - Handicapped Clients	6	4	7	2	5	5	2	N/A
<u><b>Soil &amp; Sedimentation</b></u>								
SESC Permits Issued	174	158	215	298	345	345	228	206
<u><b>Drain Commissioner</b></u>								
Drains (&Other) Maintained	77	86	71	79	85	7	83	83
Drains Sprayed	17	18	11	18	17	15	-	10
Drains Assessed	41	45	59	57	53	45	29	37
Plan Reviews	10	8	6	6	4	-	3	4
Act 40 Permits Issued	13	13	11	14	10	8	12	3

Continued

**LAPEER COUNTY, MICHIGAN**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST EIGHT YEARS - UNAUDITED**

<b>FUNCTION</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GENERAL GOVERNMENT (Cont'd)</b>								
<b><u>Treasurer</u></b>								
Total Number of Parcels	47,180	47,057	47,395	50,077	51,012	43,617	46,879	46,758
Number of Delinquent Parcels	4,885	4,937	5,060	5,510	5,266	5,455	5,125	4,788
Parcels Forfeited	416	495	666	932	977	1,008	879	751
Taxable Value	2,805,164,853	2,989,701,382	3,129,128,779	3,195,751,102	3,129,825,150	2,845,481,660	2,717,825,167	2,603,370,271
C.E.V.	4,004,172,237	4,221,145,112	4,327,575,426	4,292,379,530	3,822,452,922	3,320,773,773	3,096,596,777	2,910,657,961
<b><u>Collaborative Planning Commission</u></b>								
Rezoning/Text Amendment Reviews	24	36	23	13	12	15	5	5
Annual Conference Attendance	125	170	95	136	176	182	-	-
<b><u>Building &amp; Grounds</u></b>								
Work Orders Completed	N/A	1,037	969	903	1,104	1,199	1,009	863
<b><u>Veterans Affairs</u></b>								
# Scheduled Appointments	N/A	N/A	N/A	N/A	552	411	512	N/A
Walk-in Clients (Est)					1,000-1,500	1,500	1,000-1,500	N/A
<b><u>MSUE</u></b>								
Educational Workshops/Events	178	258	201	181	115	118	319	318
4-H Club Members	936	1,043	1,043	686	591	596	565	571
Non-Club Youth Involved (Short-Term)	3,886	4,119	4,145	3,331	1,088	876	810	271
Active Master Gardeners	148	156	155	145	173	167	180	N/A
Food Safety Participants Trained	1027	1,678	1,773	1,039	1,572	2,001	1,712	448
Number of Grants Administered	9	10	9	5	5	4	7	3
Leadership Training Participants	170	343	346	422	417	84	350	378
Food & Nutrition Participants Trained - Adults	N/A	N/A	N/A	N/A	N/A	N/A	N/A	619
Financial Management and Housing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	89

N/A - Information is Not Available at this Time

Concluded

**LAPEER COUNTY, MICHIGAN**

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

Function	2006	2006	2007	2008	2009	2010	2011	2012
<b>Legislative</b>								
Computers	10	10	10	10	9	9	9	9
<b>Judicial</b>								
Court Rooms	6	6	6	6	6	6	6	6
Vehicles	9	9	9	9	10	10	10	10
Computers	72	72	74	98	98	98	101	105
* Network Printers/Copiers	17	17	17	14	14	14	14	7
<b>General Government</b>								
All County Buildings	11	11	12	12	12	12	12	12
Vehicles not reported elsewhere	15	15	15	19	18	18	18	17
Computers	67	67	69	83	85	85	86	87
* Network Printers/Copiers	25	25	26	18	20	20	20	15
<b>Public Safety</b>								
Jail Beds Available	123	123	123	123	123	123	123	123
Vehicles								
Patrol	18	18	18	20	20	20	20	20
Other	22	22	22	25	25	25	27	27
Computers	48	48	53	59	60	60	61	62
* Network Printers/Copiers	10	10	11	10	10	10	10	5
<b>Health and Welfare</b>								
Vehicles	22	22	22	22	21	21	21	21
Park Acreage								
Torzewski	70	70	70	70	70	70	70	70
Squire	80	80	80	80	80	80	87	87
Other	1	1	8	8	8	8	8	8
Computers	203	203	203	202	201	201	199	197
* Network Printers/Copiers	70	70	75	20	20	20	20	16

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

Source: Lapeer County Finance Department

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

## **LAPEER COUNTY, MICHIGAN**

### **DESCRIPTION OF INSURANCE COVERAGE IN FORCE DECEMBER 31, 2012 - 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 2012 is approximately \$402,318 reported in the General Fund.

Lapeer County is self-insured for Workers' Compensation for claims up to an annual aggregate amount of \$450,000. 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. The County's total expenditures for claims and insurance costs reported in the Workers' Compensation Fund for 2012 is \$171,858. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2012 is \$1,078,029.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2012 is \$13,537. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2012 is \$25,802.

**LAPEER COUNTY, MICHIGAN**  
**OTHER STATISTICS**  
**DECEMBER 31, 2012 - 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.